

**REPUBLIC OF KENYA**



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL OPERATIONS**

**OF**

**MERU 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 MERU COUNTY ASSEMBLY FOR THE PERIOD 1 JULY 2013 TO 30 JUNE 2014**

## **EXECUTIVE SUMMARY**

### **Introduction**

The Office of 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 Public Audit Act, 2003. Further, Section 107 of the Public Finance Management Act, 2012 require the County Treasury to enforce fiscal responsibilities in management of county government public finances.

### **Audit Objectives**

The objective of the audit was to ascertain whether the systems formulated and applied by the Meru County Assembly were reliable for the Management of the County Assembly's finances in the delivery of service to the local residents. 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
- ✓ Procurement of goods works and services
- ✓ Allowances including travelling and accommodation expenses for local and foreign trips.
- ✓ Motor vehicle running expenses – Fuel
- ✓ Consultancy services
- ✓ Imprests and advances
- ✓ Cash and bank balances
- ✓ Human Resource Records
- ✓ IT Environment
- ✓ Non current assets
- ✓ Debtors
- ✓ Creditors
- ✓ Annual Operational/Activity Plans

## **1.0 Key Audit Findings**

### **1.1 Budgetary Control and Performance**

The County Government of Meru prepared and approved a budget of Kshs.5,681,680,382 which included Kshs.696,691,914 for the County Assembly through Meru County Appropriation Act, 2013. The Act was assented to on 30 September 2013 and a General Warrant for the amount issued on the same date. The County Assembly incurred an expenditure of Kshs.454,847,630 under recurrent vote out of the approved budget of Kshs.616,691,914 hence leaving a balance of Kshs.161,844,284. The budgeted amount under development vote was Kshs.80, 000,000. Out of this amount, the County Assembly spent Kshs.46,563,102 hence leaving a balance of Kshs.33,436 898. However, the total exchequer releases during the year amounted to Kshs.555,904,175 while actual expenditure was Kshs.454,847,630 hence unspent balance of Kshs.101, 056,545.

The unspent balance at the end of the year was not surrendered to County Exchequer Account for re-allocation as required by the Public Finance Management Act, 2012.

### **1.2 Procurement of Goods, Works and Services**

#### **1.2.1 Irregular Award of Tender on Medical Insurance Cover**

The County Assembly paid Kshs.10,199,943 to an insurance firm in respect of staff medical insurance. The firm was the lowest responsive bidder amongst the nine (9) bidders who submitted their bids. The bids were invited through the open tendering method of procurement. However, the following unsatisfactory matters were noted:

- Evidence of finalized reinsurance arrangements from Insurance Regulatory Authority for 2013 was not made available.
- Performance bond of 10% of the contract sum from a reputable bank was not presented.
- There was no documentary evidence of the signed contract between the successful tenderer and the County Assembly based as required under section 68 of the Public Procurement and Disposal Act, 2005.
- Alterations had been made on the value to be insured in figures, words and on benefit limits. All these alterations had not been countersigned by any County Assembly officials and therefore casting doubts as to the genuineness of the document.

### **1.2.2 Irregular Procurement of Ward Offices and Office Furniture**

The County Assembly incurred an expenditure of Kshs.3,364,365 comprising of rent for ward offices Kshs.2,400,000 and furniture worth Kshs.797,865. However, the following irregularities were noted:

- Although quotations were floated, suppliers of office furniture were not included in the prequalified list of suppliers made available for audit review.
- No invoices to support the payments were produced for audit verification
- The offices were procured through direct procurement.
- Some payments were made to Members of County Assembly.
- Some payments were made without agreements.
- In the case of Abogeta East ward, agreement was not signed by the landlord and there was no evidence that funds were received by the landlord.
- On rent for Ward Offices, most of the contractual agreements were signed by the MCA's themselves as tenants and the subsequent payments made by the County Assembly.

### **1.2.3 Single Sourcing of Training Facilities**

The Meru County Assembly spent Kshs.6,836,400 on Seminars/ Workshops and training during the period under review. However, it was noted that the sourcing of training facilities was not competitively done and the expenditure was supported with payment schedules and electronic tax receipts for cash payment of allowances and cash purchases whereas:

- i. Electronic tax receipts were not issued where cash payments were made.
- ii. The rate of Kshs.25,000 applied in paying the three resource persons for two days each for offering training on the ward development fund bill for the budget committee was not supported by any circular or pre-service agreement.
- iii. Schedule of payments was not signed by budget officers to signify receipt of cash.
- iv. There were no signed payment schedules to signify the receipt of cash totaling Kshs.676,400 paid to the participants.

### **1.2.4 Irregular Procurement of Service**

The County Assembly entered into a lease agreement with Methodist Church of Kenya, Mwanika, for the temporary leasing of office space and assembly. The tenancy agreement

was effective from 1 June, 2014 for a period of one year with option of renewal at a monthly rent of Kshs.401,200. A payment of Kshs.2,407,200 was made on 24 June 2014 which included a three month rent deposit of Kshs.1,203,600. However, restricted tendering method was used in the procurement of the services but the following documents were not provided for audit review:-

- Extract of the County Assembly Service Board minutes ratifying the decision to lease the offices
- Tender committee minutes approving the use of restricted tendering.

### **1.2.5 Irregular Procurement of Motor Vehicle**

The County Assembly incurred an expenditure of Kshs.6,525,120 in procurement of a motor vehicle from Toyota Kenya limited of Box 3391-00506 Nairobi .The procurement of the motor vehicle was done through a Government tender from the Supplies branch No.RO4/2011-2012 dated 30 December 2013. However, the following was observed:-

- a) Tender committee recommendation to ratify the Government tender or reason for using restricted tendering as required by section 73(2) (a) and (b) of the Public Procurement and Disposal Act, 2005 was not given.
- b) There was no procurement plan as required under section 20(1), (2), (3), (4) and (5) of the Public Procurement and Disposal Regulations, 2006 and it was therefore not clear how the need of buying the motor vehicle was identified.

### **1.3 Irregular Imprest Management**

An officer was issued with an imprest of Kshs.9,026,000 on 30 June 2014 to cater for travelling and subsistence allowance for seventy (70) Members of the County Assembly and six (6) members of staff while in Mombasa for training on Standing Orders. However, as at the time of audit in February 2015, the officer had not accounted for or surrendered Kshs.310,500 out of the imprest issued.

### **1.4 Allowances**

#### **1.4.1 Unjustified Expenditure on Foreign Trips**

An expenditure of Kshs.43,757,703 was incurred between 1 July 2013 and 30 June 2014, by Members of the County Assembly who undertook foreign trips to Rwanda, Brazil, Singapore, Israel and Egypt. The expenditure was not sufficiently supported by documents such as invitation letters/correspondence with countries visited, end of the journey reports, minutes of the County Assembly Service Board (CASB) that sanctioned the journeys, intended pre activity programs on the areas and locations visited, list of officials expected to receive them and visible benefits arising from new ideas acquired during those visits. Further, the actual expenditure of Kshs.43,757,703 as at 30 June 2014 exceeded the

approved budget amount of Kshs.18,000,000 by Kshs.25,757,703. Further, supplementary budget was not prepared as required under section 135(1) and (2) of the Public Finance Management Act, 2012.

#### **1.4.2 Irregular Payment of Transport Allowance**

Members of the County Assembly (MCA's) were paid transport allowance at a flat rate of Kshs.6,000 whenever they travelled on official duties to various parts of the country including areas within Meru County. The total transport allowance paid was Kshs.2,236,140 as at 31 March 2014.

### **1.5 Human Resource Management**

#### **1.5.1 Irregular Hiring of Ward Office Employees**

The County Assembly budget for the financial year 2013 / 2014 had a provisional sum of Kshs.31,000,000 under code 2211232 itemized as "Contracted Services". This item was used to pay a total of Kshs.26,285,634 to various officers sourced and employed directly by Members of the County Assembly (MCA's) to work in their respective ward offices as Managers, Personal Assistants, Office Guards, Drivers, Clerks, Messengers and Office Administrators.

However, the MCAs do not have the legal and constitutional capacity to establish, source and recruit officers at their respective ward offices. Further, charging the expenditure to the account code 2211323 (Contracted Services) was misleading as the item can only fund services that are specialized in nature as opposed to menial jobs that are currently done by the ward employees.

The County Assembly Public Service Board is the only authorized employing agency of the County Assembly. The management should explain and account for the Kshs.26,285,634 spent on irregular hiring of ward employees.

#### **1.5.2 Non adherence to recruitment requirements**

The County Assembly, during the period July 2013 to 31 March 2014, employed a total of forty nine staff out of whom only one (1) was from other counties contrary to Article 65 (1) (e) of the County Government Act, 2012 .

### **1.6 Creditors' Ledgers**

During the period under review, creditors' ledgers were not maintained by the County Assembly to ascertain the indebtedness of the Assembly to its various suppliers.



## **1.7 Non Preparation of Annual / activity plans**

The Assembly did not prepare annual operational / activity plans and in their absence, it was not possible to ascertain whether the Assembly was operating within set targets and the extent to which the targets were achieved.

A handwritten signature in black ink, appearing to read 'E. Ouko', with three dots below the name.

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

**Nairobi**

**26 May 2015**

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

## **Detailed Audit Findings and Recommendations**

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

The County Government of Meru prepared and approved a budget of Kshs.5,681,680,382 which included Kshs.696,691,914 for the County Assembly through Meru County Appropriation Act, 2013. The Act was assented to on 30 September 2013 and a General Warrant for the amount issued on the same date. The County Assembly incurred an expenditure of Kshs.454,847,630 under recurrent vote out of the approved budget of Kshs.616,691,914 hence leaving a balance of Kshs.161,844,284. The budgeted amount under development vote was Kshs.80,000,000. Out of this amount, the County Assembly spent Kshs.46,563,102 hence leaving a balance of Kshs.33,436 898. However, the total exchequer releases during the year amounted to Kshs.555,904,175 while actual expenditure was Kshs.454,847,630 hence unspent balance of Kshs.101,056,545.

The unspent balance at the end of the year was not surrendered to the County Exchequer Account for re-allocation as required by the Public Finance Act, 2012.

#### **Recommendation**

- The County Assembly should ensure that all its financial operations are in accordance with the law. Full compliance to be ensured in 2014/2015 budget by management.
- The prescribed budget format should be followed in budget preparation.

### **2.0 Procurement of Goods, Works and Services**

#### **2.1 Irregular Award of Tender for Medical Insurance Cover**

- The County Assembly paid Kshs.10,199,943 to an insurance firm in respect of staff medical insurance cover vide payments voucher No A 078 dated 24 December 2013. The firm was the lowest responsive bidder amongst the nine (9) bidders who submitted their bids. The bids were invited through the open tendering method of procurement.
- The County Assembly officials namely, Senior Accountant and Chief Finance Officer who signed AIE Holder's and authorization certificates respectively had not been appointed in writing by the Accounting Officer, Contrary to Section 5.2.3.2 of the Government Financial Regulations and Procedures.

- There was no evidence of finalized reinsurance arrangements from Insurance Regulatory Authority for 2013, performance bond of 10% of the contract sum from a reputable bank.
- No formal contract was signed between the successful tenderer and the procuring assembly based on the tender documents in accordance with section 68 of Public Procurement and Disposal Act, 2005.
- Examination of the tender document revealed that it had handwritten alterations on the value to be insured in figures, words and on benefit limits. All these alterations had not been countersigned by any County Assembly officials, casting doubts as to the genuineness of the document. The alternations were made as shown below:-

<b>Medical Insurance cover category</b>	<b>Original amount Kshs.</b>	<b>New amount after Alteration Kshs.</b>	<b>Variance Kshs.</b>
In Patient	10,000,000.00	1,000,000.00	9,000,000.00
Out patient	300,000.00	100,000.00	200,000.00
Maternity	150,000.00	50,000.00	100,000.00
Dental	75,000.00	20,000.00	50,000.00
Optical	75,000.00	20,000.00	50,000.00

- Further, it was observed that one of the insurance firms provided conflicting information on three different sets of company registration information in part 2(c) of confidential questionnaire. A comparison of information in the three sets revealed the following irregularities:-
  - i). Sets 1 and 2 indicated that the Company was a private Company while set 3 disclosed it as a public Company.
  - ii). Sets 1 and 2 indicated that the Company had issued capital of Kshs.480,000,000.00 while set 3 indicated it had issued capital of Kshs.2,000,000,000.00.
  - iii). Seven directors listed in sets 1 and 2 did not own any shares in the Company.
  - iv). The ownership disclosure of one of the insurance firms should have been 100%.

The propriety of the expenditure could not be confirmed in the circumstances.

### **Recommendations**

- The county assembly should surcharge the responsible officers the amount of Kshs.10,199,943.00 paid to the suppliers.
- The procurement section should prepare contractual agreements based on the tender documents and in line with the award decision as required by regulation 8(3)(k) of the Public Procurement and Disposal Regulations, 2006. The contract document should address matters relating to arbitration of disputes and variation of contracts among others as provided for in Section 68 of Public Procurement and Disposal Act, 2005.
- The County Assembly should ensure that procurement regulations are adhered to in awarding contracts.
- The insurance firm should submit a copy of the performance bond of 10% of the contract sum from a reputable bank in accordance with special conditions to the contract and also evidence of finalized reinsurance arrangements from Insurance Regulatory authority.
- The County Assembly management should investigate the procurement anomalies and provide remedies/explanations
- The Senior Accountant and the Chief Finance Officer should be surcharged Kshs.10,199,943.00 being the contract value for adjudicating an illegal contract.

## **2.2 Irregular Procurement of Ward Offices and Office Furniture**

The County Assembly incurred an expenditure of Kshs.3,197,865 comprising of Ward offices rent Kshs.2,400,000 and office furniture Kshs.797,865. However, the following observations were made.

- Although quotations were floated, suppliers of office furniture were not included in the prequalified list of suppliers made available for audit.
- No invoices to support the payments were produced for audit.
- The offices were procured through direct procurement.
- Some payments in form of office rent were made to Members of the County Assembly
- Some payments were made without lease agreements.
- In the case of Abogeta East ward, agreement was not signed by the landlord and there was no evidence that funds were received by the landlord.
- On rent for Ward offices, most of the contractual agreements were signed by the MCA's themselves as tenants and the subsequent payments made by the County Assembly.

The propriety of the expenditure could not be confirmed in the light of the procurement anomalies.

### Recommendations

- The Accounting Officer should ensure that procurement law, procedures and regulations are adhered to in all procurements.
- All unsupported payments of Kshs.3,197,865 should be recovered appropriately from the respective MCAs and other responsible county officers.

### 2.3 Single Sourcing of Training Facilities

The Meru County Assembly spent Kshs.6,836,400.00 on Seminars/ Workshops and training as detailed below:-

P/V.no	Date	Details	Amount (Kshs.)
517	31/3/14	Meals and conference Facilities at sportsman Arms hotel Nanyuki for Labour, Social & Planning Committee paid to S.K. Karonei	263,900.00
301	14/2/14	Seminar fee for integrated Roads transport, Housing and Public Works. The amount was paid to KCA University of Box 56848-00200 Nairobi	6,160,000.00
222	24/1/14	Hotel and training for budget committee seminar held at Sun Star Hotel of P.O Box 26680-00100 Nairobi	412,500.00
		<b>Total</b>	<b>6,836,400.00</b>

However, the following anomalies were noted:-

- The sourcing of training facilities was not competitively done.
- Electronic tax receipts were not issued where cash payments were made.
- The rate of Kshs.25,000.00 applied in paying the three resource persons for two days each for offering training on the ward development fund bill for the budget committee was not supported by any circular or pre-service agreement.
- Schedule of payments was not signed by budget officers to acknowledge receipt of cash.
- There were no signed payment schedules to signify the receipt of cash totaling Kshs.676,400 paid to the participants.
- The propriety of the expenditure was not confirmed.

## **Recommendations**

- The County Assembly should ensure that only pre-qualified suppliers are contracted for supply of goods, services and works.
- The authority approving the rates paid to the officers facilitating budget seminar should be made available for audit verification.
- LPOs, LSOs and contracts should be signed in future for supply of goods and services
- Management to ensure no repetition of similar anomalies in 2014/2015
- All unsupported payments or expenditure without value for money should be recovered appropriately e.g. Kshs.676,400 unsigned for cash.

## **2.4 Irregular Procurement of Service**

The County Assembly entered into a lease agreement with Methodist Church of Kenya, Mwanika, for the temporary leasing of office space on parcel No Nyaki/Kithika/1523 for a duration of one year with option of extension at a rent of Kshs.401, 200 per month. The tenancy agreement was effective from 1 June, 2014 as per the instructions by the Commissioner of Oaths letter Ref No CBM/MCA/01/2014 dated 16 June, 2014. Rent for the first quarter (June, July and August 2014) was made vide payment voucher No A973 of 24/06/2014 for Kshs.2,407,200. This included a three month rent deposit of Kshs.1,203,600.

However, the following was observed:-

- Extract of the County Assembly Service Board minutes ratifying the decision to lease the office space was not produced for audit verifications;
- Tender committee minutes approving the use of restricted tendering were not produced for audit.

## **Recommendations**

- Surcharge the Senior County Assembly Managers for the rent paid without approval and competition.
- The County Assembly should ensure that the Public Procurement and Disposal Act, 2005 and its Regulations are strictly adhered to in future procurements.

## **2.5 Irregular Procurement of Motor Vehicle**

The County Assembly incurred an expenditure of Kshs.6,525,120 in procurement of a motor vehicle from Motor dealer in Nairobi .The procurement of a Toyota Hiace, Engine No KDH212R-JEMDY 2494 cc Diesel engine, 14 seater was done through a Government tender through the Ministry of Lands, Housing and Urban Development, supplies branch circular No.RO4/2011-2012 dated 30 December 2013. However, the following irregularities were observed:-

- Tender committee recommendation to ratify the Government tender or reason for using restricted tendering as required by section 73(2) (a) and (b) of the Public Procurement and Disposal Act, 2005 was not given.
- There was no procurement plan as required under section 20(1), (2), (3), (4) and (5) of the Public Procurement and Disposal Regulations, 2006 and it was therefore not clear how the need was identified and brought on board during the procurement.
- Prequalification of contractors was not done as required under section 23(1) and (2) of the Public Procurement and Disposal Regulations,2006 and when read together with section 73(2)(a) of the Public Procurement and Disposal Act,2005, the mandatory procurement procedure and regulations were violated in the procurement of the motor vehicle.

### **Recommendations**

- Surcharge the Count Assembly Officers Kshs.6,525,120 for approving the irregular procurement of motor vehicle.
- The County Assembly should ensure that the Public Procurement and Disposal Act, 2005 and the Public Procurement and Disposal Regulations, 2006 are adhered to in procurement of goods, services and works.

## **2.6 Irregular Imprest Management**

An Officer was issued with an imprest of Kshs.9,026,000 on 30 June 2014 vide warrant number 2096061 to cater for travelling and subsistence allowance for seventy (70) Members of the County Assembly and six (6) members of staff while in Mombasa for training on standing orders. However, as at the time of audit in February 2015, the officer had not accounted for or surrendered Kshs.310,500 since only Kshs.8,715,500 had been surrendered through surrender voucher numbers 1171, 1172, 1175 and 1176.

### **Recommendations**

- The County Assembly should ensure compliance to provisions of the Government Financial Regulations and Procedures The County Assembly should ensure proper management and control of temporary imprests in order to promote the efficiency and accountability of the resources.
- The un surrendered amount of Kshs.310,500 should be recovered from the imprest holder.

## **2.7.0 Allowances**

### **2.7.1 Unjustified Expenditure on Foreign Trips**

An expenditure of Kshs.43,757,703 was incurred between 1 July 2013 and 30 June 2014, by Members of the County Assembly who undertook foreign trips to Rwanda, Brazil, Singapore, Israel and Egypt. However, the expenditure was not sufficiently supported by documents such as invitation letters / Correspondence with countries visited, end of the journey reports, minutes of the County Assembly, Service Board (CASB) that sanctioned the journeys, intended pre activity programmes on the areas and locations visited, lined up dignitaries expected to receive them and visible benefits arising from new ideas acquired during those visits. The actual expenditure of Kshs.43,757,703 as at 30 June 2014 exceeded the approved budget amount of Kshs.18,000,000 by Kshs.25,757,703. No supplementary budget was prepared as required under section 135(1) and (2) of the Public Finance Management Act, 2012. Moreover, the large delegation of members (over 30 in number) who visited each country was found to be unreasonably huge and therefore a waste of public funds. The necessity for huge delegation to various countries has not been justified imprest of Kshs.30,336,940 could not be justified.

#### **Recommendations**

- Foreign trips should always be evaluated for value addition before funds are committed.
- Only reasonable delegations with specific terms of reference that may assist the County Assembly should be funded.
- Management should always adhere to budgetary controls on expenditure and Kshs.25,757,703 should be explained.
- All unsupported expenditure of Kshs.43,757,703 on foreign trips should be recovered from the responsible MCAs and officers.

### **2.7.2 Irregular Payment of Transport Allowance**

Examination of expenditure records for the period under review disclosed that Members of the County Assembly (MCA's) were paid transport allowance at a flat rate of Kshs.6,000 whenever they travelled on official duties to various parts of the country including those falling within Meru County.

Consequently, an expenditure of Kshs.2,636,140 was incurred under those circumstances during the period under review. It was however observed that the MCA's are required to produce a fuel receipt of an equivalent amount which indicates their name without disclosing private/public vehicle registration numbers and quantity of fuel drawn to account for the amount. This practice was found to be irregular in that the members ought to have been issued with accountable imprest or official vehicles to facilitate their journeys from Meru as required by Section 5.6.4 of the Government Financial Regulations and



Procedures. It was also not practically logical to standardize transport allowance at Kshs.6,000.00 for a return journey without considering the distance covered.

In the circumstances, the propriety of the expenditure could not be confirmed.

## **Recommendations**

- The management should enforce the provisions of Section 5.6.4 of the Government Financial Regulations and Procedures on imprest accounting for any trip undertaken.
- All the excess unsupported transport allowance payments of Kshs.2,636,140.00 should be recovered appropriately.

## **2.8 Human Resource Management**

### **2.8.1 Irregular Hiring of Ward Office Employees**

The County Assembly budget for the financial year 2013/2014 had a provisional sum of Kshs.31,000,000 under code 2211232 itemized as “contracted services”. This item was used to pay a total of Kshs.26,285,634 to various officers sourced and employed directly by Members of the County Assembly to work in their respective ward offices as managers, Personal Assistants, Office Guards, Drivers, Clerks, Messengers and Office Administrators.

The expenditure returns for the period 1 July 2013 to 31 March 2014 affirms these payments as follows:-

<b>Month</b>	<b>Amount (Kshs.)</b>
November 2014	78,427
December 2013	18,099,854
January 2014	861,979
February 2014	1,377,628
March 2014	<u>5,867,746</u>
<b>Total</b>	<b><u>26,285,634</u></b>

However, the MCAs do not have the legal and constitutional capacity to establish, source and recruit officers at their respective ward offices. Indeed these powers are vested in the County Public Service Board under clause 59 (1) of the County Government Act, 2012. According to Transition Authority circular ref. TA/2/1 dated 28 February 2014, nothing in clause 12 (7) (b) of the County Government Act 2012 or any other legislation authorizes the County Assembly to establish offices at the ward and when it does so, goes outside its mandate in establishing those offices. Similarly, the charging of the expenditure in the account code 2211323 (contracted services) was misleading as the item can only fund

services that are specialized in nature as opposed to menial jobs that are currently done by the ward employees.

Further, the contracted services expenditure schedule of Kshs.26,285,634.00 as at 31 March 2014 excludes Kshs.4,530,915.00 paid to the same employees but wrongly charged to account codes 2110201 (Telephone, Telex Mobile) and 2110116 (basic salaries for the Members of the County Assembly (MCA's) and the speaker instead of code 2211323 (contracted services) as detailed here below:-

<b>Cheque No.</b>	<b>Date</b>	<b>Account Code</b>	<b>Item Charged to</b>	<b>Amount (Kshs.)</b>
000164	24.12.13	2110201	Telephone, Telex and Mobile	2,255,955
000346	17.3.14	"	"	242,488
P. V. 494	28.3.14	"	"	425,493
000252	5.2.14	2110116	Basic salaries for MCA's and speaker	1,229,141
000270	5.2.14	"	"	129,610
000254	3.2.14	"	"	<u>248,228</u>
<b>Total</b>				<b><u>4,530,915</u></b>

It was also not made clear whether the practice started with full knowledge of the County Assembly Service Board Members (CASB) as no minutes were provided to that effect.

### **Recommendations**

- The service of these employees including their payments should be terminated.
- Constitutional and legal requirements should always be adhered to in recruiting required staff by the County Public Service Board.
- Clear establishment of offices procedure should be followed in creating new offices
- All unsupported payments of salaries of Kshs.30,816,549.00 should be recovered appropriately from the officers authorizing the payments.

### **2.8.2 Non Adherence to Recruitment Requirements**

During the period July 2013 to 31 March 2014, a total of 49 officers were employed, out of whom only one (1) was from other counties. This was contrary to Article 65 (1) (e) of the County Government Act, 2012 which requires the County Public Service Board to ensure that at least 30% of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

## **Recommendation**

Always adhere to the Constitutional provisions when recruiting officers

## **2.9 Non Maintenance of Creditors' Ledgers**

During the period under review, creditor's ledgers were not maintained and in their absence, it was not possible to ascertain the indebtedness of the assembly to its various suppliers.

## **Recommendation**

The management should ensure creditors' ledger is maintained and regularly updated.

## **2.10 Non Preparation of Annual/Activity Plans**

The Assembly did not prepare annual operation / activity plans and in their absence, it was not possible to ascertain whether the assembly was operating within set targets and the extent to which the said targets were achieved.

## **Recommendation**

Management should prepare annual Operational/Activity plans to steer its operations and enable performance to ensure effective service delivery.

## **Conclusion**

The County Assembly of Meru needs to adhere to financial management regulations, the PFM Act, 2012, and other related regulations to ensure effective service delivery and be accountable for public resources used.



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