

REPUBLIC OF KENYA



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

Table of Contents

Table of Contents.....	i
EXECUTIVE SUMMARY	1
Introduction	1
Audit Objectives	1
Terms of Reference.....	1
Key Audit Findings.....	1
1.0 Procurement of Goods and Services.....	1
1.1 Procurement of Financial Management System.....	1
1.2 Procurement of Works	2
1.3 Procurement of Electronic Equipment.....	2
1.4 Purchase and Modification of a New Motor Vehicle.....	2
1.5 Advertising Expenditure.....	3
2.0 Subsistence, Travelling and Sitting Allowances.....	3
2.1 Unsupported Allowances	3
2.2 Night Out Allowances	3
2.3 Unsupported Payments of Sitting Allowances.....	4
2.4 Foreign Travel Allowances	4
2.5 Domestic Travel and Accommodation.....	4
2.6 Membership in Sectorial Committees	4
3.0 Training, Seminars and Hospitality	5
4.0 Budget	5
5.0 Human Resource Management.....	5
5.1 Payments to Interns.....	5
5.2 Casual Workers.....	6
5.3 Recruitment of Staff.....	6
6.0 Outstanding Imprest.....	6
Detailed Audit Findings.....	7
1.0 Procurement of Goods and Services.....	7

1.1	Procurement of Financial Management System	7
1.2	Procurement of Works	7
1.3	Procurement of Electronic Equipment	8
1.4	Purchase and Modification of New Motor Vehicle	9
1.5	Advertising Expenditure	9
2.0	Subsistence, Travelling and Sitting Allowances.....	10
2.1	Unsupported Allowances	10
2.2	Night Out Allowances	10
2.3	Unsupported Payments of Sitting Allowances.....	11
2.4	Foreign Travel Allowance	11
2.5	Domestic Travel Allowances	12
2.6	Membership in Sectorial Committees.....	12
3.0	Training Seminars and Hospitality	12
4.0	Budget	14
4.0	Human Resource Management.....	14
4.1	Payments to Interns.....	14
4.2	Casual Workers.....	15
4.3	Recruitment of Staff.....	15
4.4	Outstanding Imprest	16

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF TAITA TAVETA 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 of Kenya and the Public Audit Act, 2003.

Audit Objectives

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

Terms of Reference

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

- Budgetary controls and performance
- Annual operations/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 services
- Imprests and advances
- Cash and bank balances
- Human Resource Records
- IT Environment
- Non-Current Assets
- Debtors
- Creditors

Key Audit Findings

1.0 Procurement of Goods and Services

1.1 Procurement of Financial Management System

Examination of the expenditure records availed for audit disclosed that the County Assembly made payments totaling Kshs.250,000.00 in respect of procurement of Tally

Financial Management System. However, the system appears to have been single sourced as no documentary evidence was availed for audit to demonstrate how the supplier was identified, selected and awarded the supply. Further, the management procured the system even though they have access to IFMIS which is funded and managed by the National Treasury.

In the circumstances the propriety of the expenditure could not be ascertained.

1.2 Procurement of Works

Review of documents availed for audit verification indicated that the County Assembly undertook to construct a boundary wall, a sentry and lay cabro blocks at the County Assembly premises at a cost of Kshs.11,531,012 and paid Kshs.3,459,303.75 during the year. However, the project was not included in the approved budget for 2013/2014 and no supporting documents were availed for audit verification in respect of authorization of budget reallocation and indication of where the funds were reallocated from. In addition, minutes availed for audit verification indicated that the tender in respect of the works was evaluated three times by the tender committee and no satisfactory explanation was provided as to why the evaluation and award was made three times. Further, a construction firm that was ranked sixth (6th) in the financial bid was awarded the contract even though the firm was not registered with National Construction Authority. No bill of quantities were availed for audit review.

1.3 Procurement of Electronic Equipment

Information availed for audit indicated that the County Assembly spent a total of Kshs.2,608,555.00 on procurement of ICT equipment. However, no documentary evidence to show how the supplier was identified, selected and awarded the supply was availed for audit verification. The procurement appears to have been single sourced. Further, there was no evidence that the ICT equipment were inspected for quality to ensure that the delivery was per the specifications since no inspection and acceptance committee report was availed for audit review.

It was therefore not possible to confirm the propriety of the expenditure as a proper charge to public funds.

1.4 Purchase and Modification of a New Motor Vehicle

Information availed for audit indicated that the County Assembly acquired a thirty three (33) seater bus at a cost of Kshs.5,000,000.00 However, no documents to show how the supplier was identified, selected and awarded the supply were availed for audit review. In addition, the County Assembly spent an additional Kshs.750,000.00 on the modification of the bus. The modifications included; change of colour, arm rests on seats, foot rests, an additional TV screen, seat pouches, reclining seats and an inner carrier. No documents were availed for audit review to show that the initial specifications at the point of ordering the bus excluded the items noted as modifications. Further, no

evidence was availed to show that the modifications were approved by the tender committee.

There was no evidence that the vehicle was inspected on delivery by the inspection and acceptance committee.

It was therefore not possible to confirm the propriety of the expenditure as a proper charge to public funds.

1.5 Advertising Expenditure

Information availed for audit indicated that the County Assembly incurred expenditure amounting to Kshs.873,510.00 on advertising awareness and publicity campaign, subscription of newspapers, periodicals, magazines, and printing and publishing services during the period under review.

However, no supporting documents in form of vouchers, invoices or receipts were availed for audit verification. It was therefore not possible to confirm the propriety of the expenditure as a proper charge to public funds.

2.0 Subsistence, Travelling and Sitting Allowances

2.1 Unsupported Allowances

Information availed for audit review revealed that the County Assembly made payments amounting to Kshs.1,364,500 to cover air tickets, travel allowances and conference facilities for various MCAs. It was however observed that there was no attendance register, time table, invitation letters and proof of travel attached to the payment vouchers to support the payments. In addition, payments were made to one person for distribution to the beneficiaries and no evidence was availed in support of the beneficiaries having received the monies. Further, no supporting documentation was availed for audit review as evidence that the named activities actually took place and were for the benefit of the County Assembly. Additionally, the payment vouchers supporting payment of allowances to Members of County Assembly amounting to Kshs.1,060,000 had not been initialed by the authorized officer. No explanation was given as to why this expenditure was made without the necessary approval.

2.2 Night Out Allowances

Information availed for audit review indicated that the County Assembly made payments amounting to Kshs.672,500 as night outs for MCAs while going through reports and bills at Voi wildlife lodge. However, the payment voucher indicates that the meeting took place at Voi Wildlife lodge whereas the letter by the speaker indicates that the meeting was to take place at Voi Andy Mac Hotel. Although the program clearly indicate the meeting was for two days, on Saturday 10th & Sunday 11th March 2014 the night out allowance was paid for three days.

In addition, the referred to activity was residential and therefore the Members of County Assembly were not entitled to full night out allowances. Further, neither a list of the attendees nor an acknowledgement of cash receipt by the Members of the County Assembly were availed for audit review.

2.3 Unsupported Payments of Sitting Allowances

Information availed for audit review indicated that the County Assembly spent an amount of Kshs.6,837,479 as sitting allowances to Members of the County Assembly for plenary and sectorial committees attended between October 2013 and June 2014. However, there was no documentary evidence to support actual attendance and participation in the committee meetings by the Members of the County Assembly.

Further, the committees' daily attendance summary for the month of January 2014 on which the allowances payment was based revealed instances where sitting allowance was paid for Committees meetings attended only by a single Member of the County Assembly. In addition Members of the County Assembly were paid sitting allowances for having attended three or more meetings in a single day.

2.4 Foreign Travel Allowances

Information availed for audit indicated that the County Assembly spent a total of Kshs.7,209,268 on foreign travel accommodation allowances for Members of the County Assembly. Examination of records indicated that an expenditure amounting to Kshs.2,633,978 related to payments of allowances made to Members of the County Assembly who attended workshops in South Africa, Madagascar and Tanzania. However, documents in support of actual travelling by the Members of the County Assembly including air tickets, boarding passes, certificates of attendance or duly signed attendance registers were not availed for audit review.

2.5 Domestic Travel and Accommodation

Information availed for audit indicated that the County Assembly spent a total of Kshs.5,045,262 on domestic travel and accommodation allowances for Members of County Assembly. Examination of the expenditure revealed that Kshs.783,500 was paid as per diem and travel allowances to Members of the County Assembly while on unspecified official activities. However, documents in support of the travel and their participation in the activities in form of bus tickets, certificates of attendance or duly signed attendance registers were not availed for audit verification.

2.6 Membership in Sectorial Committees

Records made available for audit review indicated that the County Assembly was operating without gazzeted standing orders but had adopted the ones of the National Assembly. Although the County Assembly has a total of thirty four (34) Members of the County Assembly (twenty elected and fourteen nominated) there were a total of thirty

(30) committees thereby making each Member of the County Assembly to be a member in more than six committees.

A review of the composition of the sectorial committee membership revealed that Members of the County Assembly serve in more than three (3) sectorial committees which is against the standing orders adopted by the County Assembly.

3.0 Training, Seminars and Hospitality

Information availed for audit indicated that as at 30 June 2014 an amount of Kshs.67,705,962 had been spent on training, seminars and hospitality.

The budgeted amount for hospitality, supplies and services was Kshs.10,377,100 whereas there was no specific budget for training item implying there was over expenditure amounting to Kshs.57,328,862. However, no documents in support of the authority to incur the excess expenditure of Kshs.57,328,862 was availed for audit review. In addition, there was no evidence of approval of reallocation of expenditure to cover the excess amounts.

A sample of payment vouchers amounting to Kshs.49,918,539 indicates that an amount of Kshs.28,213,099 was spent on overseas trainings while Kshs.21,705,440 was spent on local training. However, no documents supporting the travel of the participants to the venues including evidence of participation in the named activities were availed for audit review.

Further, out of the sampled overseas training expenditure of Kshs.28,213,099 local training firms were paid Kshs.17,057,513 to facilitate overseas training and workshops. It is not clear and the management has not explained how local firms facilitated overseas training and workshops.

4.0 Budget

A review of the approved Budget availed for audit indicated that the County Assembly did not adhere to the budgetary provisions.

Domestic and foreign travel and accommodation budgets were exceeded by Kshs.12,064,376. There was no indication that the excess expenditure was approved in line with the Public Finance Management Act, 2012.

5.0 Human Resource Management

5.1 Payments to Interns

Information availed for audit revealed that payments to interns during the financial year 2013/2014 amounted to Kshs.660,000 even though there was no approved budget for this expenditure. Further, it is not clear and the management has not explained how the amount paid to interns was computed. However, the basis of payment for the various

cadres of interns could not be confirmed as no documentary evidence was availed for audit review in support of the rates used.

5.2 Casual Workers

A review of the records availed revealed an amount of Kshs.665,542.90 was paid to casual workers. However, approval letters from the County Public Service Board for hiring the casuals workers were not availed for audit review. In addition the County Assembly engaged casual workers for more than three months against the requirements of the labour laws. Records availed revealed that some casuals were inherited from the defunct local authorities and had been engaged for more than twenty years.

5.3 Recruitment of Staff

Records availed for audit showed that recruitment of Assistant Hansard Editor, Hansard Editor II, Senior Accountant II, Clerk Assistant I and Clerical Officer I&II were done on diverse dates between 14 March 2014 and 8 April 2014. However, a scrutiny of records of the County Assembly Service Board on Human resource docket at Wundanyi sub-county revealed that the officers highly ranked/ recommended for the award of various posts by the interview panels were never appointed and no report on criteria used to drop the highly ranked/recommend officers' by the interview panel was availed for audit review. Some applicants were just given appointment letters for jobs they never applied for or interviewed, others applied for junior posts but were given senior posts.

6.0 Outstanding Imprest

Audit review of imprest records availed showed that as at 30 June 2014, imprests totalling Kshs.11,920,250 were issued to staff and members of County Assembly as facilitation for various official duties. However, and out of this amount, Kshs.4,763,400 which ought to have been surrendered by 30 June 2014 were still outstanding. It was also noted that six officers were holding more than one imprest totalling Kshs.3,227,600.00 contrary to Section 5.6.4 of the Government Financial Regulations and Procedures.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

12 May 2015

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

Detailed Audit Findings

1.0 Procurement of Goods and Services

1.1 Procurement of Financial Management System

Examination of expenditure records availed for audit revealed that the County Assembly made payments totalling Kshs.250,000 vide payment voucher number kcb/257/14 on 6 March 2014 in respect of procurement of Tally financial management system. However, the following were noted in respect of procurement:

- No acknowledgement receipts were obtained from the payee upon receipt of the payment.
- The system appears to have been single sourced as no documentary evidence was availed for audit to demonstrate how the supplier was identified, selected and awarded the contract.
- The Assembly minutes approving the purchase of the system were not availed for confirmation of proper authorization.
- The management procured the system even though the County Assembly has access to Integrated Financial Management Information System (IFMIS) which is funded and managed by the National Treasury.

Recommendation

The Management should ensure that procurements are done in accordance with the Public Procurement and Disposal Act, 2005 and should operate on Integrated Financial Management Information System (IFMIS) plat form which is funded and managed by the National Treasury. Further, all the respective documentation in relation to the procurement of the IT system should be availed for audit review, failure to which the responsible officer is held responsible.

1.2 Procurement of Works

Review of documents availed for audit verification indicated that the County Assembly undertook to construct a boundary wall, a sentry and lay cabro block at the County Assembly premises at a cost of Kshs.11,531,012 and paid Kshs.3,459,303.75 during the year. However, the project was not included in the approved budget for 2013/2014 and no supporting documents were availed for audit verification in respect of authorization of budget reallocation and indication of where the funds were reallocated from. In addition, minutes availed for audit verification indicated that the tender in respect of the works was evaluated three times by the tender committee and no satisfactory explanation was provided as to why the evaluation and award was made three times.

Further, a construction firm that was ranked sixth (6th) in the financial bid was awarded the contract even though the firm was not registered with National Construction Authority. No bill of quantities were availed for audit review.

Additionally, the County Assembly offered the contract on 30 June 2014, the contractor accepted the offer on the same day and requested for down payment of 30% against which a payment of Kshs.3,459,303.75 was made on the same day even though the mobilization fee had not been factored in the tender documents and the contract.

Recommendation

The Management should be guided by the provisions of Public Procurement and Disposal Act, 2005 and requirements of National Construction Authority Act 2011 while procuring services for constructions. The Management should also provide explanation for the payment of the 30% mobilization in connection with the terms of the contract and why there was no engineer's bill of quantities at the point of tender failure to which the responsible officer is held liable and accountable for any loss arising as a result of contravening procurement laws.

1.3 Procurement of Electronic Equipment

Records made available for audit indicated that the County Assembly through Local Purchase Order numbers 2097634 of 3 June 2014 and 2097617 dated 2 May 2014 requested for the supply of various ICT equipments from a firm and made the following payments:

PV Date	LPO date	LPO Number	Cheque Number	Amount (Kshs)
30.06.2014	03.06.2014	2097634	000300	679,000.00
30.06.2014	03.06.2014	2097634	000301	679,000.00
20.05.2014	02.05.2014	2097617	000230	625,277.70
20.05.2014	02.05.2014	2097617	000229	625,277.70
TOTAL				2,608,555.40

However, no documentary evidence to show how the supplier was identified, selected and awarded the supply were availed for audit verification. The procurement appears to have been single sourced. In addition, no satisfactory explanation was provided as to the reason for splitting the payment to the supplier into two cheques for every one order. Further, there was no evidence that the ICT equipments were inspected for quality as per the specifications ordered on delivery by the inspection and acceptance committee. It was therefore not possible to confirm the propriety of the expenditure as a proper charge to public funds.

Recommendation

The Management should adhere to the Public Procurement and Disposals Act, 2005 and the relevant regulations and that the relevant documents in respect to the procurement of the equipment should be availed for audit review, failure to which the responsible officers are held liable and accountable.

1.4 Purchase and Modification of New Motor Vehicle

Information availed for audit indicated that the County Assembly acquired a thirty three (33) seater bus at a cost of Kshs.5,000,000.00. However, no documents to show how the supplier was identified, selected and awarded the supply were availed for audit review. In addition, the County Assembly spent an additional Kshs.750,000.00 on the modification of the bus. The modifications included; change of colour, arm rest on seats, foot rest, an additional TV screen, seat pouches, reclining seats and an inner carrier. No documents were availed for audit review to show that the initial specifications at the point of ordering the bus excluded the items noted as modifications. In addition, no documents were availed for audit verification to show how the supplier for modifications was identified, selected and awarded the supply. Further, no evidence was availed to show the modifications were approved by the tender committee. There also was no evidence that the vehicle was inspected on delivery by the inspection and acceptance committee. It was therefore not possible to confirm the propriety of the expenditure as a proper charge to public funds.

Recommendations

The Management should strictly adhere to the provisions of the Public Procurement and Disposal Act, 2005 and the related Public Procurement and Disposal Regulations, 2006 and 2013. The Management should provide documents for audit verification to support the procurement and modification of the bus, failure to which the responsible officers are held liable and accountable.

1.5 Advertising Expenditure

Information availed for audit indicated that a total expenditure of Kshs.873,510 was incurred by County Assembly on advertising awareness and publicity campaign, subscription of newspapers, periodicals, magazines, and printing and publishing services during the period under review.

However, no supporting documents such as payment vouchers, invoices and receipts were availed for audit review. It was therefore not possible to confirm the propriety of the expenditure as a proper charge to public funds.

Recommendation

The Management should adhere to the Government Financial Regulations and procedures when making payments. Further, the documents in support of the

expenditure for advertisement should be availed for audit review failure to which the responsible officer is surcharged.

2.0 Subsistence, Travelling and Sitting Allowances

2.1 Unsupported Allowances

Information availed for audit review revealed that the County Assembly made payments amounting to Kshs.1,364,500 to cover air tickets, travel allowances and conference facilities for various MCAs. It was however observed that there was no attendance register, time table, invitation letters and proof of travel attached to the payment vouchers to support the payments. In addition, payments were made to one person for distribution to the beneficiaries and no evidence was availed in support of the beneficiaries having received the monies. Further, no supporting documentation was availed for audit review as evidence that the named activities actually took place and were for the benefit of the County Assembly. Additionally, the payment vouchers supporting payment of allowances to Members of County Assembly amounting to Kshs.1,060,000 had not been initialed by the authorized officer. No explanation was given as to why this expenditure was made without the necessary approval.

2.2 Night Out Allowances

Information availed for audit review indicated that the County Assembly made payments amounting to Kshs.672,500 as night outs for MCAs while going through reports and bills at Voi wildlife lodge. However, the payment voucher indicates that the meeting took place at Voi Wildlife lodge whereas the letter by the Speaker indicates that the meeting was to take place at Voi Andy Mac Hotel. Although the program clearly indicates the meeting was for two days, on Saturday 10th & Sunday 11 March 2014, the night out allowance was paid for three days. No attendance register was availed as evidence of the activity having taken place and also details of the list of the members in attendance. Details of the payment was as follows:

P.V NO.	DATE	PAYEE	TOTAL (KSHS)	PURPOSE
261/14	7-Mar-14	Clerk to County Assembly	672,500.00	N/outs for MCAs while going through reports & Bills at Voi Wildlife lodge on 10th - 11th March 2014, Car loan scheme fund regulations , 2014

In addition, the referred to activity was residential and therefore the Members of the County Assembly were not entitled to full night out allowances. Further, neither a list of the attendees nor an acknowledgement of cash receipt by the Members of the County Assembly that was availed for audit review. It was not possible to establish the

beneficiaries received the money. In the circumstances, it was not possible to ascertain the exact payees of the amounts totaling Kshs.672,500.

Recommendations

The Management should avail information to confirm that the meeting actually took place and a list of attendees including acknowledgement of receipt of monies by the beneficiaries.

2.3 Unsupported Payments of Sitting Allowances

Information availed for audit review indicated that the County Assembly spent an amount of Kshs.6,837,479 as sitting allowances to Members of the County Assembly for plenary and sectorial committees attended between October 2013 and June 2014. However, there was no documentary evidence to support actual attendance and participation in the committee meetings by the Members of the County Assembly as summarized below:-

Date	Voucher Number	Amount (Kshs)
17 October 2013	010/14	752,200.00
23 December 2013	131/14	148,600.00
23 December 2013	135/14	386,880.00
23 December 2013	136/14	659,560.00
17 February 2014	187/14	380,640.00
17 February 2014	185/14	767,410.00
04 March 2014	238/14	1,022,840.00
01 April 2014	0323/14	1,024,010.00
09 June 2014	524/14	1,695,330.00
Total		6,837,470.00

Further, the committee daily attendance summary for the month of January 2014 on which allowance payment was based revealed instances where sitting allowance was paid for Committees meetings attended only by a single Member of County Assembly. In addition Members of the County Assembly were paid sitting allowances for having attended three or more committee meetings in a single day.

2.4 Foreign Travel Allowance

Information availed for audit indicated that the County Assembly spent a total of Kshs.7,209,268 on foreign travel accommodation allowances for Members of the County Assembly. Examination of records indicated that an expenditure amounting to Kshs.2,633,978 related to payments of allowances made to Members of the County Assembly who attended workshops in South Africa, Madagascar and Tanzania. However, documents in support of actual travelling by the Members of the County Assembly including air tickets, boarding passes, certificates of attendance or duly signed

attendance register were not availed for audit review. In view of the foregoing, the propriety of the expenditure could not be ascertained.

2.5 Domestic Travel Allowances

Information availed for audit indicated that the County Assembly spent a total of Kshs.5,045,262 on domestic travel and accommodation allowance for Members of County Assembly. Examination of the expenditure revealed that Kshs.783,500 was paid as per diem and travel allowances to Members of the County Assembly while on unspecified official activities. However, documents in support of the travel and their participation in the activities in form of bus tickets, certificates of attendance or duly signed attendance registers were not availed for audit verification. In view of the foregoing, the propriety of the expenditure could not be ascertained

2.6 Membership in Sectorial Committees

Records made available for audit review indicated that the County Assembly was operating without gazzeted standing orders but had adopted the ones of the national assembly. Although the County Assembly has a total of thirty four (34) Members of the County Assembly (twenty elected and fourteen nominated), there were a total of thirty (30) committees thereby making each Member of the County Assembly to be a member in more than six committees.

A review of the composition of the sectorial committee membership revealed that Members of the County Assembly serve in more than three (3) sectorial committees which is against the standing orders adopted by the County Assembly.

Further the audit could not establish how a member who was in more than six committees could have been effective in all committees especially in committee meetings held on the same day.

Analysis of the committee membership list availed revealed that all the committees were chaired by and dominated by one gender.

Recommendations

The Management should ensure that all payments are supported before the actual funds are released to the beneficiaries. Further, the management should ensure that all documents in support of payments made are availed for audit review, failure to which the responsible officers are surcharged for the unsupported payments.

3.0 Training Seminars and Hospitality

Information availed for audit indicated that as at 30 June 2014 an amount of Kshs.67,705,962 had been spent on training, seminars and hospitality.

The budgeted amount for hospitality, supplies and services was Kshs.10,377,100 whereas there was no specific budget for training item implying there was over expenditure amounting to Kshs.57,328,862. However, no documents in support of the authority to incur the excess expenditure of Kshs.57,328,862 was availed for audit

review. In addition, there was no evidence of approval of reallocation of expenditure to cover the excess amounts.

A sample of payment vouchers amounting to Kshs.49,918,539 indicates that an amount of Kshs.28,213,099 was spent on overseas trainings while Kshs.21,705,440 was spent on local training. However, no documents supporting the travel of the participants to the venues including evidence of participation in the named activities were availed for audit review.

Further, out of the sampled overseas training expenditure of Kshs.28,213,099 local training firms were paid Kshs.17,057,513 to facilitate overseas training and workshops. It is not clear and the management has not explained how local firm facilitated overseas training and workshops.

In addition, details on how the consultants were identified, selected, engaged and their terms determined were not availed for audit review. In view of the foregoing, the propriety of the expenditure incurred and whether the County Assembly got value for money could not be ascertained.

Recommendations

- The management should always adhere to budgetary allocation and provisions
 - The management should avail for audit review.
- (i) Details on how the consultants were identified, selected and engaged.
- (ii) Avail information on the cost of air travel for both participants and trainers.

Explanation should also be availed on why the management engaged local consultants to conduct overseas training.

All payments without supporting documents and value for money to the County Assembly should be recovered from the beneficiaries and the responsible officers.

4.0 Budget

A review of the approved Budget availed for audit indicated that the County Assembly did not adhere to the budgetary provisions as detailed below:

DESCRIPTION	ESTIMATES (KSHS.)	APPROVED	SUPPLEMENTARY	REVISED	AMOUNT SPENT	VARIANCE
		2013-2014	2013-2014	2013-2014		
Accommodation - Domestic Travel	35,000,000	35,000,000	(10,000,000)	25,000,000	31,066,790	6,066,790
Accommodation - Foreign travel	5,000,000	10,500,000	5,000,000	15,500,000	21,497,586	5,997,586
TOTAL	40,000,000	45,500,000	5,000,000	40,500,000	52,564,376	12,064,376

Domestic and foreign travel and accommodation budgets were exceeded by Kshs.12,064,376. There was no indication that the excess expenditure was approved in line with the Public Finance Management Act, 2012.

Recommendation

The Management should ensure there is total compliance with Government Financial Regulations and procedures and any budget reallocations should go through the necessary approvals before implementation.

4.0 Human Resource Management

4.1 Payments to Interns

Information availed for audit revealed that payments to interns during the financial year 2013/2014 amounted to Kshs.660,000 even though there was no approved budget for this expenditure. Further, it is not clear and the management has not explained how the amount paid to interns was computed.

In addition, the basis of payments to the various cadres of interns could not be confirmed as no documentary evidence was availed for audit review in support of the rates used as detailed below:

Period	Position	Rate/Month	Total Payment
July-May 2013/2014	Clerk Assistant	30,000.00	330,000.00
July-May 2013/2014	Hansard Reporter	15,000.00	165,000.00
July-May 2013/2014	Hansard Reporter	15,000.00	165,000.00
TOTAL			660,000.00

In addition, no approvals from the County Assembly Service Board were availed for audit review in support of the employment of interns.

Recommendation

The management should always adhere to financial regulations, County Public Service Human Resource Manual and labour laws in all human resource management policies. In addition, the management should seek approval for the unauthorized expenditure failure to which the amounts are recovered from the officers who authorized the employment of interns.

4.2 Casual Workers

A review of records revealed an amount of Kshs.665,542.90 was paid to casual workers. However, approval letters from the County Public Service Board for hiring the casuals workers were not availed for audit review. In addition the County Assembly engaged casual workers for more than three months against the requirements of the labour laws. Records availed revealed that some casuals were inherited from the defunct local authorities and had been engaged for more than twenty years.

Recommendations

The County Assembly should adhere to Government Financial Regulations, County Public Service Human Resource Manual and labour laws, failure to which the responsible officers are held liable and accountable.

4.3 Recruitment of Staff

Records availed for audit showed that recruitment of Assistant Hansard Editor, Hansard Editor II, Senior Accountant II, Clerical Assistant I and Clerical Officer I&II were done on diverse dates between 14 March 2014 and 8 April 2014. However, a scrutiny of records of the County Assembly Service Board on Human resource docket at Wundanyi sub-county revealed that the officers highly ranked/ recommended for the award of various posts by the interview panels were never appointed and no report on criteria used to drop the highly ranked/recommend officers' by the interview panel was availed for audit

review. Some applicants were just given appointment letters for jobs they never applied for or interviewed, others applied for junior posts but were given senior posts.

Recommendations

- A report on how the executive settled on the lowly ranked personnel should be availed for audit verification.
- The management of County Assembly should adhere to County Government Act, 2012 and County Public Service Human Resource Manual, May 2013.

4.4 Outstanding Imprest

Audit review of imprest records availed showed that as at 30 June 2014, imprests totalling Kshs.11,920,250 were issued to staff and members of County Assembly as facilitation for various official duties. However, and out of this amount, Kshs.4,763,400 which ought to have been surrendered by 30 June 2014 was still outstanding. It was also noted that six officers were holding more than one imprest totalling Kshs.3,227,600.00 contrary to Section 5.6.4 of the Government Financial Regulations and Procedures.

Recommendation

The management should ensure that issuance of imprest is in line with Government Financial Regulations and Procedures and any imprest not accounted for within 48 hours after the assignment is recovered in the respective officers payroll in line with the provisions of section 152 (5) of the Public Finance Management Act, 2012.

5.0 Conclusion

The Taita Taveta County Assembly should address the anomalies noted in order to ensure effective delivery of services to the people of Taita Taveta. Laid down government procedures and processes should be adhered to ensure public resources are only used for purposes for which they were intended.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

12 May 2015