

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL OPERATIONS OF
WEST POKOT
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 WEST POKOT 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. Doubtful Expenditure on Foreign Travel

Information availed for audit review indicate that the County Assembly Members and Staff were paid a total of Kshs.13,103,570 on foreign travel to Israel, Uganda, Tanzania and China during the months of February 2014, May 2014 and June 2014. However, travel documents including air tickets, copies of passports and clearance certificates were not made available for audit review. Consequently the propriety of the payment totalling Kshs.13,103,570 incurred on the foreign travel vote could not be confirmed as at 30 June 2014.

2. Procurement of Goods, Works and Services

A review of procurement records for the period between July 2013 and 30 June 2014 revealed the following anomalies:

3. Contract for Supply and Installation of conference system

Documents availed for audit review indicated that a supplier was on 29 May 2014 issued with LPO No. 0897846 for the supply and installation of conference system at a sum of Kshs.3,553,720. However, there was no evidence indicating that the supplier was competitively sourced. Further, no contract agreement duly signed between the supplier and the County Assembly was availed for audit review. It was also noted that technical evaluation was not prepared before the award of the tender.

4. Construction of Perimeter Wall at the County Assembly

A review of tender documents also revealed that tender No. WPCA/011/2013-14 for the construction of a perimeter fence was awarded on 12 June 2014 to a contractor at a contract sum of Kshs.5,246,842. It was however noted that evaluation criteria of the bids was not clearly indicated in the tender documents while the winner of the contract did not present audited financial statements and list of company's employees and equipment to undertake the works contrary to Section 52(e) of the Public Procurement and Disposal Act, 2005. As at the time of audit, the contractor had been paid the contract sum of Kshs.5,246,842.

5. Construction of County Assembly Restaurant and Car Park

A review of documents for construction of the County Assembly Restaurant and Car Park indicated that Tender No. WPCA/001/2013-14 for the construction of Restaurant and Car Park was awarded on 3 January 2014 to a company at a contract sum of Kshs.36,685,718. The contractor however did not provide list of qualified company employees and equipment as stipulated in the tender documents. Further, it could not be established whether or not audited financial statements were presented for the preceding three (3) years prior to the award of

the contract as required in the tender document. In the circumstances, it was not possible to confirm if the contract was awarded in line with Public Procurement and Disposal Act, 2005.

6. Motor Vehicle Expenditure

A review of motor vehicles records revealed that a Kitale based garage was on 15 January 2014 issued with LSO No. 0897819 for replacement of engine for vehicle registration number KAW 725Z at a cost of Kshs.515,000. However, the tender documents and tender evaluation minutes were not availed for audit review. The tender therefore could have been single sourced contrary to Section 74 of the Public Procurement and Disposal Act, 2005.

Further, during the year under review, the County Assembly borrowed and fueled several motor vehicles owned by the County Executive ostensibly to transport members and staff of the County Assembly to various destination for official duties. It was however noted that, records of the work tickets indicating the quantity of fuel drawn was not provided for audit review. It has not been possible therefore to confirm the validity and accuracy of fuel worth Kshs.478,479 supplied during the period from 24 September 2013 to 2 May 2014.

7. Payment of sitting allowances to the Members of the Count Assembly Service Board

An audit review on the payment of sitting allowances to the members of the County Assembly Service Board indicated that the members between 1 May 2013 and 11 June 2014 were paid a total of Kshs.5,502,400. However, the payments were made in disregard of Salaries and Remuneration Commission (SRC) circular No. SRC/TS/CGOUT/3/61/(53) which pegged the sitting allowance for the chair, vice chair and members at Kshs.12,000, Kshs.10,000 and Kshs.8,000 respectively subject to a maximum of eight(8) sittings per month. If the circular had been adhered to then the payments for the sitting allowance would have amounted to Kshs.2,386,400. In this regard, the propriety of the excess payment of sitting allowance totalling to Kshs.3,116,000 could not be ascertained as no approval for the excess expenditure incurred was availed for audit review.

8. Hiring of County Ward Office Staff

Expenditure records maintained by the County Assembly revealed that members of the County Assembly in October 2013 established County ward offices and hired a ward manager, a secretary, a messenger and a guard in each of the twenty (20) wards at monthly salary of Kshs.15,000, Kshs.11,000 and Kshs.7,000 respectively. The offices and vacancies were not created in line with Section 12 of the County Government Act 2012 and Circular No. TA/2/1 of Transition Authority dated 28 January 2014 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 availed to confirm that the recruitment process was open, fair, competitive and transparent in line with the Constitution. Consequently, the propriety of salaries payment totalling Kshs.7,200,000 to temporary staff in the period October 2013 to June 2014 could not be confirmed as at 30 June 2014.

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

Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 May 2015

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

Detailed Audit Findings

1. Doubtful Expenditure on Foreign Travel

Information availed for audit review indicate that the County Assembly Members and Staff were paid a total of Kshs.13,103,570 on foreign travel to Israel, Uganda, Tanzania and China during the months of February 2014, April 2014, May 2014 and June 2014. However, no documentary evidence like copies of passports, travel clearance certificates and air tickets were made available for audit review to confirm that the trip was actually undertaken. Further, no reports for work done were made available indicating that the tour was beneficial to the county. It was not possible therefore to confirm the propriety of expenditure incurred on foreign travel.

Recommendation

It is recommended that the Accounting officer should ensure that all payments are properly supported with relevant documentation and validly charged to public funds. The accounting officer should also ensure that any amount of imprest not accounted for is recovered from the respective member.

2. Procurement of Goods, Works and Services

A review of procurement records for the period between July 2013 and 30 June 2014 revealed the following anomalies:

3. Contract for Supply and Installation of conference system

Records of procurement availed for audit review indicated that a supplier was on 29 May 2014 issued with LPO No. 0897846 for the supply and installation of conference system at a sum of Kshs. 3,553,720. The audit verification further disclosed that:

- There was no evidence indicating that the supplier was competitively sourced and awarded the contract.
- No contract agreement duly signed between the supplier and the County Assembly was availed for audit review. Section 68(1) of Public Procurement and Disposal Act, 2005 states that the person submitting the successful tender and procuring entity shall enter into a written contract based on the

tender documents. In absence of valid written contract, it was not possible to confirm how the contract was to be executed and monitored.

- It was also noted that technical evaluation was not prepared before the award of the tender.

4. Construction of Perimeter Wall at the County Assembly

A review of tender documents also revealed that tender No. WPCA/011/2013-14 for the construction of a perimeter fence was awarded on 12 June 2014 to a contractor at a contract sum of Kshs.5,246,842. It was however noted that evaluation criteria of the bids was not clearly indicated in the tender documents while the winner of the contract did not present audited financial statements and list of company's employees and equipment to undertake the works contrary to Section 52(e) of the Public Procurement and Disposal Act, 2005. As at the time of audit, the contractor had been paid the contract sum of Kshs.5,246,842.

5. Construction of County Assembly Restaurant and Car Park

A review of documents for construction of the County Assembly Restaurant and Car Park indicated that Tender No. WPCA/001/2013-14 for the construction of Restaurant and Car Park was awarded on 3 January 2014 to a company at a contract sum of Kshs.36,685,718. The contractor however did not provide list of qualified company employees and equipment as stipulated in the tender documents. Further, it could not be established whether or not audited financial statements were presented for the preceding three (3) years prior to the award of the contract which was mandatory requirement in the tender document. In the circumstances, it was not possible to confirm if the contract was awarded in line with Public Procurement and Disposal Act, 2005.

Recommendation

The management should ensure that procurement of goods, works and services is in line with Public Procurement and Disposal Act, 2005 and the related regulations.

6. Motor Vehicle Expenditure

6.1 Motor Vehicle Engine Replacement

A review of motor vehicles records revealed that a Kitale based garage was on 15 January 2014 issued with LSO No. 0897819 for replacement of engine for vehicle registration number KAW 725Z at a cost of Kshs.515,000. However, the tender documents and tender committee minutes were not availed for audit review. The tender therefore could have been single sourced contrary to Section 74 of the Public Procurement and Disposal Act, 2005. Under this Section, a procuring entity may use direct procurement if there is only one person who can supply the goods,

works or services being procured or when there is an urgent and unforeseen need for the goods, works or services. There was no evidence provided to justify direct procurement of motor vehicle engine as an urgent need.

6.2 Fuel Expenditure

During the year under review, the County Assembly borrowed and fueled several motor vehicles owned by the County Executive ostensibly to transport members and staff of the County Assembly to various destination for official duties. It was however noted that, records of the work tickets indicating the quantity of fuel drawn was not provided for audit review. The propriety of fuel worth Kshs.478,479 supplied during the period from 24 September 2013 to 2 May 2014 could not be confirmed as at the time of this audit.

Recommendations

- The management should ensure that procurement of goods and services is done in accordance with the Public Procurement and Disposal Act, 2005. Procurement records, documents and work tickets should be properly mentioned at times.

7 Payment of Sitting Allowances to the Members of the County Assembly Service Board

An audit review on the payment of sitting allowances to the members of the County Assembly Service Board indicated that the members between 1 May 2013 and 11 June 2014 were paid a total of Kshs.5,502,400. However, the payments were made in disregard of Salaries and Remuneration Commission (SRC) circular No. SRC/TS/CGOUT/3/61/(53) which pegged the sitting allowance for the chair, vice chair and members at Kshs.12,000, Kshs.10,000 and Kshs.8,000 respectively subject to a maximum of eight(8) sittings per month. If the circular had been adhered to then the payments for the sitting allowance would have amounted to Kshs.2,386,400. There was no evidence that the resultant excess payments of Kshs.3,116,000 was approved.

Recommendation

The management should recover the excess payment totalling Kshs.3,116,000 made to the Board members and proper controls put in place to ensure that allowances are paid in accordance with the SRC circulars.

8 Hiring of County Ward Office Staff

Expenditure records maintained by the County Assembly revealed that members of the County Assembly in October 2013 established County ward offices and hired a ward manager, a messenger, a secretary, and a guard in each of the twenty (20) wards and paid salary of Kshs.15,000, Kshs.7,000, Kshs.11,000 and Kshs.7,000 respectively totaling to Kshs.40,000 per month. The County Assembly

incurred an expenditure totaling Kshs.7,200,000 on salaries to the temporary staff during the nine(9) months period to 30 June 2014. However, audit verification revealed the following:

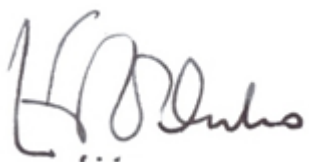
- The offices and vacancies were not created in line with Section 12 of the County Government Act 2012 and Circular No. TA/2/1 of Transition Authority dated 28 January 2014 which states that the mandate to establish County public service offices including ward offices and appointing persons to hold or act in those offices is vested in the County Public Service Board.
- No evidence was availed to confirm that the recruitment process was open, fair, competitive and transparent in line with the Constitution.

Recommendation

The Accounting officer should ensure that members of the County Assembly are properly guided on use of public resources and relevant authority sought before committing public funds for any purpose.

Conclusion

The West Pokot County Assembly should address the anomalies noted in order to ensure efficient delivery of services to the people of West Pokot. Laid down Government regulations and Procedures should be adhered to ensure public resources are only utilized for purposes for which they were intended.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 May 2015