

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL OPERATIONS OF
WEST POKOT
COUNTY EXECUTIVE**

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

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REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF THE WEST POKOT COUNTY EXECUTIVE 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. Construction of a Flat at Kapenguria Sub-County Hospital

A review of records maintained by the County Executive indicated that contract No.WPC/005/2013/14 for the erection and completion of one type E flat at Kapenguria Sub-County hospital was awarded to a contractor on 22 January 2014 at a contract sum of Kshs.41,012,223. However, details of how the contractor was identified and awarded was not provided for audit review. Further, expenditure

vouchers relating to the contract were also not made available for verification. In the circumstances, it was not possible to confirm if the sub-county obtained value for the money and if the procurement was done in line with the Public Procurement and Disposal Act, 2005 and the related regulations and procedures.

2. Revenue at Kapenguria Sub-County Hospital

An analysis of revenue collected in the period from 1 July 2013 to 20 May 2014 revealed that revenue amounting to Kshs.34,702,189 was received in the Sub-county Hospital of Kapenguria in form of levies and Facility Improvement Fund (FIF) out of which Kshs.30,568,673 was supported with documents and accounted for resulting in unsupported balance of Kshs.4,133,516.

3. Procurement of Plastic Chairs for Nursery Schools


A review of the records maintained by the County Executive indicated that an amount of Kshs.7,139,000 was used to purchase 11,000 plastic chairs for the nursery schools in the county. The procurement was done through quotations given to three (3) suppliers and the lowest bidder. A supermarket was awarded the contract to supply the chairs at a cost of Kshs.649 per chair. It was however, noted that the procurement should have been through national open tendering since the value of the procured goods was above the threshold of Kshs.6,000,000 for open tender under class A matrix as set out in the First Schedule of the Public Procurement and Disposal Regulations 2013. No satisfactory reason was provided for flouting the procurement regulations and it is not clear if the County Executive obtained value for money on the expenditure.

4. Purchase of Bulk Fuel

During the year under review, the County Executive purchased 22,592.60 litres of bulk fuel at a cost of Kshs.2,428,485 from two service stations in Kapenguria. Although the payments of the bulk fuel was supported by local purchase orders, the fuel was not controlled by use of detailed orders, work tickets and fuel register. It has not been possible therefore, to determine how the fuel was received and utilized. In the circumstances, it has not been possible to confirm that the fuel was utilized for the intended purpose and by authorized consumers.

5. Conclusion

The report should be read in conjunction with the Detailed Audit Report herein appended.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi
25 May 2015

DETAILED REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF THE WEST POKOT COUNTY EXECUTIVE FOR THE PERIOD 01 JULY 2013 TO 30 JUNE 2014

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

Detailed Audit Findings

1. Construction of a Flat at Kapenguria Sub-County Hospital

A review of records maintained by the County Executive revealed that contract No.WPC/005/2013/14 for the erection and completion of one type E flat at Kapenguria Sub-County hospital were awarded to a contractor on 22 January

2014 at a contract sum of Kshs.41,012,223. However, details of how the contractor was identified and awarded the contract was not provided for audit review. Further, expenditure vouchers relating to the contract was also not made available for verification. In the absence of tender documents, including tender opening minutes, tender evaluation and award of the contract, it has not been possible to confirm whether the procurement was competitively sourced in line with the Public Procurement and Disposal Act, 2005 and the related 2006 and 2013 regulations.

Recommendation

- The Accounting officer should ensure that all relevant records pertaining to the above contract are submitted for audit for verification.
- Tender documents should also be provided for audit verification.

2. Revenue at Kapenguria Sub-County Hospital

An analysis of revenue collected in the period from 1 July 2013 to 20 May 2014 revealed that revenue amounting to Kshs.34,702,189 was received in the Sub-county Hospital of Kapenguria in form of levies and Facility Improvement Fund (FIF) out of which Kshs.30,568,673 was supported with documents resulting in an unsupported balance of Kshs.4,133,516.

The Government Financial Regulations and Procedures require the accounting officer to ensure that all public money collected is recorded and promptly banked intact. Use of revenue between the time of receipt and payment into bank is prohibited.

Recommendation

- The management should put in place control measures including prompt banking of revenue, reconciliations and regular checking of revenue records by a senior officer.
- All revenue should be accounted for without delay.
- Arrangements need to be put in place to account for the unsupported revenue of Kshs.4,133,516 or the same should be recovered from the officer responsible.

3. Procurement of Plastic Chairs for Nursery Schools

A review of the records maintained by the County Executive indicated that an amount of Kshs.7,139,000 was used to purchase 11,000 plastic chairs for the nursery school in the county. The procurement was done through quotations given to four (4) suppliers. A supermarket was awarded the contract to supply the chairs at a cost of Kshs.649 per chair being the lowest bidder. It was however,

noted that the procurement should have been through national open tendering since the value of the procured goods was above the threshold of Kshs.6,000,000 for open tender under class A matrix as set out in the First Schedule of the Public Procurement and Disposal Regulations 2013. No satisfactory reason was provided for procuring the chairs through requests for quotations instead of open national tender as required by law so as to obtain competitive bids and ensure value for money on the expenditure.

Recommendation

The Accounting Officer should ensure that Public Procurement and Disposal Act 2005 and related 2006 and 2013 Regulations are adhered to when procuring goods, works and services.

4. Purchase of Bulk Fuel

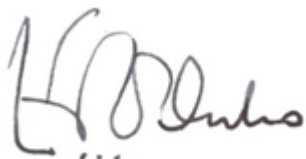
During the year under review, the County Executive purchased 22,592.60 litres of bulk fuel at a cost of Kshs.2,428,485 from two service stations in Kapenguria. Although the payments of the bulk fuel was supported by local purchase orders, the fuel was not controlled by use of detailed orders, work tickets and fuel register. It has not been possible therefore, to determine how the fuel was received and utilized for proper accountability of procured fuel. It was not possible therefore to confirm that the fuel was utilized for the intended purpose and properly approved.

Recommendation

- The Accounting officer should ensure that fuel procured is recorded in a fuel register and issuance is authorized through use of detailed fuel orders and promptly posted in work tickets.
- Regular reconciliation of the physical quantities to the fuel register should also be carried out by a senior officer on a regular basis.

5. Conclusion

I wish to thank the County Secretary and staff for the cooperation accorded to the audit team during the audit exercise.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

25 May 2015