REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL OPERATIONS OF COUNTY ASSEMBLY OF WEST POKOT

FOR THE PERIOD
1 JULY 2014 TO 30 JUNE 2015

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REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF COUNTY ASSEMBLY OF WEST POKOT FOR THE PERIOD 1 JULY 2014 30 JUNE 2015

EXECUTIVE SUMMARY

Background Information

The Constitution of Kenya, 2010 under Article 176, created County Governments which consist of the County Assembly and the County Executive. The County Assembly, which is the Legislative arm of the County Government, consists of the Speaker and Members of County Assembly.

Introduction

This management and financial operations audit report covers financial year ended 30 June 2015. It was undertaken to assess the adequacy and reliability of the systems of management and financial control instituted by the management of the County Assembly in running its affairs with emphasis on the utilization of public resources.

Terms of Reference

The Office of the Auditor-General is an independent office mandated by the Constitution under Article 229 to audit the accounts of the National and County Governments. In this regard, the office planned a management and financial operations audit of the County Assembly of West Pokot for the year ended 30 June 2015 with the following audit objectives:

- To assess controls over management of cash and bank accounts.
- To assess of controls over management of assets under the control of the County Assembly.
- To assess of compliance with the procurement laws in process of acquisition of goods or services.
- To assess of compliance with Public Finance Management Act, 2012 in the utilization of public funds.
- To assess compliance with other relevant laws and regulations.
- To ascertain the credibility, integrity and availability of financial and other information used by management in the utilization of public funds.
- To confirm that all necessary supporting documents, records, and accounts have been kept in respect of all transactions.

Methodology

The methods used in carrying out this audit included the following:

- Interviews with key officers at the County Assembly offices.

- Review of applicable legislation and regulations.
- Examination of payment vouchers and support documents, cashbooks, vote books, bank statements, bank in slips, miscellaneous receipt books, procurement documents, stores records, asset registers and other related records.
- Review of minutes of various meetings where there were resolutions regarding utilization of public funds.
- Physical inspection and verifications.
- Observation of operational processes and activities.
- Review of operational by management to monitor use of funds.

Scope and Determination of Responsibilities

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).The standards require that the audit is planned and performed so as to obtain reasonable evidence that, in all material respects, expenditure incurred is fairly stated and all financial transactions are recorded.

The matters mentioned in this Report are therefore those that were identified through tests considered necessary for the purpose of achieving the audit objectives and it is possible that there might be other matters and/or weaknesses that were not identified.

The formulation and maintenance of effective control measures and compliance with laws and regulations is the responsibility of the management. My responsibility is to report on the weaknesses and non-compliance with laws and regulations identified in the course of the audit. The following sections highlight key audit findings noted during the audit of the financial operations for the year ended 30 June 2015.

Key Audit Findings

1.0 Inadequately Staffed Internal Audit

During the year under review, the County Assembly of West Pokot established an internal audit unit to oversee the governance mechanisms and promote transparency and accountability in management of resources of the County Assembly. The unit has only one staff against the required five members of staff and it therefore lacks sufficient capacity to execute its mandate.

2.0 Budgetary Controls and Performance Analysis

The County Assembly's total budget for the year 2014/2015 was Kshs.387,531,896 comprising of the Recurrent and Development votes of Kshs.299,878,896 and Kshs.87,653,000 respectively. Total expenditure of Kshs.326,757,900 and Kshs.411,071,843 was incurred on Recurrent Vote and Development Vote respectively resulting in a net over-expenditure of Kshs.26,879,004 on the Recurrent vote and Kshs.323,418,843 on the Development vote.

No explanation has been provided for the over expenditures. A review of budget implementation for the assembly revealed the following:

2.1 Development Vote

2.1.1 Irregular Contract for the Construction of a New County Assembly

A review of the records provided by the County Assembly of West Pokot indicated that the Assembly appointed a contractor to drill, install and commission a borehole at a cost of Kshs.358,392,421 on 6 January 2015. However, procurement records attached to the payment voucher for the contract referred to the construction of a new Assembly building at a budgeted cost of Kshs.45,154,000.

2.1.2 Irregular Procurement of Architectural Services

Examination of expenditure records presented for audit review indicated that the Assembly incurred expenses totaling to Kshs.32,683,092.62 on architectural drawings for a modern County Assembly Complex. However, the budget provision on the expenditure was Kshs.10,696,000 resulting in an over-expenditure of Kshs.21,987,093 whose cause or authority was not explained.

2.1.3 Drilling of Borehole

Records made available indicated that the County Assembly in February 2014 entered into a contract for drilling, installing and commissioning of a 125-metre deep borehole for a contract sum of Kshs.3,480,650. However, on completion, the borehole did not yield sufficient water. After consulting geologists, the contractor drilled a second borehole at an additional cost of Kshs.750,000 and as a result the total cost of the borehole project rose to Kshs.4,230,650. However, the additional cost had not been budgeted for.

2.1.4 Construction of County Assembly Restaurant and Car Park

Records presented for audit review revealed that the Assembly incurred expenditure totaling to Kshs.15,765,679 on the construction of a County Assembly restaurant and a car park against a budget of Kshs.13,246,340 resulting in an unauthorized expenditure amounting to Kshs.2,519,339. Further, payment vouchers in relation to this contract were not submitted for audit verification and as a result, it was now possible to confirm the propriety of the expenditure.

Further, as reported in the previous year, Tender No. WPCA/001/2013-14 for the construction of a restaurant and a car park was awarded on 3 January 2014 to the same company at a contract sum of Kshs.36,685,718.

The contractor however did not provide a list of qualified company employees and equipment as stipulated in the tender documents and, further, there was no evidence to show that the firm's audited financial statements for the preceding three (3) years, were, as required under the terms of the tender, presented for evaluation before it was awarded the tender. In the circumstances, the propriety of the expenditure totaling to Kshs.15,765,679 incurred on construction of the County Assembly restaurant and car

park could not be confirmed. In addition physical verification conducted by the audit team on 18 November 2015 revealed that construction work had stalled.

2.1.5 Under-expenditure on Development

Review of expenditure returns as at 30 June 2015 revealed that the Assembly did not incur expenditure on the construction of a perimeter wall and the renovation of the Assembly Chambers and offices budgeted for at Kshs.5,150,000 and Kshs.9,926,010 respectively.

2.2 Recurrent Vote

2.2.1 Purchase of Motor Vehicles

The Assembly incurred expenditure totaling to Kshs.27,595,663 on the purchase of motor vehicles. However, the expenditure had not been provided for in the budget resulting in an unauthorized expenditure of Kshs.27,595,663.

2.2.2 County Assembly Service Board Sitting Allowances

Examination of expenditure records revealed that an expenditure of Kshs.5,176,400 was incurred on payment of sitting allowances for members of the County Assembly Service Board. However, the expenditure had not been budgeted for as required under Section 135 of the Public Financial Management Act, 2012. Consequently, the propriety of the expenditure could not be confirmed.

2.2.3 Over-expenditure on Advertisement, Awareness and Publicity Campaign

Records made available indicate that an expenditure of Kshs.1,772,712 was incurred on advertisement, awareness and publicity campaign against a budget of Kshs.1, 300,000 thus resulting in an over-expenditure of Kshs.472,713 which was not regularized through the supplementary budget for the year.

2.2.4 Reallocation of Funds

Records made available for audit indicated that an expenditure of Kshs.3,229,510 on foreign travel and accommodation for members of the County Assembly was charged to provisions reallocated from various votes. However, the re-allocations were not approved by the County Treasury and were therefore irregular.

3.0 Payment of House Rent for the Speaker's House

An audit review of the Assembly records indicated that, the Assembly paid a property owner Kshs.272,000 being rent expense for the Speaker's residence due for the months of March, April, May and June 2015. Further, the records indicated that rental dues totaling to Kshs.1,237,600 for the period 25 March 2013 to September 2014 were outstanding as at 30 June 2015. However, the lease agreement for the residence and

records on procurement of the rental services including the invitation to tender advertisement, property titles, tender committee meeting minutes and bids submitted were not presented for audit verification. Therefore, it was not possible to confirm how the residence was identified for use by the Speaker and whether it was free from encumbrances of any sort. Also, in view of these anomalies, the propriety of the rental payments made could not be confirmed.

4.0 Sitting and Air Time Allowances

4.1 Unsupported Sitting and Airtime Allowances

A review of expenditure returns as at 30 June 2015 revealed that, an expenditure of Kshs.50,992,977 was incurred on sitting and air-time allowances for members of the County Assembly against a budget of Kshs.50,768,982 resulting in an over- expenditure of Kshs.223,995. Further, documents made available for audit verification supported an expenditure totaling to Kshs.45,830,500 and thus resulting in an unexplained expenditure balance of Kshs.5,162,477. Therefore, the propriety of sitting and air-time allowance expenditure of Kshs.5, 162,477 could not be confirmed.

4.2 Irregular Payment of Sitting Allowances

Expenditure records examined indicated that sitting allowances totaling to Kshs.2,180,100 were paid to the members of the County Assembly for the months of December 2015 and January 2016. Further, two members of the County Assembly on a foreign trip to Dubai between 11 and 15 May 2015 were paid Kshs.388,390 which sum included daily subsistence allowance amounting to Kshs.376,390 and transport costs to Nairobi amounting to Kshs.12,000. However, one of the members signed the attendance register for the Powers and Privileges Committee's meetings held on 14 and 15 May 2015 while the other one signed the attendance register for the Delegated Committee meetings held on 14 and 15 May 2015 and received sitting allowances of Kshs.7,800 and Kshs.3,900 respectively. This was in spite the other Assembly records indicating that the two members were in Dubai on the said dates. No documentary evidence such as copies of passports were made available to confirm whether the two made the trip to Dubai for which they were paid per diem of Kshs.388,390 each or Kshs.776,780 for both. Apparently, the two were paid per diem for trips they did not make, or received committee sitting allowances for meetings they did not attend.

5.0 Unconfirmed Salaries and Allowances

Other expenditure records examined indicated that an expenditure of Kshs.170,889,771 was incurred on salaries. However, the County Assembly payroll and payment vouchers were not presented for audit review to support the expenditure. Therefore, propriety of the expenditure could not be confirmed.

6.0 Foreign Travelling and Subsistence Allowance

6.1 Unsupported Expenditure on Foreign Travel and Accommodation

A review of records on travel and accommodation allowances indicated that expenditure totaling to Kshs.6,726,907 was incurred on foreign trips on per diems paid to Members of the County Assembly and staff. However supporting documents such as copies of passports, invitation letters, and the trip reports were not made available for audit review. In the absence of supporting documents, the validity of the expenditure totaling to Kshs.6,726,907 incurred on foreign trips could not be confirmed.

6.2 Irregular Expenditure on Foreign Travel

Other expenditure records presented for audit indicated that several Members of the County Assembly and staff who travelled abroad were paid foreign travel allowances totaling to Kshs.2,346,240 even though they were entitled to a sum of Kshs.2,011,320 only thus resulting in an overpayment of Kshs.334, 920 which was not authorized.

7.0 Domestic Subsistence Allowances

7.1 Unconfirmed Expenditure on Domestic Subsistence Allowances

A review of expenditure returns for the year revealed that an expenditure of Kshs.13,295,722 was incurred on domestic subsistence allowance. However, analysis for the expenditure was not presented for audit verification. As a result, the propriety of the expenditure could not be confirmed.

7.2 Irregular Expenditure on Domestic Subsistence Allowances

Records made available for audit review indicated that members of the Finance and Planning Committee attended a high performance leadership seminar in Dubai from 2 February 2015 to 6 February 2015. However, on return, the members spent two days in Nairobi reportedly to compile a report on their tour. During the two day stop-over in Nairobi they were paid subsistence allowances totaling Kshs.302,400.It was not explained why the Committee members could not write their report in West Pokot to avoid the wasteful expenditure totaling to Kshs.302,400 that they incurred in Nairobi.

8.0 Mortgage and Car Loans

8.1 Unsecured Car Loans

A review of the Car Loan Scheme records revealed that thirty three (33) Members of the County Assembly were advanced car loans totaling Kshs.58,320,000. However, the loans were not secured as required under the Scheme's regulations. The borrowers did not buy cars as prescribed in the loan agreement.

8.2 Unsecured Mortgage Loan

A review of the Mortgage Loan Scheme indicated that thirty three (33) members of the County Assembly had been granted mortgage loans totaling Kshs.88,586,628 at the time of the audit. However, relevant documents were not made available for audit to confirm the nature of the collateral surrendered to the Scheme by borrowers and no prior written authority was presented to confirm that the borrowers had committed their respective pensions to offset any outstanding debt in the event that they ceased to be Members of the County Assembly before repaying their loans in full. In effect, the loans totaling to Kshs.88,586,628 disbursed to the Members are not secured.

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

Nairobi

30 August 2016

DETAILED REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF COUNTY ASSEMBLY OF WEST POKOT FOR THE PERIOD 1 JULY 2014 TO 30 JUNE 2015

DETAILED AUDIT FINDINGS

1.0 Inadequately Staffed Internal Audit

During the year under review, the County Assembly established an internal audit function to enhance transparency and accountability in management of finances and assets of the entity. However, only one staff member was posted to the unit against the required five prescribed in the internal audit organisational chart. Therefore the unit lacked sufficient capacity to monitor the adequacy and effectiveness of the entity's internal control and other governance systems. It cannot adequately provide assurance that appropriate institutional policies and procedures and good business practices are followed by the entity and evaluate the adequacy and reliability of information available to management for decision-making and control of the entity's operations as stipulated in Section 155 (3) of the Public Finance Management Act.

Recommendation

To ensure that the internal audit function carries out its functions as provided for in Section 155(3) of the Public Finance Management Act, 2012 the management should strengthen the internal audit unit by developing an internal audit charter and providing adequate staffing and proper reporting processes.

2.0 Budgetary Controls and Performance

The County Assembly's total budget for the year 2014/2015 was Kshs.387, 531,896 made up of Recurrent and Development vote expenditures totaling to Kshs.299,878,896 and Kshs.87,653,000 respectively. Total expenditure amounting to Kshs.326,757,900 and Kshs.411,071,843 was incurred on Recurrent and Development Votes respectively thus resulting to an over-expenditure of Kshs.26,879,004 under the Recurrent vote and Kshs.323,418,843 under the Development vote. Details on the expenditures are shown in the table below:

Item	Budgeted Amount (Kshs)	Expenditure (Kshs)			Under/Over Expenditure (Kshs)	Absorption Rate (%)	Weighted Absorption Rate
Recurrent		**Payments**	**Commitments**	**Total**			
Personnel cost	180,190,673	180,339,627	0	180,339,627	-148,954	100.08%	60.14%
Use of goods and services	119,688,223	118,822,610	0	118,822,610	865,613	99.27%	39.62%
Purchase of motor vehicles	0	27,595,663	0	27,595,663	-27,595,663	Infinite	9.20%
Total	**299,878,896**	**326,757,900**	**0**	**326,757,900**	**-26,879,004**	**108.96%**	**108.96%**
Development							
Construction of perimeter wall	5,150,000	0	0	0	5,150,000	0	0
Architectural Designs and development of the bill of Quantities	10,696,000	32,683,093	0	32,683,093	-21,987,093	305.56%	37.29%
Initial Construction	45,154,000	0	0	0	45,154,000	0	0
Completion of Assembly Restaurant	13,246,340	15,765,679	0	15,765,679	-2,519,339	119.02%	17.99%
Drilling of Assembly Borehole	3,480,650	4,230,650	358,392,421	362,623,071	-359,142,421	10,418%	413.70%
Renovation of Assembly Chambers and Offices	9,926,010	0	0	0	9,926,010	0	0
Total	**87,653,000**	**52,679,422**	**358,392,421**	**411,071,843**	**51,339,258**	**469%**	**469%**

2.1 Development Vote

2.1.1 Irregular Contract for the Construction of a New County Assembly

A review of records presented for audit indicated that the County Assembly hired a contractor to drill, install and commission a borehole at a cost of Kshs.358,392,421 on 6 January 2015 against a budget of Kshs.3,480,650 resulting in excess expenditure of Kshs.354,911,771. However, the records indicated that the contract was previously used to procure services for construction of a new County Assembly.

No explanation was provided for the anomaly or why the management entered into a contract for which sufficient funds had not been allocated. In view of funding shortfall, the County Assembly may not be able to meet its contractual obligations in relation to the construction of the new County Assembly whose cost is estimated at Kshs.358,392,421.41.

Recommendation

The management should negotiate with the contractor to avoid litigation in the event that the Assembly is not able to pay for invoiced works as they fall due. Further, the officer responsible for the anomaly should be reprimanded and held liable for any loss arising out the anomaly.

2.1.2 Irregular Procurement of Architectural Services

Examination of other Development Vote records presented for audit revealed that that the Assembly paid Kshs.32,683,092.62 to a firm of architects to design a modern County Assembly Complex. However, the budget provision for the item was Kshs.10,696,000 thus resulting to an over-expenditure of Kshs.21,987,093 which has not been explained.

Recommendation

Management should ensure that procurement of goods, services and works is done in accordance with the threshold matrix set out in Section 6(1) of the Public Procurement and Disposal Act, 2005. Also, the management should present for audit review procurement documents on the architectural services costing Kshs.32,683,092 failure to which the officer responsible for the records is held accountable and liable. Further, the officers who approved payment for the unbudgeted expenditure should be sanctioned and surcharged for the expenditure.

2.1.3 Drilling of Borehole

Records presented for audit indicated that the County Assembly entered into a contract for the drilling, installing and commissioning of a borehole with a contractor at a contract sum of Kshs.3,480,650 on 21 February 2014. The borehole which was 125m deep was completed, installed, and paid for but did not yield sufficient amount of water.

After consultation with geologists, a second borehole was drilled by the same contractor at an additional cost of Kshs.750,000 which action raised the total cost for the project to Kshs.4,230,650. However, the additional cost of Kshs.750,000 was not budgeted for.

Recommendation

The management should only enter into contracts whose costs have been budgeted for. Further, the management should take appropriate disciplinary action against the officers who approved payments for unbudgeted expenditure on drilling of the borehole.

2.1.4 Construction of a County Assembly Restaurant and a Car Park

Records provided for audit review indicated that the Assembly incurred expenditure totaling to Kshs.15,765,679 as per **Appendix I** on the construction of the County Assembly Restaurant and Car Park against a budget of Kshs.13,246,340 resulting in an unauthorized expenditure amounting Kshs.2,519,339. Further, payment vouchers in relation to the payment were not presented for audit verification and as a result the propriety of the expenditure could not be confirmed.

As reported in the prior year, 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 a restaurant and car park was awarded on 3 January 2014 to the same contractor at a sum of Kshs.36,685,718. However, the contractor did not submit a list of his equipment and qualified employees and audited financial statements for the preceding three (3) years as stipulated in the tender documents. In the circumstances, propriety of the expenditure totaling to Kshs.15,765,679 incurred in the construction of the County Assembly restaurant and car park could not be confirmed. In addition physical verification on 18 November 2015 revealed that construction work had stalled.

Recommendation

The management should procure goods, services and construction works with the Public Procurement and Disposal Act 2005 and Public Procurement and Disposal Regulations of 2006 and 2013. Further, the management should present for audit review procurement documents relating to construction of the restaurant and car park failure to which the officer responsible for the documents should be held accountable.

2.1.5 Under-expenditure on Development

A review of expenditure returns as at 30 June 2015 revealed that the Assembly did not incur any expenditure on two projects namely; the construction of a perimeter wall and renovation of the assembly chambers and offices budgeted at Kshs.5,150,000 and Kshs.9,926,010 respectively. No explanation has been provided for the failure to implement the two projects.

Recommendation

The management should ensure that planned projects are implemented in line with the budget and any delays faced are investigated and acted upon.

2.2 Budgetary Controls and Performance – Recurrent Vote

2.2.1 Purchase of Motor Vehicles

During the year under review, the Assembly spent Kshs.27,595,663 on purchase of motor vehicles. However, the expenditure had not been provided for in the budget. The management has not explained why they incurred expenditure totaling to Kshs.27,585,663 to buy vehicles that had not been provided for in the Assembly's budget for the year under review.

Recommendation

The management should only incur expenditures provided for in the budget. Any officer who approves unbudgeted expenditures for payment should be sanctioned and surcharged for the sum incurred.

2.2.2 County Assembly Service Board Sitting Allowances

Other records presented for audit indicated that included in the personnel costs totaling to Kshs.180,339,627 incurred during the year were payments totaling to Kshs.5,176,400 (details provided in **Appendix II** of this report) for sitting allowances for members of the County Assembly Service Board. However, the expenditure had not been budgeted for and further, supporting documents such as attendance registers were not presented for audit verification. Consequently, the propriety of the sitting allowances totaling Kshs.5,176,400 paid to members of the County Assembly could not be confirmed.

Recommendation

The management should only incur budgeted expenditure as provided for in the Public Finance Management Act, 2012 and further, officers who authorize unbudgeted payments should be held accountable and surcharged for r the expenditures.

2.2.3 Over-expenditure on Advertisement, Awareness and Publicity Campaign

Included in the use of goods and services total expenditure balance of Kshs.118,822,610 was a balance of Kshs.1,772,712 incurred on advertisement, awareness and publicity campaign activities. However the total budget for the item was Kshs.1,300,000 therefore resulting in over-expenditure amounting to Kshs.472,712.

Recommendation

The management should not exceed budget ceilings. Further, approval for additional expenditure should be sought in the supplementary budget as provided for in the Public Finance Management Act, 2012 failure to which the responsible officer should be held accountable and surcharged.

2.2.4 Reallocation of Funds

Included in the use of goods and services total expenditure balance of Kshs.118,822,610 was an expenditure of Kshs.3,229,510 re-allocated from various votes and (detailed in **Appendix III)** incurred on foreign travel and accommodation for members of the County Assembly after reallocation from various votes. However evidence showing that the reallocation had been approved by the County Assembly was not presented for audit review and therefore the regularity of the expenditure could not be confirmed.

Recommendation

The management should adhere to the Public Finance Management Act, 2012 regulations for budget re-allocation. Further, any officer who incurs unauthorized expenditure should be held accountable and surcharged for the expenditure.

3.0 Payment of House Rent for Speaker's House

An audit review of the assembly records showed that, included in the use of goods and services expenses amounting to Kshs.118, 822,610 was an expenditure of Kshs.272,000 being rent for the speakers residence for the months of March, April, May and June 2015. However, the lease agreement for the residence as well as procurement records such as advertisements for supply of the house, Tender Committee Meeting Minutes and bids from invited suppliers were not presented for audit verification. As a result, it was not possible to confirm how the residence was identified and whether it was free from any encumbrances. As a result, the propriety of the paid rent totalling to Kshs.272,000 could not be confirmed. Further, the records indicated that rent payments totalling to Kshs.1,237,600 relating to the period 25 March 2013 to September 2014 were outstanding at the time of the audit.

Recommendation

The management should avail for audit review procurement records relating to the lease for the Speaker's house and failure to which the responsible officer should be held accountable. Further, the management should verify legal title/ownership documents of the speaker's residence and also present for audit review the lease agreement signed between the landlord and the Assembly.

4.0 Sitting and Air time Allowances

4.1 Unsupported Sitting and Airtime Allowances

A review of expenditure returns as at 30 June 2015 revealed that, an expenditure of Kshs.50,992,977 included in the personnel costs balance totaling to Kshs.180,190,673 was incurred on payment of sitting and air-time allowances for members of the County Assembly against a budget of Kshs.50,768,892 thus resulting in an over-expenditure amounting to Kshs.223,995. However, documents made available for audit verification supported payments totaling to Kshs.45,830,500 only. Therefore payments totaling to Kshs.5,162,477(detailed in **Appendix IV** of this report) could not be verified as valid

since they lacked sufficient documentary evidence. Therefore, the propriety of sitting and air- time allowance expenditure totaling to Kshs.5,162,477 could not be confirmed.

Recommendation

i. Management should present for audit review the missing documentary evidence supporting payments totaling to Kshs.5,162,477.

ii. Management should only pay sitting and air-time allowances due to Members of the Assembly as provided for in the Government Financial Regulations and Procedures. Further, all payments should be properly supported as stipulated in Section 5.2.3 of the Government Financial Regulations and Procedures and failure to which the respective officer should be surcharged for the unauthorized expenditure.

4.2 Irregular Payment of Sitting Allowances

Other records indicated that sitting allowance of Kshs.2,180,100 was paid to members of the County Assembly in the month of January 2014 when the Assembly was in recess. Further, an expenditure of Kshs.388,390 which included daily subsistence allowances totaling to Kshs.376,390 and transport cost to Nairobi totaling to Kshs.12,000 was incurred on two members of County Assembly on a foreign trip to Dubai between 11 and 15 May 2015. However, one of the members signed the attendance register for the Powers and Privileges Committee meetings held on 14 and 15 May 2015 while the other one signed the attendance for the Delegated Committee meetings held on 14 and 15 May 2015 and was paid sitting allowances amounting to Kshs.7,800 and Kshs.3,900 for the respective meetings. This happened even as the two MCAs were paid per diem allowances for official duties in Dubai on the same dates. However, no documentary evidence such as copies of passports were presented for audit to confirm that the two MCAs travelled to Dubai for the trip they were paid per diem totaling to Kshs.388,390 each. Therefore, the two may have been paid per diem for a trip they did not make, and/or paid sitting allowances for meetings they did not attend.

Recommendation

The management should pay allowances as provided for in Part C of the Salaries and Remuneration Commission Circular No. SRC/TS/CGOVT/3/16 of 15 November 2013. Further, the management should recover from the two MCAs any allowance paid to them irregularly.

5.0 Unconfirmed Salaries and Allowances

Included in the reported personnel costs expenditure of Kshs.180,190,673 is an expenditure of Kshs.170,889,771 incurred on salaries. However, the County Assembly payroll and relevant payment vouchers were not made available for audit review to support the balance whose details are shown in **Appendix V** of this report. Therefore the propriety of the expenditure amounting to Kshs.170,889,771 could not be confirmed.

Recommendation

i. The management should submit for audit review documentary evidence to validate the unsupported salaries expenditure totaling to Kshs.170,889,771.

ii. The management should support salary payments and other expenditures with sufficient and relevant documentary evidence as stipulated in Section 5.5.11 of the Government Financial Regulations and Procedures failure to which the responsible officer should be held liable for the expenditure.

6.0 Foreign Travelling and Subsistence Allowance

6.1 Unsupported Expenditure on Foreign Travelling and Accommodation

A review of travelling and accommodation allowance records indicated that an expenditure of Kshs.6,726,907 (detailed in **Appendix VI)** included in the use of goods and services expenditure balance of Kshs.118,822,610 was incurred on per diem payments to Members of the County Assembly and staff on foreign trips. However supporting documents such as passports, invitation letters, and reports were not made available for audit. In the absence of supporting documents, it was not possible to confirm the propriety of the expenditure balance totaling to Kshs.6,726,907.

Recommendation

The management should present for audit review documentary evidence supporting expenditure totaling to Kshs.6,726,907 reportedly incurred on travelling and accommodation by Members and staff of the Assembly during the year under review.

The management should support expenditure on foreign trips with relevant and sufficient evidence as required under Section 5.5.14 (c) of the Government Financial Regulations and Procedures and sanction and compel persons who pay or receive allowances irregularly to pay back the monies.

6.2 Irregular Expenditure on Foreign Travel

Included in the use of goods and services expenditure totaling to Kshs.118,822,610 was expenditure amounting to Kshs.2,346,240 incurred on foreign travel and accommodation allowances paid to members of the County Assembly and staff who travelled abroad on official business.

However, further analysis revealed that the payees were entitled to receive allowances totaling to f Kshs.2,011,320 as shown in **Appendix VII** of this report. Therefore, they were overpaid by Kshs.334,920. The management has not explained why the overpayments were made.

Recommendation

The management should only pay allowances as provided for in the Government Financial Regulations and Procedures. The management should recover the irregular payments totaling to Kshs.334,920 from the recipient's salaries.

7.0 Domestic Subsistence Allowances

7.1 Unconfirmed Expenditure on Domestic Subsistence Allowances

A review of expenditure returns for the year revealed that included in the use of goods and services expenditure amounting to Kshs.118,822,610 was an expenditure of Kshs.13,295,722 incurred on payment of domestic subsistence allowances . However, the analysis for the expenditure was not made available for audit verification. Consequently, the propriety of the expenditure could not be confirmed.

Recommendation

The management should present for audit supporting documents for the domestic subsistence allowance expenditure totaling Kshs.13,295,722 or recover the payments from the respective payees.

7.2 Irregular Expenditure on Domestic Subsistence Allowances

Records presented for audit indicated that members of finance and planning committee attended a high performance leadership seminar in Dubai from 2 February 2015 to 6 February 2015. However, on return, the members chose to spend two days in Nairobi reportedly to compile a report on the tour. They were as a result paid subsistence allowances totaling to Kshs.302,400 for the two days as detailed in **Appendix VIII** of this report. No explanation has been provided why the members chose to compile the report in Nairobi and not in West Pokot where they would have avoided the wasteful expenditure totaling to Kshs.302,400 that they incurred in the City.

Recommendation

The management should recover the paid night outs from the beneficiary's payroll.

8.0 Mortgage and Car Loans

8.1 Unsecured Car Loans

A review of the Car Loan Scheme records revealed that thirty three (33) members of the County Assembly were advanced car loans totaling Kshs.58,320,000 as shown in **Appendix IX**. However, the loans were not secured from possible default in repayment. Further, the members did not buy the cars as prescribed in the loan agreement.

Recommendation

The county management should ensure that all cars purchased through the scheme are jointly owned by the Assembly and the respective borrowers and comprehensively insured as stipulated in Section 8(2) and 13(1) of the Public Finance Management (West Pokot County Car Loan Member) Scheme Fund Regulations, 2014. Also officers who issue unsecured loans should be held liable for any loss arising from defaults in repayments.

8.2 Mortgage Loan

A review of records on the Mortgage Loan Scheme indicated that thirty three (33) members of the County Assembly were granted mortgage loans totaling to Kshs.88,586,628 as detailed in **Appendix X** of this report. However, minutes for the loan management committee were not made available for audit and therefore it was not possible to confirm whether each member had met the financing requirements. Also, legal title documents for properties bought were not submitted for audit to confirm the ownership and nature of the respective properties and further, no prior written authority was presented to confirm that each beneficiary had committed his/her pension to offset the debt balance in the event that the beneficiary ceased to be a member of the Assembly before repaying the loan in full. In effect, the sum of Kshs.88,586,628 disbursed as mortgage loans to the members of County Assembly is not secured from loss.

Recommendation

The management should ensure that all mortgage loans are granted in accordance with requirements of the Public Finance Management (West Pokot County Mortgage or Member Scheme Fund) Regulations, 2014 failure to which the responsible officer is held liable.

Conclusion

The Assembly should address the anomalies noted in this report in order to facilitate efficient delivery of services to the people of West Pokot County. Also, the Assembly should adhere to financial and other laws and regulations to ensure that resources are utilized for the intended purposes.

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

Nairobi

30 August 2016