

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL OPERATIONS OF
UASIN GISHU 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 UASIN GISHU COUNTY ASSEMBLY FOR THE PERIOD 01 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 Findings

1.0 Mortgage and Car Loan Scheme for Members of the County Assembly

Audit review of the mortgage and car loan scheme indicated that forty four (44) Members of the County Assembly (MCAs), and the Speaker were each advanced mortgage and car loan of Kshs.3,000,000 and Kshs.2,000,000 respectively, amounting to Kshs.225,000,000 as approved by the Salaries and Remuneration Commission (SRC). However, no land valuation reports, title deeds and motor vehicle logbooks were provided for audit as a prove of existence of properties purchased. The payments were also processed contrary to the County Assembly mortgage and car loan scheme policy requires that the loanees to have a charge registered on the property financed by the loan granted loans.

Consequently, it has not been possible to confirm the propriety of the loans totalling Kshs.225,000,000.

2.0 Payment of Sitting Allowances

A review of the expenditure vouchers maintained by the County Assembly indicated that on 30 June 2014, an amount of Kshs.6,341,600 was paid vide voucher No.918 to members of the County Assembly as arrears of sitting allowances for the financial year 2013/2014. Details on how the arrears arose were however not availed for audit verification. Further, records indicate that members had previously been paid at the end of each month allowances earned during year 2013/2014 in respect of plenary and committee sittings. The arrears therefore constitute an overpayment.

Consequently, and in absence of records showing how the allowances were earned, the validity and regularity of the payments could not be confirmed.

3.0 Hire of County Ward Offices Staff

Audit review of records maintained by the County Assembly indicated that Members of the County Assembly in July 2013 established county ward offices and employed a ward manager, a secretary, office messenger and a guard in each of the thirty (30) wards at an aggregated monthly cost of Kshs.50,000 per ward, all totalling Kshs.18,000,000 for the period under review. The offices and vacancies were not created in line with Section 12 of the County Government Act, 2012 which states that, the mandate to establish County public service offices including ward offices and appointing persons to hold or act in those offices is vested in the County Public Service Board. Further, no evidence was provided to confirm that the recruitment process was open, fair, competitive and transparent in line with the Constitution of Kenya.

Under the circumstances, the propriety of salaries payment amounting to Kshs.18,000,000 to temporary staff in the period 1 July 2013 to 30 June 2014 could not be confirmed.

4.0 Domestic Travel and Accommodation Allowance

According to records available, the County Assembly incurred expenditure on domestic travel and accommodation allowance during the period under review amounting to Kshs.5,673,000. The amount was however not supported with relevant documents contrary to Section 136(1) of the Public Finance Management Act, 2012 which states that all disbursements or payments of public money shall be properly supported with pre-numbered payment vouchers and all payment vouchers shall be supported by appropriate documents. Consequently, the propriety of the expenditure could not be confirmed.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 May 2015

DETAILED REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF UASIN GISHU COUNTY ASSEMBLY FOR THE PERIOD 01 JULY 2013 TO 30 JUNE 2014

Detailed Audit Findings

1.0 Mortgage and Car Loan Scheme for Members of the County Assembly

Audit review of the mortgage and car loan scheme as approved by the Salaries and Remuneration Commission(SRC) indicated that forty four (44) Members of the County Assembly (MCAs), and the Speaker were each advanced mortgage and car loan of Kshs.3,000,000 and Kshs.2,000,000 respectively, amounting to Kshs.225,000,000. However, no land valuation reports, title deeds and motor vehicle logbooks were provided for audit as a prove of existence of the properties purchased. The payment was also processed contrary to the County Assembly mortgage and car loan scheme policy requires that the loanees to have a charge registered on the property financed through the granted loans.

Recommendation

The Accounting officer should ensure that provisions contained in the SRC Circular No.SRC/TS/CGOVT/3/16 on loan facility, are complied with.

2.0 Payment of Sitting Allowances

A review of the expenditure vouchers maintained by the County Assembly indicated that on 30 June 2014 an amount of Kshs.6,341,600 was paid vide voucher No.918 to members of the County Assembly as arrears of sitting allowances for the financial year 2013/2014. Details on how the arrears arose were however not provided for audit verification. Further, records indicate that members had previously been paid at the end of each month the allowances earned during year 2013/2014 in respect of plenary and committee sittings. The arrears therefore constitute an overpayment.

In the circumstances, and in absence of records showing how the allowances were earned, the validity and regularity of the payments of Kshs.6,341,600 could not be confirmed.

Recommendation

The Accounting officer should ensure that sitting allowances are paid only for actual meetings held. A review on the above payments should be carried out and the irregular payments totalling Kshs.6,341,600 be recovered from the concerned Members of the County Assembly.

3.0 Hire of County Ward Offices Staff

Audit review of records maintained by the County Assembly indicated that Members of the County Assembly in July 2013 established county ward offices and employed a ward manager, a secretary, office messenger and a guard in each of the thirty (30) wards at an aggregated monthly cost of Kshs.50,000 per ward. The expenditure incurred on Ward offices in the period July 2013 to June 2014 amounted to Kshs.18,000,000. Audit verification on expenditure records revealed the following;

- The offices and vacancies were not created in line with Section 12 of the County Government Act, 2012 which states that, the mandate to establish County public service offices including ward offices and appointing persons to hold or act in those offices is vested in the County Public Service Board.
- According to Section 21 of the gazette supplement No. 5 of 12 November 2013 on recruitment of staff, a member of County Assembly was mandated to initiate recruitment of all ward office staff and determine their terms of employment and salary scales. There was no evidence provided to confirm that the recruitment process carried out by the MCAs was open, fair, competitive and transparent in line with the Constitution of Kenya.

Recommendation

The Accounting officer should ensure that relevant authority and approval is sought before committing and expending public funds.

4.0 Domestic Travel and Accommodation Allowance

According to records available, the County Assembly incurred expenditure on domestic travel and accommodation allowance during the period under review amounting to Kshs.5,673,000. The amount was however not supported with relevant documents such as invitation letters, bus tickets, work tickets and reports for work done attached to the payment vouchers to confirm that the officers and MCAs were out of the station on official duties. The payments were therefore made in contravention of Section 136(1) of the Public Finance Management Act, 2012 which states that all disbursements or payments of public money shall be properly supported with pre-numbered payment vouchers and all payment vouchers shall be supported by appropriate documents.

Recommendation

The Accounting officer should ensure that all payments are properly supported with adequate documents before payment is made.

5.0 Conclusion

The Uasin Gishu County Assembly should address the anomalies noted in order to ensure effective delivery of service of services to the people of Uasin Gishu. Laid down Government procedures and processes should be followed to ensure Public resources are only utilized for purposes for which they were intended.

A handwritten signature in black ink, appearing to read 'E. R. O. Ouko', with a stylized flourish at the end.

Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 May 2015