REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY GOVERNMENT OF NYANDARUA

FOR THE YEAR ENDED 30 JUNE 2015

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY GOVERNMENT OF NYANDARUA FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Government of Nyandarua set out on pages 13 to 29, which comprise the statement of financial assets as at 30 June 2015, and statement of receipts and payments, statement of cash flows, and summary statement of appropriation recurrent and development for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 4 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003 and submit the report in accordance with section 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Government's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Basis for Adverse Opinion

1. Accuracy of the Financial Statements

The county government's statement of financial assets did not balance by a figure of Kshs.1,427,219,689 due to erroneous brought forward fund balance of Kshs.2,026,746,150 instead of the audited closing balance of Kshs.599,526,460 as at 30 June 2014. Further, the cash flows statement reflects closing cash and cash equivalent figure of Kshs.2,040,442,168 while the statement of assets shows Kshs.601,229,566 resulting to unexplained or unreconciled difference of Kshs.1,439,212,602.

Consequently, the accuracy of statement of assets as at 30 June 2015 and the cash flows statement for the year ended, could not be confirmed.

2. Inaccurate Compensation of Employees Balances

The statement of receipts and payments reflects an amount of Kshs.1,401,032,517 under compensation of employees for the period ended 30 June 2015. However, the figure differs with the combined IPPD payroll and manual payrolls balance of Kshs.1,318,776,598 by an unexplained variance of Kshs.82,255,919. Further, County Assembly payroll has not been captured in the recommended IPPD payroll system.
In addition, included in note 12 on compensation of employees' figure of Kshs.1,401,032,517, is expenditure on compulsory national social security contribution of Kshs.5,262,928. However, records provided for audit indicate an amount of Kshs.15,999,455 in respect of the contribution. The resultant difference of Kshs.10,736,527 has not been explained or reconciled.

In view of the foregoing, the accuracy of the compensation of employees' balance of Kshs.1,401,032,517 for the year ended 30 June 2015 could not be confirmed.

3. Use of Goods and Services

Note 13 to the financial statements reflects use of goods and services expenditure of Kshs.833,906,385. However, the supporting schedules provided for audit review indicate a total expenditure of Kshs.2,598,274,452, resulting in unexplained difference of Kshs.1,764,368,067.

In the circumstances, it has not been possible to confirm the accuracy of use of goods and services of Kshs.833,906,385 for the year ended 30 June 2015.

4. Unsupported Other Grants and Transfers

The statement of receipts and payments reflects expenditure of Kshs.103,513,833 incurred during the period ended 30 June 2015, in respect of other Grants and Transfers. However, the balance was not supported with expenditure schedules or analysis.
Consequently, it has not been possible to confirm the source and accuracy of the balance for the year ended 30 June 2015.

5. Acquisition of Assets

The statement of receipts and payments for the year ended 30 June 2015, reflects acquisition of assets balance of Kshs.1,444,531,467. However, schedules provided for audit review revealed total expenditure of Kshs.1,165,056,746 resulting to a variance of Kshs.279,474,721 which has not been reconciled. Further, assets inherited from the defunct local authorities in Nyandarua County were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the acquisition of assets balance of Kshs.1,444,531,467 for the year ended 30 June 2015 could not be confirmed.

6. Cash and Cash Equivalents

6.1 Unsupported Bank Balances

i) The statement of financial assets as at 30 June 2015 reflects bank balances of Kshs.601,229,566. However, the management did not provide cashbooks and bank reconciliation statements for revenue account at Equity Bank, recurrent account at Co-operative Bank and County Revenue Fund at Central Bank of Kenya.

ii) The cash flows statement reflects closing cash and cash equivalent balance of Kshs.2,040,442,168 as at 30 June 2015, while the statement of assets indicated a balance of Kshs.601,229,566 as at the same date. The resultant difference of Kshs.1,439,212,602 between the two statements have not been reconciled or explained.

iii) Included in the list of bank balances as at 30 June 2015 is recurrent account No. 1000170204 at Central Bank of Kenya shown with a balance of Kshs.3,694,024.90 instead of cashbook balance of Kshs.24,833,193.50 as at 30 June 2015. No explanation or reconciliation was provided for the variance of Kshs.21,139,178.60.

iv) The County Government reported nil cash on hand balance as at 30 June 2015. However, the management did not make available for audit review a board of survey report to confirm the cash on hand at various locations including the Sub-county stations.

v) The Co-operative Bank imprest cashbook reflected a balance of Kshs.303,699.53 as at 6 July 2015 instead of correct balance of Kshs.63,373.53 as at 30 June 2015.

6.2 Bank Accounts Omitted from the Financial Statements

The following two (2) bank accounts and their respective balances were not disclosed in these financial statements.

Name and Account Number	Closing Balance (Kshs.)
Co-operative Health Account No. 01141467471300	7,411,613.60
Family Bank Bursary Account No. 037000006218	22,069.00

In the circumstances, the completeness and accuracy of the bank balance of Kshs.601,229,566 as at 30 June 2015 could not be confirmed.

6.3 Outstanding Imprests

The cash and cash equivalent balance as at 30 June 2015 includes outstanding imprests totaling to Kshs.11,992,913. However, schedules provided in support of the balance totaled Kshs.22,205,545, resulting to an unexplained variance of Kshs.10,212,632. Further, some of the imprest date back to August 2014 and some officers were holding more than one imprests contrary to government financial regulations and procedures. No reason was provided for the delay in accounting for the imprests.

Consequently, the accuracy and recoverability of the imprests of Kshs.11,992,913 as at 30 June 2015 could not be ascertained.

7. Review of IFMIS Operations

7.1 CRF and Commercial Bank Accounts not Configured in IFMIS

County Revenue Fund account (CRF) and Commercial Bank accounts have not been configured in IFMIS.

Consequently, the County was not able to post into the system transactions related to these accounts. The transactions were recorded manually as listed below:

Bank Details	Account No.	Balance as at 30 June 2015 Kshs.
CBK - Revenue Account	1000170182	190,737,915.25
Equity Bank - Recurrent	0620261016673	15,552,849.64
Co-op Bank – Imprest account	01141467361100	63,373.53
Co-op Bank–Recurrent account	01140736779	21,597,679
Family Bank – Emergency fund	037000008303	18,901,500
Family Bank – Bursary Fund	037000006218	22,069
KCB -Revenue account	1140736779	9,622,992.23

In the circumstance, it has not been possible to ascertain the accuracy and completeness of transactions relating to these accounts during the year ended 30 June 2015.

7.2 Unreconciled IFMIS and Financial Statement Balances

A comparative analysis figures reported in financial statements and IFMIS balances revealed unreconciled variances as tabulated below:

Details	Amount as per Financial Statement (Kshs)	Balance as per IFMIS report (Kshs)	Difference (Kshs)
Receipts	4,015,405,989	-	4,015,405,989
Payments	4,001,709,970	3,771,678,478	230,031,492
Financial Assets	613,222,479	-	613,222,479
Opening balances	2,026,746,150	-	2,026,746,150

Other observations noted

(i) The county Treasury did not post exchequer receipts and own source revenue in IFMIS.

(ii) The county was also unable to allocate exchequer receipts between recurrent and development votes.

7.3 Variances between IFMIS Budget Execution Report and the Financial Statements

Discrepancies were noted between the budget execution report extracted from the IFMIS system and the budget Vs expenditure as per the summary statement of appropriation presented on the financial statements as follows:

Recurrent Budget	Budget (Kshs)	Actual Expenditure (Kshs)
Balance as per financial statements	2,626,762,549	2,580,078,624
IFMIS balance	2,626,662,549	2,375,687,112
Variance	**100,000**	**204,391,512**
Development Budget		
Balance as per financial statements	1,815,963,103	1,421,631,347
IFMIS balance	1,828,067,889	1,395,991,366
Variance	**(12,104,786)**	**25,639,981**

The above variances were not explained or reconciled.

8. Deposits and Retention Funds

Note 24 on accounts payables reflects nil balance as at 30 June 2015 in respect of deposit and retention funds.

However, a review of expenditure records revealed that an amount of Kshs.13,981,754.55 in respect of 10% retention fees was deducted from payments to contractors during the year under review, but was not disclosed in these financial statements. Further, deposit bank account at Central Bank of Kenya had a nil balance indicating that no equivalent amount of funds was kept in the account to cater for the retention fees and deposits.
Consequently, the accuracy of accounts payables as at 30 June 2015 could not be confirmed.

9. Failure to Disclose Key Information in the Financial Statements

As previously reported in 2013/2014, the County Government of Nyandarua has not disclosed in these financial statements cumulative receivables from land rates and rent arrears amounting to Kshs.5,265,497,440 as at 30 June 2015 and comparative balance of Kshs.4,163,720,214 as at 30 June 2014. The balances includes arrears inherited from the defunct local authorities of County Council of Nyandarua and Town Council of Ol Kalou. There is a risk of loss of the amounts owed to the County Government.
In the circumstances, the County did not comply with the reporting format set by the Public Accounting Standards Board.

10. Unresolved Prior Year Matters

The following matters raised in the report of the Auditor-General for 2013/2014 financial year have not been addressed:

10.1 Assets and Liabilities Inherited from the Defunct Local Authorities

Assets and Liabilities inherited from the defunct local authorities have not been formally handed over to the county and were not disclosed in the financial statements.

10.2 Cash and Cash Equivalents

The Cash and bank balance of Kshs.599,526,460 shown in the statement of assets differed with an amount of Kshs.571,131,915 reflected in the cash flow statement for the year ended 30 June 2014. Further, Cash book and bank reconciliation statements for county revenue bank accounts at various banks were not maintained.
In the circumstances, the accuracy of cash and bank balances as at 30 June 2014 could not be confirmed.

10.3 Funds Received from National Treasury

The financial statements exchequer receipts of Kshs.2,761,403,350 for the year ending 30 June 2014 excluded an amount of Kshs.388,803,939 received in respect of salaries to the devolved units. The amount was unsupported and undisclosed in the financial

statements thereby understating the receipts balance by the same amount for the period ended 30 June 2014. The issue remains unresolved.

10.4 Fund Balances

The closing Fund balances of Kshs.130,587,962 as at 30 June 2013 differed with the opening balance of Kshs.164,116,812 for the year ended 30 June 2014. Further, a difference of Kshs.38,663,155 which included Kshs.5,134,305 for 2013/2014 and Kshs.33,528,850 for 2012/2013 was noted between the total financial assets balance of Kshs.599,526,460 and net financial position balance of Kshs.604,660,765 as reflected in the financial statements. The variance has not been reconciled even in these financial statements.

10.5 Unsupported Expenditure

Payment reflected in the financial statements categorized under various classes of items totalling Kshs.2,483,246,811 for the year ended 30 June 2014 were not supported by the necessary schedules. In the circumstances, the accuracy and propriety of expenditure totalling Kshs.2,483,246,811 for the period ended 30 June 2014 could not be confirmed.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of County Government of Nyandarua as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012.

Other Matter

1. Budget Performance Analysis

The County government of Nyandarua had an approved final budget of Kshs.4,454,731,438 comprising of recurrent allocation of Kshs.2,626,662,549(58%) and Kshs.1,828,067,889(42%) to development vote. Out of the approved budget of Kshs.4,454,731,438 the County Government managed to spend Kshs.4,001,709,971 or 90% as follows:

Item	Budget Kshs.	Actual Kshs.	Budget Utilization	% of Total Expenditure
Recurrent	2,626,662,549	2,580,078,624	98%	64%
Development	1,828,067,889	1,421,631,347	78%	36%
Total	**4,454,731,438**	**4,001,709,971**	**90%**	**100%**

The management however, did not disclose budget for 2013/2014 projects rolled over to the financial year 2014/2015. Records indicate that payment of pending bills for 2013/2014 amounting to Kshs.162,631,789 was made during the year under review, but it is not clear to which vote the expenditure was charged.

2. Development Budget

Development budget analysis for the year is below:

Item	Final Budget Kshs.	Actual Expenditure Kshs.	Under Expenditure Kshs.	Percentage of Budget %
Use of Goods & Services	46,400,000	44,108,048	2,291,952	5%
Acquisition of Assets	1,769,563,103	1,377,523,299	392,039,804	22%
Total	**1,815,963,103**	**1,421,631,347**	**394,331,756**	**22%**

The following was noted:

(i) The County Government spent Kshs.1,421,631,347 of the total development budget of Kshs.1,815,963,103 representing absorption rate of 78%. No explanation was provided for the underutilization of the funds meant for development projects.

(ii) The initial infrastructure development budget was raised in the supplementary budget by county assembly from Kshs.230,680,137.00 to Kshs.669,096,689, an increase of Kshs.444,074,687 or 193%, thus distorting the initial budget in favor of the infrastructure department thus denying other departments funds to carry out their programs.

(iii) It was also observed that the development funds were being divided equally among the twenty five (25) county wards regardless of development needs of each ward. Splitting thin development funds between all wards has the risk of there being no significant projects being undertaken. For instance infrastructure department where each ward had its roads graveled at budget celling of Kshs.4 million.

3. Development Expenditure Summary

A review of project implementation per department during the year was as follows:

Ministry/Department	No. of Projects Budgeted	No. of Projects Implemented	2014/2015 Budget Kshs	2014/2015 Actual Kshs.	% Absorption Rate
Ministry of Agriculture, Livestock & Fisheries	Not provided	41	190,221,295	167,843,098	88

Ministry of Education, Culture & Social Services	Not provided	66	63,830,000	49,702,799	78
Dept. of Roads, Public Works & Transport	Not provided	128	669,096,689	499,825,452	75
Executive - County Attorney, Intergovernmental & CPSB	Not provided	Not provided	3,000,000	3,000,000	100
Finance & Economic Planning	List provided incomplete	List provided incomplete	111,791,182	78,518,831	70
Lands, Housing & physical planning	Not provided	12	57,000,000	28,814,815	51
ICT & E-Government	Not provided	0	11,000,000	0	0
Health Services	Not provided	Not provided	381,951,022	272,344,922	71
Industrialization, Cooperatives & Trade	Not provided	9	52,570,000	34,219,706	65
Tourism, Wildlife & Sports	Not provided	22	34,880,000	10,597,191	30
Water & Environment	Not provided	Not provided	131,322,915	93,784,429	71
County Assembly	7	1	121,404,786	81,542,590	67
Total			**1,828,067,889**	**1,320,193,833**	**72**

The following unsatisfactory matters on project implementation were noted:

(i) The total actual expenditure of Kshs.1,320,193,833 differs with the amount of Kshs.1,421,631,347 reflected in the summary statement of appropriation. It was not explained how the unclassified difference of Kshs.101,437,514 arose and on which projects.

(ii) The number of projects budgeted for by each department was not provided except for finance and economic planning and county assembly. Further, the details of implemented projects under the departments of Health, Water & Environment and County Attorney were not provided. We could not establish therefore the implementation status of each project.

(iii) The county government did not provide details of 2013/2014 projects carried over and implemented in 2014/2015.

(iv) Commitments/Pending bills amounting to Kshs.407,802,113 relating to various departments had not been paid as at 30 June 2015.

4. 2014/2015 Recurrent Expenditure

An analysis of budget Vs actual expenditure revealed that the county government actual recurrent expenditure in some items exceeded the budget allocations for the year under review as follows:

Item	Final Budget Kshs.	Actual Expenditure Kshs.	Over/(Under) Expenditure Kshs.	Actual as % of Budget
Compensation of Employees	1,386,574,028	1,401,032,517	14,458,489	101%
Use of Goods & Services	734,662,079	789,798,337	55,136,258	108%
Transfers to other GOK Entities	80,890,697	86,146,320	5,255,623	106%
Other Grants & Transfers	67,500,000	103,513,833	36,013,833	153%
Social Security Benefits	13,185,530	15,539,108	2,353,578	118%
Acquisition of Assets	178,950,215	67,008,168	(111,942,047)	37%
Other payments	165,000,000	117,040,341	(47,959,659)	71%
Total	**2,626,762,549**	**2,580,078,624**	**(46,683,925)**	**98%**

The county overspent on five (5) items and under spent on two (2) items indicated above with total over expenditure of Kshs.113,217,781 and under expenditure of Kshs.159,901,706 of recurrent budget for the year. No explanation was provided for the over expenditure. Further, this expenditure was not regularized through supplementary estimates.

Recurrent Expenditure per Department

Ministry	Budget Kshs.	Actual Kshs.	Under Expenditure Kshs.	Over Expenditure Kshs.
Executive, County Attorney, Intergovernmental Relations & CPSB	290,848,869	267,177,288	23,671,581	-
Finance & Economic Planning	393,593,088	381,498,602	12,094,486	-
Agriculture, Livestock & Fisheries	264,493,820	269,470,222	-	4,976,402
Lands, Housing & Physical Planning	75,666,000	53,490,207	22,175,793	-
Roads Transport & Public Works	74,510,000	77,618,661	-	3,108,661
ICT & E-Government	53,523,223	48,898,347	4,624,876	
Health Services	708,435,212	714,868,651		6,433,439
Education, Gender, Youth & Sports	147,611,932	153,673,211	-	6,061,279
Industrialization, Coop & Trade	64,121,696	56,887,492	7,234,204	

Tourism, Wildlife & Sports	10,597,750	13,918,994	-	3,321,244
Water & Environment	65,148,484	65,335,559		187,075
County Assembly	478,112,475	477,241,390	871,085	
Total	**2,626,662,549**	**2,580,078,623**	**72,772,025**	**24,088,100**

The following was noted;

(i) The above analysis shows that five (5) county executive departments and County Assembly under spent by a total of Kshs.72,772,025 while six(6) departments over spent by Kshs.24,088,100 above the approved budget hence an overall recurrent under expenditure of Kshs.48,683,926. No explanation was provided for the variances noted.

(ii) From the above analysis it is clear that re allocation of funds from one department to another, with the department of Health incurring the highest over expenditure of Kshs.6,433,439, while Executive & CPSB realized under expenditure of Kshs.23,971,581 during the year under review.

(iii) The reallocation of recurrent funds was not regularized through supplementary budget as required by the PFM, Act 2012.

5. Revenue Analysis

The county government surpassed the budgeted revenue collection by Kshs.40,629,472 in 2014/2015 financial year as follows;

Revenue source	2014/2015 Budget Kshs.	2014/2015 Actual Kshs	Over Collection	Actual as % of Budget
Exchequer Releases	3,758,296,517	3,758,296,517	-	100
Danida Grants	16,480,000	16,480,000	-	100
Other Receipts	200,000,000	240,629,472	40,629,472	120
Total	**3,974,776,517**	**4,015,405,989**	**40,629,472**	**101**

(i) The County Government received the full estimated exchequer disbursements and Danida grants of Kshs.3,758,296,517 Kshs.16,400,000 respectively during the period under review. However, the management did not disclose bank balances brought forward from 2013/2014 of Kshs.599,526,460 to fund the budget of 2014/2015.

(ii) Other receipts comprised of revenue from local sources and the actual collected total Kshs.240,629,472 against budget of Kshs.200,000,000, exceeding the budget by Kshs.40,629,472. However, the budget figure of Kshs.200,000,000 was not analyzed into various specific revenue sources, hence comparative analysis of budget and actual collection could not carried out.

(iii) Cash book and bank reconciliations statements for revenue account 0620261016673 at Equity bank were not prepared during the year under review.

(iv) Included in other receipts of Kshs.240,629,472 for the year ended 30 June 2015, is an unanalyzed amount of Kshs.13,617,286 described as direct banking. The accuracy of this revenue therefore could not be ascertained.

5.1 Arrears of Revenue

Revenue records maintained by the County Government revealed that the county had uncollected revenue amounting to Kshs.5,265,497,440 as at 30 June 2015. The revenue relates to rates and rent of properties in various parts of the county. No efforts appeared to have been made to recover the revenue, some of which have accumulated over several years.

5.2 Revenue Under Banking

All collections for the county are supposed to be banked intact in collection accounts and later transferred to County Revenue Fund account at the Central Bank of Kenya. However, a comparison of revenue collected by the county and the bank statements availed for audit revealed an under banking of Kshs.17,875,289 as shown in table below:

Under banking	**Kshs.**	**Kshs.**
Total collection as per County Records	-	240,629,472
Collections as per bank statement: KCB	198,351,791	-
: Equity bank	24,402,391	222,754,289
Under banking	-	**17,875,289**

Failure to bank revenue promptly may create opportunities for misappropriation of funds. It has not been possible therefore to ascertain that all revenue collected was accounted for.

5.3 Accountable Documents

Proper revenue control requires that accountable documents purchased should be recorded as inventory from where issues are made. Issues are normally made to revenue officers responsible for revenue collection. The revenue officer is then supposed to surrender the dully filled up accountable document and the system updated with the same. However, analysis of accountable documents issued through LAIFORMS system between 1 July 2013 to 30 June 2015 revealed cases of accountable documents that were issued but not surrendered, resulting to possible revenue loss during the same period amounting to Kshs.83,240,526.

6. Staff Salaries and Wages

6.1 Over Expenditure

The county government over spent on compensation of employees as analyzed below:

Item	Final Budget Kshs.	Actual Expenditure Kshs.	Over/(Under) expenditure Kshs.
Compensation of Employees	1,386,574,028	1,401,032,517	14,458,489

The analysis indicate that:

(i) The county incurred an over expenditure of Kshs.14,458,489 in respect of compensation of employee during the year under review. However, the expenditure was not regularized through a supplementary budget.

(ii) The county spent a considerable amount of money on compensation of employees at Kshs.1,401,032,517, or 35% of total revenue of Kshs.4,015,405,989 received during the period ended 30 June 2015. However, there was no agreed percentage prescribed by the CEC finance in a regulation and approved by the County Assembly of wages against the total revenue as required by section 107(2) of the PFM Act, 2012.

6.2 Irregular Relocation Allowance

Examination of personnel records revealed that relocation allowances amounting to Kshs.314,118 was paid to the newly recruited sub county ward administrators. However, these payments are not provided for in the code of regulations and are irregular and should be recovered from the concerned staff.

6.3 Irregular Payment of Non-practising Allowance

An was paid Kshs.460,000 being non-practising allowance through the payroll in July 2014. However, the correct amount payable should have been Kshs.46,000, resulting to overpayment of Kshs.400,000. No evidence was availed to confirm that the overpayment was refunded back by the officer. Further, no pay change advice on payment of non-practising allowance was availed for twenty eight (28) members of staff being paid the non-practicing allowance totalling to Kshs.977,000 per month. The propriety of this payment therefore could not be verified.

6.4 Special Salary

County government payroll indicate that sixty seven (67) members of staff were paid special salary totalling Kshs.1,519,968 during the year under review. However, no evidence or explanation on what constitute special salary and reasons for the payment. Further, personal files with the relevant pay change advice or letters were not availed for audit review. The county government therefore may be incurring irregular payments to employees

6.5 Over Payment of Special Duty Allowance

According to section J.5 (1) of the Code of Regulation, an accounting officer may grant a Special duty allowance to an officer who is called upon to undertake the duties of a higher post (to which he/she does not have the qualification) either in full or in part for a limited period of time.

This allowance is payable at the rate of ten percent (10%) of the officer's substantive basic salary. It was however noted that some officers earned more than the recommended rate as shown below:

Table 2: Special duty allowance									
PF NUMBER	NAME	Basic Pay	10% Basic	Special duty allowance					
				January	February	April	June	July	December
19900015410	Muriuki Lydia Wambui	54,700.0	5,470.0				16,410.0		
19930009975	Kariuki Anne Wanjiru	66,880.0	6,688.0	18,916.6	10,909.0	21,818.0	21,818.0	10,909.0	2,901.5
19940014479	Kinuthia Peter Nduati	55,715.0	5,571.5						174,393.0
19950008376	Mwai Mariam Muthoni	61,080.0	6,108.0						174,393.0
19970014996	Onyango Eric Ayayo	49,625.0	4,962.5	10,909.0	10,909.0	21,818.0	21,818.0	10,909.0	12,406.3
19990029653	Muturi Miriam Wanjiru	68,330.0	6,833.0	19,883.7	10,909.0	21,818.0	21,818.0	10,909.0	1,934.3
19990029724	Muli Joel N	85,345.0	8,534.5	10,909.0	10,909.0	21,818.0			12,801.8
20140023856	Mwangi Daniel Irungu	126,172.0	12,617.2	14,973.0					12,027.0

6.6 Salary Arrears

In IPPD system, arrears are fed manually. Because of the risk involved, strong controls on payment of arrears should be instituted. Analysis of payroll data for the month of June 2015 revealed that ninety (90) employees earned salary arrears (Refer to Appendix I). The basis of payment of these arrears was not availed putting into question the genuineness of these payments.

6.7 Overpayment to MCAs

Salaries and Remuneration Commission circular no. SRC/TS/CGOVT/3/16 dated 27 November 2013 on reviewed remuneration and benefits for members of the county assembly (MCAs) sets their salary structure.

However, it was noted that in their second year in office, the MCAs earned a basic salary of Kshs.137,063 instead of Kshs.134,063 resulting to an overpayment of Kshs.3,000 per month totaling Kshs.36,000 in a year per MCA. This constitute irregular over payment and should be recovered.

6.8 Use of Manual Payroll System

It was noted that the county had continued to use unstructured excel manual payrolls with no standard format. Manual payrolls are prone to errors and fraud. Further, the county could process more than five manual payrolls per month some with only one person being paid. These made the auditing of the manual payrolls difficult.
Arising from the use of the manual system, there were errors in calculation of PAYE and NHIF as shown in table below;

	Table: PAYE and NHIF Recomputation						
				PAYE		NHIF	
	NAME	J/G	GROSS SALARY	PAID	RECOMPU	PAID	RECOMPU
1	STEPHEN GICHURU KINJA	R	218,343.50	53,365.25	59,435.45	1,700.00	1,700.00
2	MARTIN KAMAU GITHUTHA	K	56,411.60	7,737.10	10,855.88	1,100.00	1,200.00
3	JOYCE WAMBUI MREFU	K	53,442.55	7,737.10	9,965.17	1,100.00	1,200.00
4	DAVID NDIRANGU NDEGWA	Q	95,832.05	22,680.70	22,682.02	1,600.00	1,600.00
5	PHOEBE WAIRIMU MBIYU	L	75,889.65	12,930.40	16,699.30	1,300.00	1,400.00
6	JUDY KARUGI GATHU	K	56,411.60	7,737.10	10,855.88	1,100.00	1,200.00
7	JACKLINE NJAMBI MUNGAI	K	59,380.60	8,070.60	11,746.58	1,100.00	1,200.00
8	MARY WAIRIMU NJUGUNA		82,544.50	18,695.75	18,695.75	1,700.00	1,500.00
9	CHRISPUS GATERE NJOMO	K	44,486.05	7,276.90	7,278.22	1,000.00	1,000.00
10	ANN WAMBUI THEURI	M	85,303.85	15,494.60	19,523.56	1,300.00	1,500.00
11	FREDRICK IRUNGU GICHUHI	K	51,958.10	7,737.10	9,519.83	1,100.00	1,200.00
12	RUTH NJERI IGAMBA	L	75,889.65	12,930.45	16,699.30	1,300.00	1,400.00
13	JOSEPH WANJOHI WAHOME	Q	190,118.30	44,897.70	50,967.89	1,700.00	1,700.00
14	DAVE KIGO MWANGI	K	56,411.60	7,737.10	10,855.88	1,100.00	1,200.00
15	MARY WANJIRU NJOGO KINYANJUI		169,220.65	32,559.50	44,698.60	2,920.00	1,700.00
16	HANNAH WACEKE NJOROGE	K	44,486.05	7,276.90	7,278.22	1,000.00	1,000.00
17	DANIEL NJUGUNA MWAURA	R	202,367.15	48,653.10	54,642.55	1,700.00	1,700.00
	TOTAL			323,517.35	382,400.04	23,820.00	23,400.00

The errors noted may lead to loss of County Government revenue, heavy penalties and fines for the failure to compute due income tax and NHIF contributions.

6.9 Recruitment of Staff and ECDE Teachers

The county government recruited a total of four hundred (400) early childhood teachers and were placed on temporary employment terms, earning monthly salary of Kshs.10,000 each translating to Kshs.48,000,000 per year. It was however noted that there was a court case still pending in court barring the county government from recruiting the teachers. Further, no provision was made in the approved budget for the salaries of new teachers. The county has also recruited the 762 new staff since 2013 despite not having carried out staff evaluation to identify skills available and staff shortage. The distribution of new staff is as follows:

Department	No. of staff recruited since March 2013
Education	412
Finance	53
E-Government (ICT)	15
Office of the county secretary	33
Water and Energy	2
Roads and Public works	4
Industrialization	2
Governor's Office	23
Health	217
Agriculture	1
Lands and Housing	No data

It was noted that the county government do not have approved staff establishment and therefore the basis of additional staff could not be determined. The county is at risk of

not achieving set service delivery programs for funding unbudgeted for staff recruitment. The large number of staff and related cost may also impact on ability of the county to fund development programs.

6.10 Bonding of Officer on Training

Section P.21 of the code of regulations requires every serving officer who attends a training lasting more than six (6) months to enter into a formal agreement binding him to serve in the Public Service for a specified period of time. A sample of personal files for officers with training levy deductions however revealed that the county does not bond its employees after undergoing training. Officers may therefore leave the county at will after completion of sponsored training before serving the county.

7. Irregular House Allowance Paid to Governor and Deputy Governor

A total of Kshs.1,130,000 was paid during the year under review to the Governor and the Deputy Governor, in respect of house allowances for eight (8) months. Payrolls indicate that the Governor was paid a total of Kshs.640,000 at a rate of Kshs.80,000 per month while the Deputy Governor was paid a total Kshs.490,000 at a rate of Kshs.70,000.00 per month. The payments were however made contrary to Salaries and Remuneration Commission's circular SRC/TS/CGOVT/3/61 dated 18 December, 2013 prohibiting payment of house allowance as part of housing benefits but instead the Governor is entitled to be provided with residential house paid by the county government, while the Deputy Governor Deputy Governor receives a consolidated pay composed of 60% basic pay and 40% allowances and does not qualify for a housing benefit as per the gazette notice. The payment of the house allowance is therefore irregular and inconsistent with the provisions of the SRC gazette notice.

It was further noted that since January 2015, when house allowance paid to the Governor was stopped, official residence has not been identified and paid for, thereby inconveniencing the governor which may impact negatively on service delivery.

8. Department of Health

8.1 Irregular Reallocation of Development Funds

Scrutiny of the cash plans attached to the County Treasury Requisitions indicates that the County Government had allocated a sum of Kshs.61,000,000 in the approved recurrent budget purchase of medical drugs. However, an additional Kshs.46,400,000 from development vote was reallocated and utilized in purchase of medical drugs which is considered a recurrent item. Although the management explained that medical drugs was considered development in nature, the codes/chart of accounts recommended by the National Treasury classify purchase of pharmaceutical items under recurrent vote and therefore the sum was irregularly charged to development budget in contravention of the PFM Act, 2012.

9. Department of Water

9.1 Feasibility Study for Ol Kalou Town Water and Sewerage System

9.1.1 Procurement of Consultancy

As previously reported in 2013/2014 financial year, the contract for feasibility study of Ol Kalou sewerage system was entered into through single sourcing on 30 April 2014 with M/s Tahal group an Israel based firm without competitive bidding in contravention of section 29 of the public procurement and Disposal Act, 2005. Contract agreement indicate that the study was to be conducted in two stages of which stage one on inception report was agreed upon at a sum of USD 625,000 (Kshs.55,312,500) while stage two for preparation of Final report for Nyandarua county water master plan consultancy and fees was to be determined upon completion of stage one.
In absence of competitive bidding it has not been possible to determine how the cost was arrived at and whether value for money was realized on the consultancy.

9.1.2 Payments and Project Implementation

Records indicate that the county government has paid its full share of USD 625,000 of contract sum in two instalments of USD 312,500 each in 2013/2014 and 2014/2015 and the first phase of inception report/water master plan and design review of Ol Kalou Sewerage system completed and handed over to the county government. It was noted that one of the reasons for awarding the consultancy to the firm was to link the county with partners to provide funds amounting to Kshs.18.5 billion towards the implementation of the project, however, there is no evidence of funding secured for the project. It is therefore not clear if and when the project will be implemented. Money already spent on the first phase of the study may go to waste if financier to implement the project is not identified.

9.2 Kirima Water Project

During the financial year under review, the county government incurred a total of Kshs.1,555,200 on Kirima Water project. The works entailed construction of a water intake along the river, bush clearing, trenching, and laying pipes and back filling, the pipes were to be laid from the intake to Ndaragwa town. Inspection carried out indicate that the project was about 90% complete. However, it was noted that the full contract sum of Kshs.1,550,200 was paid to the contractor despite the project being incomplete. Further, a total of 430 pipes were found to be in store and the contractor was not on site at the time of audit. No justification was provided for the irregular payment and therefore the propriety of the expenditure could not be confirmed.

9.3 Un-utilized Water Pipes – Simbara Water Project

The department of water procured assorted water pipes at a cost of Kshs.2,004,890 for Simbara water project in the county. However, a visit to the project site on 30 September 2015 revealed that the pipes were delivered and kept in home compound of an individual and had not been used. No reason was provided for the delay in laying

down the pipes for the intended purpose. Further, the pipes may deteriorate or get stolen thus jeopardizing the project.

9.4 Muti-ini Water Project

Muti-ini water project in Engineer ward was constructed at a cost of Kshs.9,486,120. It involved trenching, pipe laying, and back filling split into labour works and supply of assorted pipes.
Pipes valued at Kshs.7,161,120 were supplied by M/s Ndirangu Hardware and labour works contracted to M/s Crater Enterprises at a cost of Kshs.2,325,000. The two firms were paid full contract sums on 22 June 2015 and 25 June 2015 respectively. However, a visit to the project site on 29 September 2015 revealed that although the pipeline was laid, there was no water flowing an indication that the project was incomplete. Further, there was a section on a road crossing which had not been done. This was despite making full payment to the contractor. It has not been possible therefore to ascertain the propriety of the expenditure.

10. Ministry of Roads Public Works and Transport

10.1 Unsupported Expenditure - Grading of Unspecified Ward Roads

During the year under review, the county government spent an amount of Kshs.85,702,774 on grading of various roads in the all the twenty (25) wards. However, Bill of Quantities (BQ) and contract agreements for all the contracts were not made available for audit review. Further, details and cost of roads that were graded in each ward was not provided. The propriety and value for money of expenditure on roads amounting to Kshs.85,702,774 could not confirmed.

10.2 Upgrading of Njabini–Kiarutara road

The contract was awarded to M/s Benicia International Ltd of P.O Box 2537 – 0062 Nairobi at a contract sum of Kshs.37,566,832. The scope of work included bush clearing, earthworks, culvert and drainage works, grading and gravelling along Njabini – Kiarutara road. The following observations were however noted;

(i) The contract that was signed on 14 April 2015 between the contractor and the County Government did not indicate contract period, and therefore it was not possible to establish whether the contractor was within the agreed time frame.

(ii) A visit to the site on 5 October 2015 revealed that bush clearing and grading had been done. The road is 14 km long and gravelling had been done for a length of 4 km only and it appears no work had been carried out since April 2015.

(iii) The road cuts across Aberdare forest and connects to Muranga County. It was not clear whether an agreement had been reached with Muranga County for the latter to improve its part.

The residents of Nyandarua may not benefit from the road if it is not completed.

10.3 Unaccounted for Funds from Transition Authority

The County Government of Nyandarua received in April 2013 an amount of Kshs.61,592,200 vide AIE No. A685079 from Transition Authority for infrastructure development and purchase of hansard equipment at the inception of county government. Records indicate that out of this amount, funds totaling Kshs.21,659,341 were used in 2013/2014 in renovating and partitioning leased premises by the county Executive. In April 2015, the county government awarded a contract for construction of county headquarters at a sum of Kshs.39 million and an amount of Kshs.9,369,229 had been paid as at 30 June 2015 for certified works. The balance of the funds amounting to Kshs.30,563,630 has not been accounted for as indicated in Transition Authority letter Ref. TA/7/7A Vol.III (21) dated 14 October 2015. It was not explained why the County Government delayed in accounting for the funds for about 3 years after receiving them.

10.4 Procurement of Motor Grader

Tender for supply of motor grader was awarded to the lowest evaluated bidder M/s Achelis Materials Handling Ltd at a contract sum of Kshs.24,323,000. Tender committee minutes of 21 February 2015 indicate that 8 bidders were evaluated and the winning tender attained highest combined score of 67.16%. Although the equipment was delivered, original tender documents and notice of tender in daily newspapers was not provided for audit review. It was not possible therefore to confirm whether the tender was procedurally awarded.

10.5 Payment of Pending Bills for 2013/2014

Examination of records indicate that during the year, the county government paid pending bills brought forward from 2014 totalling Kshs.162,631,789. However, out of the total payment, an amount of Kshs.25,761,850 had no supporting documents. It was therefore not possible to confirm the basis and propriety of this payment.

Further, the County Government made payments amounting to Kshs.7,467,720 to various contractors for unspecified road works alleged to have been carried out in 2013/2014. The following payments therefore could not be confirmed as proper charge to public funds:

P.V No.	Date	Contractor/Name	Ward	Amount Kshs.
812	25/6/2015	Mt. Moriah Construction	Murungaru	1,379,600
813	25/6/2015	Kebe Construction co	Not indicated	2,497,920
1059	30/6/2015	Steward Holding Limited	Pondo	1,000,000
1100	30/6/2015	Sesei Enterprises Ltd	Gatimu	360,000
1053	30/6/2015	Vescon Co Ltd	Kaimbaga	403,200
832	14/5/14	Eliud Nyogoro	unspecified	1,257,000
1073	9/4/14	Paul Kuria	unspecified	570,000
		Total		**7,467,720**

10.6 Roads Budget

The county had an initial roads budget of Kshs.225,022,002 for the year under review which was not approved due to allocation disagreements between the county executive and county assembly and the dispute was taken to court for settlement. The county executive later prepared a supplementary budget but the county assembly varied the budget on roads to Kshs.669,096,689, which was approved in April 2015. The county therefore increased the budget by Kshs.444,074,687 over and above the initial budget. The funding was obtained from reallocating funds from other departments. Out of the budget allocation of Kshs.669,096,689, a total of Kshs.665,557,641 was spent during the year. Budget distortions may result in unplanned county development strategies and programmes if allocations are altered substantially.

11. Finance and Planning Department

11.1 Un-surrendered Revenue Receipt Books

A review of manual counter receipt book register (CRBR) revealed that receipt books with a pre-printed revenue receipts were issued to various revenue collectors /stations on diverse dates. However, receipt books with nominal revenue value of Kshs.64,974,900 had not been surrendered as at the time of this audit. Further, some revenue collectors were being issued with new books before surrendering earlier ones. There is a possibility that revenue collected may have been misappropriated. It has not been possible therefore to confirm revenue collected was properly recorded and accounted for as required.

11.2 Outstanding Imprests

Examination of records maintained by the County Executive revealed that imprest amounting to Kshs.9,580,791 which ought to have been surrendered by 30 June 2015 were still outstanding. It was further noted that some of the imprests date back to August 2014 and some officers held more than one imprest contrary to Government Financial Regulations and procedures on management of imprest. No reason was provided for the delay in accounting for the imprest.

11.3 Construction of Markets Sheds

The county approved Development budget for 2014/2015 included an allocation of Kshs.44,500,000 for upgrading and construction of market sheds and toilets in seventeen (17) market centers in the county. However, standard bills of quantities were prepared without regard to the needs, size, topography and population of each market. Further, details of markets sheds completed, those in progress and expenditure for each were not provided for audit review. In addition physical inspection of some of the projects revealed the following;

(i) The market stalls were considered too small and could only accommodate and protect a few traders from rain and extreme sunshine. Considering the fact that an allocation of about Kshs.4,155,009 per ward had been approved, the cost of the project may have been exaggerated and thus value for money could not be confirmed.

(ii) Ndunyu Njeru market had not been partitioned.

(iii) The status of all the projects was indicated as ongoing and thus incomplete.

(iv) Engineer ward market, which was earmarked to be constructed at a cost of Kshs.4,155,009, had not been constructed. Information available indicated that the allocated money was utilized to construct road, but the relevant details including the approval for reallocation, payment vouchers and other documents were not made available for audit review.

Consequently the propriety of the expenditure on market sheds could not be confirmed.

12. Department of Lands, Housing and Physical Planning

12.1 Unauthorized Reallocation of Appropriated Funds

A review of expenditure records maintained by the county government revealed that an amount of Kshs.30,000,000 appropriated for the proposed construction and completion of an office block and associated external works for the Department of Lands, Housing and Physical planning was reallocated to the Department of Finance and Economic Planning to cater for construction of bus parks, market sheds and dump sites and Environmental impact Assessment.
However, the provisions made in the supplementary budget of the program was likely to be used and therefore, the reallocated violated clause (9) of Section 154(2) of the Public Finance Management Act, 2012. Further, the reallocation was initiated by the County Treasury and not the A.I.E holder as required by clause (b) of the Act.
The reallocation of 100% was in excess of the 10% of the total expenditure approved for that programme for the year under review. Clause (c) of the Act was also not complied with and was not approved by the County Assembly through a supplementary estimates and in accordance to PFM Act, 2012.

13. Education Department

13.1 Doubtful Payment of Salaries - Kshs.2,000,000

The departmental vote book indicates that the department was issued with an AIE amounting to Kshs.2,000,000 on 27 November 2014 to cater for basic salaries.

However, scrutiny of the list of payee in the vote book indicates that the cash was spent on payment of undisclosed allowances totaling to Kshs.1,918,400 and not salaries. Further, related payment vouchers recorded in the vote book were not made available for audit review. The propriety of the expenditure therefore could not be ascertained.

13.2 Unexplained Procurement of Textbooks and Teaching Materials for ECD

The departmental was issued with an AIE amounting to Kshs.1,993,500 to cater for Education and library supplies for ECD. A review of payment vouchers revealed that ECD textbooks and teaching materials worth Kshs.1,831,350 was procured on 15 May 2015 from M/s Mountain Top Publishers Ltd of P.O box 980-00618 Nairobi vide LPO No. 2507 and was subsequently paid through payment voucher No. 598 dated 28 May

2015. However, there was no evidence that the supplier was competitively identified and awarded the tender contrary to section 74 of the Public Procurement and Disposal Act, 2005. Further, out of the total AIE issued of Kshs.1,993,500 an amount of Kshs.162,150 was indicated to relate to expenses on various items whose payment vouchers were not provided for audit review. We could not therefore confirm if the supplies were procured from the most competitive supplier or whether there was value for money from this expenditure.

14. Legal and ICT Department

14.1 Consultancy for Legal services

The department of Legal and ICT had an overall budget of Kshs.69,520,000 that included an amount of Kshs.11,000,000 for development. However, the county did not spend development funds as they were unable to finalize the process of procurement and rolling out an automated county revenue collection system.

During the year, the county prequalified suppliers for both legal and ICT services. Though the county had a legal department, the department contracted out legal services including preparation of contract agreements for signing with suppliers. Further, the department engaged two law firms to prepare several bills for enactment by the county assembly. Although quotations were floated, the firms quoted similar amounts and the county government awarded the services which was shared among the two firms as follows:

Law Firm	LSO No.	Date	Amount Kshs.	Bills
Serah Kimani Advocates	4002	22/5/15	1,500,000	3 bills
Serah Kimani Advocates	4004	22/5/15	1,500,000	3 bills
Serah Kimani Advocates	4005	22/5/15	1,500,000	3 bills
Gachiengo Gitau Advocates	4006	22/5/15	1,500,000	3 bills
Gachiengo Gitau Advocates	4007	22/5/15	1,500,000	3 bills
Gachiengo Gitau Advocates	4008	22/5/15	1,500,000	3 bills
Total			**9,000,000**	

Although the two law firms were issued with LSO for the works in May 2015 as indicated above, draft bills had not been presented to the county government as at the time of audit in December 2015. There was no evidence from the county indicating the validity period of the contract or whether the LSOs had been cancelled.

14.2 Court Cases

The county government court cases status report indicate that a total of 60 cases were pending as at 30 June 2015. The cases were being handled by various lawyers though no costs had been attached to each case. Some of the cases related to the defunct

local authorities. Determination of the cases by courts is pending and may impact negatively on the county if the courts rule against it.

It was therefore not possible to confirm the actual contingent liability the county may face when the cases are concluded.

15. Ministry of Agriculture

15.1 Unbudgeted for Construction of Pack House

Contract for the construction of Pack House was competitively awarded by department of agriculture to the lowest evaluated contractor at a sum of Kshs.50,175,680.00. The contract agreement was signed on 19 June 2015 and works was to commence immediately. The work involved construction of a cold storage and packing area for county produce by the local farmers.

However, a scrutiny of the 2014/2015 budget for development indicated that the project was not included as a line item and allocated funds. It was noted that funds amounting to Kshs.24,815,708 was reallocated from three items from last tranche of funds of exchequer release disbursed to the county on 23 June 2015 as follows:

Item code	Details of item charged	Amount Kshs.
3112299	Purchase of Specialized Plant	18,517,715
3111305	Purchase of tree seeds and seedlings	4,996,701
2640503	Other capital Grants and Transfer	1,164,876
	Total	**24,815,708**

Although inspection carried out indicate that the works were about 60% complete and a sum of Kshs.24,815,708 paid to the contractor for completed works, no authority from the county treasury to regularize the reallocation was provided for audit review contrary to Section 154(2) of the Public Finance Management Act, 2012.

16. Cash and Bank Balances

16.1 Failure to Prepare Cash Books and Bank Reconciliation Statements

A review of the bank accounts and other records of the county revealed proper records were not maintain during the year as follows:

Account Name	Balances as per the Accounts Kshs.	Balance per Bank Confirmation Certificate Kshs.	Cash Book Balance Kshs.	Remarks
County Revenue	338,314,105.40	67,421.40	328,646,755.64	No Bank

CBK A/c 1000170182				Reconciliations
County Development CBK A/C No 10000170174	190,737,915.25	625,553,382.55	190,737,915.64	No Bank Reconciliations
County Recurrent CBK 1000170204	3,694,024.90	92,127,054.10	24,833,193.00	Amount reflected is Bank Balance instead of reconciled cash book balance
Equity Revenue Ac No 0620261016673	15,530,849.64	15,552,849.64	-	No cash book balance and Bank Reconciliations
Coop Bank Recurrent 01141467361100	303,699.53	63,373.53	303,699.53	Cash Book closed on 6 July2015 Instead of 30th June 2015.
Cooperative Recurrent A/c No 01141467361100	21,597,679.00	-	-	No Cash Book, Bank Reconciliations and bank confirmation certificates
Family A/c Bursary Fund	-	369,596.00	-	No Bank Reconciliations and Bank confirmation certificates
Cooperatve Bank A/c 01141467471300 County Health Account	-	7,411,613.60	-	No cash book, Bank Reconciliations and Bank confirmation certificates

Further, the County Government also did not post in the IFMIS system revenue totalling Kshs.4,015,405,989 received during the year. It was also noted that the county had prepared bank reconciliations for some bank accounts manually throughout the year despite the fact that the IFMIS system was operational and it is capable of preparing such bank reconciliations. This was due to inability to capture the revenue in the IFMIS system.

17. Commitments (Pending Bills)

The county had pending bills which ought to have been settled on or before 30 June 2015 amounting to Kshs.407,802,113 as follows;

Ministry/Department	Development-Kshs.	Recurrent Kshs.	Total Kshs.
Salaries & Wages	-	80,575,439.00	80,575,439.00
Cooperative & Industrialization	6,599,696	4,021,848.55	10,621,544.55
County Assembly	13,491,283	13,986,316.65	27,477,599.15
Health	5,341,586	2,679,996.00	8,021,582.25
Finance	47,072,620	5,187,351.00	52,259,971.39
Agriculture	20,324,701	4,919,878.00	25,244,578.85
Legal & Public Service	-	16,938,013.59	16,938,013.59
Education	548,538	4,769,866.00	5,318,403.95
Water & Environment	15,038,255	202,080.00	15,240,334.95
Roads & Public Works	135,849,202	2,272,458.00	138,121,660.39
Sports, Tourism & Wildlife	3,722,232	5,136,608.00	8,858,840.00
ICT	-	4,081,840.55	4,081,840.55
Lands, Housing & Physical Planning	7,420,265	7,622,040.00	15,042,304.55
Total	**255,408,378**	**152,393,735**	**407,802,113**

Included in the above pending bills is an amount of Kshs.27,477,599.15 relating to the county Assembly. However, schedules from county assembly indicate outstanding commitments of Kshs.50,329,095 resulting to unexplained variance of Kshs.22,851,496.

Pending bills is an indication of imprudent financial management and may also distort the budget for 2015/2016 financial year to which they will be charged.

My opinion is not qualified in respect of these matters.

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

Nairobi

22 September 2016