

**REPUBLIC OF KENYA**



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL OPERATIONS OF  
BARINGO COUNTY ASSEMBLY**

**FOR THE PERIOD  
1 JULY 2013 TO 30 JUNE 2014**

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

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## **EXECUTIVE SUMMARY**

### **Introduction**

The financial operations of Baringo County Assembly are subject to audit by the Auditor-General in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003.

### **Audit Objective**

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 service to the local residents.

### **Audit scope and Terms of Reference**

The audit was designed to cover but was 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 - Fuel
- Consultancy service
- Imprests and advances
- Cash and bank balances
- Human Resource Records
- IT Environment
- Non-current assets
- Authority to Incur Expenditure
- Debtors
- Creditors

## **KEY AUDIT FINDINGS**

### **1.0 Motor Vehicle Running Expenses- Fuel, Oils and Lubricants Expenditure**

Examination of fuel records revealed that an expenditure of Kshs.2,795,936 was incurred on the purchase of fuel, oils and lubricants for 11 months period ended 31 May 2014. However, payments for fuel worth Kshs.1,372,750 were not supported with the fuel register, detailed orders, work tickets and fuel statements; while payment vouchers for an amount totalling Kshs.652,548 were not provided for audit review. Consequently the propriety of the expenditure of Kshs.2,025,298 could not be confirmed.

### **2.0 Allowances**

#### **2.1 Travelling and Subsistence Allowances for Local Travel**

Information available indicated that a budget of Kshs.15,000,000 was provided for travelling and subsistence allowances for local travel for the financial year 2013/2014. However, a review of payments documents revealed that members of the county assembly were paid excess per diem allowances totalling Kshs.1,710,500 using rates higher than the rates stipulated in the Circular Ref. No.SRC/TS/CGOVT/3/16 of 8 May 2013 by the Salaries and Remuneration Commission.

In addition, records revealed that payments totalling Kshs.2,209,000 to members of County Assembly in respect of traveling and accommodation were not supported with work tickets, fuel receipts and imprest warrants as required by Government Financial Regulations and Procedures. Also, the details of the expenditures were not recorded in the imprest register and accounted for on return from the journey, but were rather expensed at the time of issue.

In the absence of supporting documents the validity of the payments amounting to Kshs.2,209,000 could not be confirmed.

#### **2.2 Foreign Travel Expenses**

A review of records maintained by the Baringo County Assembly indicated that payments totalling to Kshs.16,196,971 were incurred by Members of the County Assembly in form of foreign travel and subsistence allowance while visiting USA, Uganda, Rwanda, Tanzania, Colombia and Singapore in the months of July 2013, May 2014 and June 2014.

However, records provided for audit review were not supported by copies of clearance certificates and stamped passports to confirm that the members of the County Assembly indeed travelled abroad.

In addition, a review of foreign travel budget revealed that budgeted figure of Kshs.26,000,000 had been exceeded by an amount of Kshs.785,451 as at 30 June 2014. However, no documents were provided to support the excess expenditure contrary to Public Finance Management Act, 2012.

### **2.3 Payment of Sitting Allowances**

A review of the County Assembly records available indicated that the members on 20 December, 2013 were paid a total of Kshs.207,300 as sitting allowances for attending Kimalel goat auction contrary to regulations stipulated in SRC Circular Ref. No.RC/TS/CGOVT/3/16 of 27 November, 2013 which states that sitting allowance are paid to Members of the County Assembly for Plenary and Committee Sittings only.

Further, for the year under review, sitting allowances totalling to Kshs.501,800 had been paid to the members of the County Assembly in excess of the maximum of four sittings per week in the Plenary.

### **3.0 Car Loan Scheme for Members of County Assembly**

A review of the Car Loan Scheme indicated that forty eight (48) members of the County Assembly were each paid a Car Loan amounting to Kshs.2,000,000 totalling Kshs.96,000,000 on 30 April, 2014. However, information provided for audit review indicated that the loans were disbursed without considering the ability of the members to repay the loan and also various documents were not provided for audit review such as the vehicles valuation report and joint ownership log books.

In addition, no evidence was provided to indicate how the fund is being administered in compliance with Salaries and Remuneration Commission Circular Ref. No.SRC/TS/WB/3/14 and Baringo County Assembly Car Loan Scheme Fund Regulation, 2014.

Under the circumstances, it has not been possible to confirm the propriety of the Car Loans Scheme totalling to Kshs.96,000,000.



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

**Nairobi**

**18 May 2015**

# DETAILED AUDIT REPORT ON THE FINANCIAL OPERATIONS OF BARINGO COUNTY ASSEMBLY FOR THE PERIOD 1 JULY 2013 TO 30 JUNE 2014

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## DETAILED AUDIT FINDINGS

### 1.0 Motor Vehicle Running Expenses

#### 1.1 Oils and Lubricants Expenditure

Examination of fuel records revealed that an expenditure of Kshs.2,795,936 was incurred on the purchase of fuel, oils and lubricants for 11 months period ended 31 May 2014. However, payments for fuel worth Kshs.1,372,750 were not supported with the fuel register, detailed orders, work tickets and fuel statements; while payment vouchers for an amount totalling Kshs.652,548 as detailed below were not availed for audit review:

#### Unvouched Expenditure

Date	Vote Book PV No.	Payee	Amount Kshs
20/11/2013	66	M/S Tobil Filling M/S Station	266,593.00
21/01/2014	94	M/S Aska Cheruto	117,783.00
02/02/2014	155	M/S Aska Cheruto	137,955.00
04/03/2014	361	M/S Aska Cheruto	<u>130,217.37</u>
			<u><b>652,548.37</b></u>

Consequently the propriety of the expenditure totalling to Kshs.2,025,298 could not be confirmed for the year ended 30 June 2014.

#### Recommendation

The management should ensure that all payment vouchers are supported with copies of work tickets, LPOs, invoices and contract agreements and quotations. Management should also adhere to procurement regulations in the procurement of goods and services for the County Assembly. In absence of the supporting payment documents for the officer responsible should be held liable for the amount of Kshs.2,025,298.

## **2.0 Allowances**

### **2.1 Travelling and Subsistence Allowances for Local Travel**

Information available indicated that a budget of Kshs.15,000,000 was provided for travelling and subsistence allowances for local travel for the financial year 2013/2014. However, a review of payment documents revealed that members of the county assembly were paid excess per diem allowances totalling Kshs.1,710,500 using rates higher than the rates stipulated in the Circular Ref. No.SRC/TS/CGOVT/3/16 of 8 May 2013 by the Salaries and Remuneration Commission. No reason or explanation has been provided for using higher rates instead of the approved rates.

Further, records availed for audit review indicated that payments totalling Kshs.2,209,000 were paid to members of County Assembly in respect of traveling and accommodation. However the payments were not supported with work tickets, fuel receipts and imprest warrants as required by Government Financial Regulations and Procedures. Also, the details of the expenditures were not recorded in the imprest register and accounted for on return from the journey, but were rather expensed contrary to the requirement of Government financial regulations and procedures. In the absence of supporting documents the validity of the payments amounting to Kshs.2,209,000 could not be confirmed.

#### **Recommendation**

The management should adhere to the rates stipulated in the SRC Circular when paying per diems to the officers and ensure that imprest registers are maintained and imprests issued are accounted for with proper supporting documents. In addition, there is need to investigate any cases of irregular payments and recover such payments from the respective members.

### **2.2 Foreign Travel Expenses**

A review of records maintained by the Baringo County Assembly indicated that payments totalling to Kshs.16,961,971 were incurred by Members of the County Assembly in form of foreign travel and subsistence allowance while visiting USA, Uganda, Rwanda, Tanzania, Colombia and Singapore in the months of July 2013, May 2014 and June 2014.

Further, records provided for audit review were not supported by copies of clearance certificates and stamped passports to confirm that the members of the County Assembly indeed travelled abroad. Also, the training programmes while abroad and reports of programmes attended were not availed for audit verification and it was not clear whether the same evidence was subsequently tabled in the County Assembly as required by the standing orders failure to which the allowances are recovered from the respective members.

In addition, a review of foreign travel budget revealed that budgeted figure of Kshs.26,000,000 had been exceeded by an amount of Kshs.785,451 as at 30 June 2014. However, no documents were provided to support the excess expenditure contrary to Public Finance Management Act, 2012.

### **Recommendation**

The management should adhere to the regulations governing travelling and subsistence allowance and should also ensure that expenditures are adequately supported and within budgetary allocation limits. Further, a proof of travel reports need to be laid before the House as required by the standing orders.

### **2.3 Payment of Sitting Allowances**

A review of the County Assembly records available indicated that the members on 20 December, 2013 were paid a total of Kshs.207,300 as sitting allowances for attending Kimalel goat auction contrary to regulations stipulated in SRC Circular Ref. No.RC/TS/CGOVT/3/16 of 27 November, 2013 which states that sitting allowance are paid to Members of the County Assembly for Plenary and Committee Sittings only.

Further, for the year under review, sitting allowances totalling to Kshs.501,800 had been paid to the members of the County Assembly in excess of the maximum of four sittings per week in the Plenary.

### **Recommendation**

The management should ensure that sitting allowances are paid as per government financial regulations and as stipulated in the Salaries and Remuneration Commission Circular(s). In addition, any irregularly paid sitting allowances and overpayments should be recovered from the concerned members.

### **3.0 Car Loan Scheme for Members of County Assembly**

A review of a Car Loan Scheme indicated that on 30 April 2014 forty eight (48) members of the County Assembly were each paid a Car Loan amounting to Kshs.2,000,000 totalling Kshs.96,000,000. However, information provided for audit review indicated that the loans were disbursed without considering the ability of the members to repay the loan and also various documents were not provided for audit review such as the vehicles valuation report and joint ownership log books.

In addition, no evidence was provided to indicate how the fund is being administered in compliance with Salaries and Remuneration Commission Circular Ref. No.SRC/TS/WB/3/14 and Baringo County Assembly Car Loan Scheme Fund Regulation, 2014.



Under the circumstances, it has not been possible to confirm the propriety of the Car Loans Scheme totalling to Kshs.96,000,000 as it was not possible to ascertain if proper procedures were followed in disbursing the loans to the members.

**Recommendation**

The management should ensure that the provisions contained in the County Assembly Car Loan Scheme Fund Regulation 2014 are complied with and where loans have been disbursed without the laid down procedures appropriate action is taken against the persons involved in line with Government Financial Regulations and Procedures and Public Financing Act.

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

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

**Nairobi**

**18 May 2015**