

REPUBLIC OF KENYA



THE SENATE

ELEVENTH PARLIAMENT-FOURTH SESSION

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REPORT OF THE SENATE SESSIONAL COMMITTEE ON COUNTY  
PUBLIC ACCOUNTS AND INVESTMENTS ON THE INQUIRY INTO THE  
FINANCIAL OPERATIONS OF NAROK COUNTY EXECUTIVE FOR THE  
FINANCIAL YEAR 2013/2014 (1<sup>ST</sup> JULY, 2013 TO 30<sup>TH</sup> JUNE, 2014)

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Hon. Speaker

We recommend for  
approval for tabling.

Eg 29/03/18

Approved  
~~Hon. Speaker~~  
29/3/2018.

CLERK'S CHAMBERS  
THE SENATE  
P.O.BOX 41842-00100  
NAIROBI

APRIL, 2017

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## **ACRONYMS/ABBREVIATIONS**

AG	- Auditor General
ITRGC	- Intergovernmental Relations Technical Committee
SO	- Standing Orders
OAG	- Office of the Auditor General
PFM	- Public Finance Management
VAT	- Value Added Tax

## **PREFACE**

**Mr. Speaker Sir,**

Committees are a creation of the Constitution through Article 124(1) of the Constitution which empowers each House of Parliament to establish Committees and make Standing Orders (SO) for the orderly conduct of its proceedings, including the proceedings of its Committees.

The Senate Sessional Committee on County Public Accounts and Investments is established by the Senate pursuant to Standing Order No. 213 and is mandated:-

- a) Pursuant to Article 96(3) of the Constitution, to exercise oversight over national revenue allocated to the county governments,
- b) Pursuant to Article 228(6) of the Constitution, to examine the report of the Controller of Budget on the implementation of the budgets of county governments,
- c) Pursuant to Article 229(7) and (8) of the Constitution, to examine the reports of the Auditor-General on the annual accounts of the county governments,
- d) To examine special reports, if any, of the Auditor-General on county government funds,
- e) To examine the reports, if any, of the Auditor-General on the county public investments, and
- f) To exercise oversight over county public accounts and investments

**Mr. Speaker Sir,**

The membership of the Committee comprises of the following Senators:-

1. Sen. (Prof.) Anyang Nyong'o - **Chairman**
2. Sen. (Prof.) John Lonyangapuo - **Vice Chairman**
3. Sen. Henry Tiolo Ndiema
4. Sen. Wamatangi Kimani
5. Sen. Karue Muriuki
6. Sen. Hassan Omar Hassan
7. Sen. Wangari Martha
8. Sen. Sen. Liza Chelule
9. Sen. Sitswila Wako Amos
10. Sen.(Dr.) Boni Khalwale
11. Sen. Ben Njoroge, Paul
12. Sen. Stephen Kanyinke Ntutu

**Mr. Speaker Sir,**

The Committee was first constituted on 27<sup>th</sup> March, 2014 pursuant to Senate Standing Order 181 following a resolution of the House on Thursday 27<sup>th</sup> February 2014 to amend the Senate Standing Orders. The Committee was subsequently reconstituted on 17<sup>th</sup> February, 2015 Pursuant to Senate Standing Order 210(1) which requires *Sessional Committees* to be reconstituted at the Commencement of every session.

**Mr. Speaker Sir,**

The Senate Sessional Committee on County Public Accounts and Investments is the avenue through which the Senate under the provisions of Article 96(3) of the Constitution carries out the ex-post scrutiny of County Governments Budgets.

**Mr. Speaker Sir,**

The Committee largely relies on the report of the Auditor General and the Controller of Budget as key instruments for its ex-post scrutiny of County Governments Budgets.

**Mr. Speaker Sir**

The Office of the Auditor General on various dates from the month of June, 2015 forwarded reports on the financial operations of the County Governments for the financial year 2013/2014 to the Senate pursuant to the provisions of Article 229(7). As such, the Report of the Financial Operations of County Executive for the period 1<sup>st</sup> July, 2013 to 30<sup>th</sup> June, 2014 was tabled on 30<sup>th</sup> June, 2015 and stood committed to the Sessional Committee on County Public Accounts and Investments.

The Committee held three meetings with Narok County Executive on Wednesday, 3<sup>rd</sup> August, 2016 and Monday, 19<sup>th</sup> September, 2016 where it considered and concluded its investigation on the report of the Auditor General under review.

The Committee received evidence from the Governor as the Chief Executive Officer of the County Government pursuant to the provisions of Article 179(4) of the Constitution of Kenya, 2010.

The main issue for determination and investigation was the various audit queries contained in the report of the Auditor General on the Financial Operations of Narok County Executive for the financial year 2013/2014(for the period 1<sup>st</sup> July, 2013 to 30<sup>th</sup> June, 2014).

This report is issued pursuant to the requirements of Articles 96 (3) and 229(8) of the Constitution of Kenya and the Senate Standing Order 203.

**Mr. Speaker Sir,**

The Committee in arriving at particular recommendations in this particular report of the Auditor General on the Financial Operations of Narok County Executive took into account the challenges faced by Counties at their nascent days particularly during the financial year 2013/2014.

The Committee was further guided by the mandate of the Senate pursuant to the provisions of Article 96(1) of the Constitution; particularly the need to strike a balance between protection of the counties vis-a-vis the oversight role of the Senate over counties in accordance with the provisions of Article 96(1) and 96(3) of the Constitution respectively.

The Committee further structured its deliberations and decisions in the following manner:-

- (i) **Unlawful expenditure:** In this category, the expenditure in question could not be justified under any circumstances. In instances like this, the Committee recommended immediate recovery of funds from the recipients or surcharge of the individuals who received the funds.
- (ii) **Instances where procurement rules were not followed but goods and services were supplied as per the details of the requisition:** In instances where the County Government entity used restricted tendering method instead of open tender method but goods were delivered as per the details of the Local Purchase Order, the Committee depending on the oral and written submissions recommended that the respective accounting officers be reprimanded for not following the Public Procurement Rules and Regulations and be required to submit a report to the Senate on administrative actions and austerity measures taken to mitigate against committal of similar offences in the subsequent financial years. However any fraudulent application of funds remained an offence punishable by law notwithstanding the foregoing.
- (iii) **Instances where procurement rules were not followed and the Committee could not ascertain whether the public funds were used prudently:** The Committee recommended that the office of the Auditor General undertakes the *value for money audit* on that specific project and submit a report to the Senate expeditiously and the officer who authorized the expenditure be punished or depending on the gravity of the offence and circumstances surrounding the committal of the offence.
- (iv) **Instances where procurement rules were not followed and goods and services delivered or provided did not match the specification of the goods requested through the LPOs:** The Committee took the view that this was a

fraudulent transaction and recommended that the officer who authorized payment should be surcharged and held personally liable for the loss of public funds in question. In addition, the committee recommended that disciplinary action be taken against the culprits.

- (v) **Instances where an irregularity occurred and the County Government entity detected it and took disciplinary action against the officers involved:** The Committee considered these on a case to case basis and in most cases where the action taken was satisfactory, the committee cleared the audit query and no further action was recommended. However, where the action taken was unsatisfactory, the Committee recommended additional punishment or mitigative measures.
- (vi) **Instances where procurement rules were not followed but the Committee ascertained that no public funds were lost in the transaction:** The Committee recommended that the officer(s) who authorized or sanctioned the committal of the irregularity be reprimanded notwithstanding the fact that no public funds were lost.
- (vii) **Instances where the County Government entity failed to submit the required documents during the time of audit but subsequently submitted the documents to the Auditor General and the documents were examined and the Auditor General was satisfied with the evidence submitted:** The Committee cleared the audit query but recommended that the County Government entity should submit the documents to the Auditor General at the time of audit.

## **EXECUTIVE SUMMARY**

The Committee was first constituted on 27<sup>th</sup> March, 2014 pursuant to Senate Standing Order 181 following a resolution of the House on Thursday 27<sup>th</sup> February 2014 to amend the Senate Standing Orders. The Committee was subsequently reconstituted on 17<sup>th</sup> February, 2015 Pursuant to Senate Standing Order 210(1) which requires *Sessional Committees* to be reconstituted at the Commencement of every session.

In the execution of its mandate, the Committee relied on the report of the Auditor General on audited Accounts of Narok County Executive for the Financial year 2013/2014(1<sup>st</sup> July, 2013 to 30<sup>th</sup> June, 2014) as the primary document for the investigation.

The Committee invited the Governor for Narok County in his capacity as the Chief Executive Officer of the County Government pursuant to Article 179(4) of the constitution to respond to the audit queries raised in the report under consideration.

The Committee began its work by scheduling a meeting for evidence taking where the Governor was invited to respond to audit queries raised by the Auditor General in the report under consideration on Wednesday, 3<sup>rd</sup> August and Monday, 19<sup>th</sup> September, 2016.

The Committee considered and concluded its inquiry into the report of the Auditor General on the Financial Operations of Narok County Executive for the Financial Year 2013/2014(1<sup>st</sup> July, 2013 to 30<sup>th</sup> June, 2014).

This report documents the observations and recommendations of the Committee on each audit query and it is divided into four parts.

The preface details the place of Committees in the Constitution, Committee establishment and mandate, Committee membership and formation, the niche of the Committee in the Senate, the executive summary, key observations and recommendations and acknowledgement.

Chapter one contains a background to the report of the Auditor General under consideration. Chapter two is a record of the audit queries as raised by the Auditor General in the report under review and Committee's observations and recommendations on each audit query.

Chapter three captures the Committee's findings and observations on the entire report of the Auditor General on financial operations of Narok County Executive for the Financial Year 2013/2014(1<sup>st</sup> July, 2013 to 30<sup>th</sup> June, 2014).

Chapter four contains the recommendations of the Committee on the entire report of the Auditor General on financial operations of Narok County Executive for the Financial year 2013/2014(1<sup>st</sup> July, 2013 to 30<sup>th</sup> June, 2014).



## GENERAL OBSERVATIONS

The Committee observed that:-

- 1) Officers surrendered imprest way after the close of the Financial year <sup>contrary</sup> ~~centrally~~ to the PFM Act;
- 2) the county lacked a structured method on issuance of bursary to needy students in the county;
- 3) The county executive failed to attract the services of competent personnel for various cadres including specialists in land matters, Engineering and finance.
- 4) The county government on several occasions did not follow the procurement rules and regulation in sourcing for goods and services.
- 5) The Finance department and by extension the procurement department lacked the requisite personnel to manage the finance docket.
- 6) That at the time of audit the county lacked internal audit control systems and weak ICT systems.
- 7) That high wage bill was an issue of concern in the county.

## **GENERAL RECOMMENDATIONS**

The Committee recommends that-

1. The County Government should professionalize the finance, procurement and internal audit departments for efficiency, effectiveness and proper management of county government resources as well as accountability and transparency in the management of public funds. This can be achieved through the recruitment of a qualified Chief Finance Officer and other qualified officers with financial and procurement related qualifications.
2. The County Public Service Board in conjunction with the Salaries and Remuneration Commission should come up with a flexible plan and policy that will enable the county governments to attract specialized and skilled personnel.
3. The Committee recommends that the County institute mechanism to ensure recruitment and placement of staff is according to skill and capacity.
4. The Committee recommends that the County institute mechanism to ensure recruitment and placement of staff is according to skill and capacity.
5. The Committee recommends that internal audit units be strengthened and widened to include evaluating & reporting on internal controls applicable to high risk areas on a quarterly basis.
6. The County Government to come up with austerity measures to address the escalating wage bill.
7. The County should also develop a document management policy.

## **ACKNOWLEDGEMENTS**

The Committee wishes to acknowledge the support it received from the Office of the Speaker and the Clerk of the Senate in undertaking its work.

The Committee further appreciates the support it received from the office of the Auditor General and the cooperation from the office from the Governor and the County Executive of Narok County during the consideration of the Audit Queries.

Final appreciation goes to the distinguished and dedicated members of the Committee who created time out of their busy schedule to attend and actively participate in the proceedings of the Committee.

**Mr. Speaker Sir,**

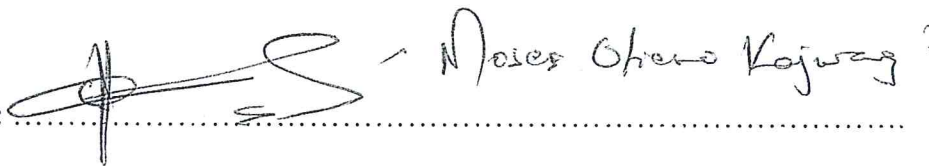
I wish to confirm that the resolutions of the Committee on the observations and recommendations of the Committee in this report were unanimous.

**Mr. Speaker Sir,**

This report is issued in accordance with the provisions of the Senate Standing Order 203.

**Mr. Speaker,**

It is therefore my pleasant duty and privilege, on behalf of the Senate Sessional Committee on County Public Accounts and Investments to table this report and commend it to the House for debate and adoption pursuant to the provisions of the Senate Standing Order 203(6).

SIGNED:  .....

DATE: ..... 28 March 2018 .....

for SEN. (PROF.) ANYANG' NYONG' , MP  
CHAIRPERSON

## CHAPTER ONE

### **1.0 Background to the Report**

Following the submission of the report of the Auditor General on the Financial Operations of Narok County Executive for the Financial year 2013/2014(1<sup>st</sup> July, 2013 to 30<sup>th</sup> June, 2014) to the Senate pursuant to the provisions of Article 229(7), the report was laid on the table of the House on 30<sup>th</sup> June, 2015 and stood committed to the Sessional Committee on County Public Accounts and Investments.

The Committee subsequently invited the Governor for Narok County to its investigatory meetings held on Wednesday, 3<sup>rd</sup> August and Monday, 19<sup>th</sup> September, 2016 to give evidence and respond to the audit queries raised in the report under consideration. This was pursuant to the provisions of Article 179(4) of the Constitution.

The Committee considered and concluded its consideration of the said report in three sittings and thereafter adopted the report during its sitting on Wednesday, 5<sup>th</sup> April, 2017.

## CHAPTER TWO

### 1.0 Internal Control Environment

#### 1.1 Internal Audit Committee

Although the County Executive had established the Audit Committee as required, the Committee's terms of reference and mandate were not availed for audit review. The audit team could not therefore establish its effectiveness.

The Committee's mandate includes the following;

- Understanding and assessing the overall risks the County Executive faces.
- Review of the adequacy of internal controls that management had put in place regarding financial control, accounting systems and reporting.
- Reviewing the entity's compliance with all relevant legislation and statutory requirements.
- Approval of the internal audit charter.
- Review of the interim (half-year) and annual financial statements.

#### Management Response

The Governor admitted to the audit query and informed the Committee that –

1. There was an internal audit committee at the time of Audit.
2. Establishment of the Audit Committee was initially mandated by the treasury circular No. 16/2005 and operationalized through Audit Committee guidelines of July 2006 .
3. The County operated under the Public Finance Management Act, 2012 as section 155(5) required a County Government entity to establish an internal Audit Committee whose composition and functions were to be prescribed by regulations.
4. Pursuant to section 155 (5) of the Public Finance Management Act 2012; Regulation No. 167(1) of the Public Finance Management Regulations 2015; Kenya Gazette Notice No. 2690 of 15<sup>th</sup> April, 2016 and National Treasury Circular No. NT/IAG/GEN/055/(164) of 26<sup>th</sup> April, 2016 the requisite legal infrastructure had been established for the formation of the Audit Committee
5. The County had advertised for the positions of Chairperson and committee members of the said Audit Committee

#### Auditor's Remarks

The Auditors were satisfied after subsequent verification of the submitted documents; and the matter stood resolved.

**Committee's observation**

The Committee observed that although the written and oral submissions by the management were comprehensive, the operational success would only be ascertained in the next audit.

**Committee's recommendation**

The Committee recommends that the audit query be cleared.

**1.2 IFMIS and G-Pay**

The Public Finance Management Act, 2012 requires the County Government to ensure that the financial management systems designed and developed by the National Treasury under section 12 of the Public Finance Management Act, 2012 is effectively applied to facilitate standard financial management including budgeting, accounting and reporting. It was however, noted that IFMIS has not been fully installed for the period under review. The County Executive however, had commenced phased installation of the IFMIS system.

**Governor's Response**

1. As observed by the audit report, IFMIS was not fully installed.
2. At the time of audit, the County Government faced many challenges ranging from inadequate and disruption of internet connectivity to capacity issues;
3. The following are the modules that were operational at the time of audit:
  - Plan to Budget
  - Procure to pay- only payment part was operational
  - Record to report –only recording and a section of reporting was operational.
4. Since then, the county government has recruited and trained personnel so as to equip them with the necessary skills to handle the systems.
5. The County Government is in the final implementation stage of IFMIS, dealing with Revenue to Cash Module.

**Committee Observation**

The Committee observed that:

- a. The County had not fully installed the IFMIS system at the time of audit but had subsequently installed it in phases;
- b. the Auditors were satisfied after verification ; and,
- c. the issue stood resolved.

**Committee Recommendation**

The Committee recommends that the Senate clears the audit query and that the County Government should ensure that the IFMIS system is fully operational

### **1.3 IT Control Environment and ICT Governance**

It was observed that at the time of the audit, the County Executive was in the process of formulating an ICT Framework for future enhancement of its ICT Department. The County Executive was also in the process of developing and implementing some of the key ICT documents such as ICT policies and procedures, ICT strategic plan, Business Continuity Policies (BCP) and Disaster Recovery Plans (DRP). However, the County Government had not established an ICT Steering Committee to foresee the task.

#### **Management Response**

The Governor admitted to the audit query and informed the Committee as follows-

- i. As highlighted in the report, the County Government through its ICT department was in the process of developing an ICT policy and framework.
- ii. The County recruited more staff to address the capacity gaps in the department.
- iii. Before appointment to the ICT Steering Committee the proposed members of staff in the department were first taken for training to enhance their capacity and skills. Subsequently they were appointed to the ICT Steering Committee.
- iv. The County Government has developed an ICT policy which covers various aspects including disaster recovery and business continuity plans, and an ICT road map (Strategic Plan), 2015-2020.

#### **Committee Observations**

*The Committee observed that:*

- i. The Committee observed that the County had recruited staff to address the capacity gaps at the Department.
- ii. That the County had appointed an ICT Steering Committee.
- iii. the Auditors were satisfied after subsequent verification of the submitted documents; and,
- iv. the issue stood resolved.

#### **Committee Recommendation**

The Committee recommends that the Senate clears the audit query and the Steering Committee should roll-out appropriate programs to ensure ICT is used in the management of the affairs of the county government.

## **2.0 Budgetary control and Performance**

### **2.1 Development Expenditure**

Section 15(2) (a) of the Public Finance Management Act, 2012 requires the County Executive to allocate a minimum of 30% of its budget to development expenditure over the medium term. During the financial year 2013/2014 the County Executive incurred a total expenditure of Kshs 4,535,295,930 out of which Kshs 1,269,882,860 or 28% was development expenditure. This ratio falls short of the threshold mark by 2%.

## **Management Response**

The Governor admitted to the Audit Query and informed the Committee that-

- i. As stated by the auditor, the total expenditure on development did not meet the threshold of 30%. However, the development budget for the County Government of Narok for the year ended 30<sup>th</sup> June 2014 was Ksh 2.9 billion against a total budget of Ksh 7.3 billion. This works out to be 39.6% which is within the requisite threshold.
- ii. The County had numerous challenges which lowered the absorption rate.
- iii. The capacity of the staff deployed by the Transition Authority to the County was not adequately skilled and prepared to handle various aspects of procurement within the specified timeframe.
- iv. Further, the Governor stated that some of the development projects were delayed and/or disrupted by the frequent floods that were experienced in the County throughout the year.

## **Committee Observations**

- a. The Committee observed that the ratio falls short of the threshold mark by 2%.
- b. The Committee noted the mitigation by the Governor on the adequately skilled staff at the dawn of devolution.

## **Committee Recommendation**

The Committee recommends that the County should strive to ensure 30% of the budget is utilized for development expenditure.

### **2.2 Personnel Costs**

Section 107(2) (c ) of the Public Finance Management Act, 2012 provides that the County Government expenditure on wages and benefits shall not exceed 25% of the County Government total revenue as prescribed by the County Executive Member for Finance in regulation and approved by the County Assembly.

However, during the year, no specific percentage was set by the County Executive Member for Finance and approved by the County Assembly as required by the law. Further, the expenditure on personnel costs of Kshs 2,019,705,364 as at 30<sup>th</sup> June, 2014 was approximately 44.5% of the total Expenditure of Ksh 4,535,295,930 collected by the County Executive in the financial year. The County Executive wage bill appears unsustainably high.

Management Response



The Governor admitted to the Audit Query and informed the Committee that-

- i. The audit report highlights the per centum of employee costs as 44.5 in the FY 2013/14.
- ii. The County inherited 1482 staff from the former local Authorities, who had a substantial amount in arrears in the form of Salaries, Statutory Deductions, Cooperatives dues, Union dues and other allowances which significantly contributed to the high percentages observed in the audit report.
- iii. To address the personnel gaps on issues raised in the audit report, the County engaged the services of Deloitte (Human Resource Consultant) to help in advising on how best to address the issues.
- iv. The County Government armed with this professional advice implemented the recommendations which have made the County adopt best practices in Human Resource Management.

### **Committee Observations**

*The Committee observed that:*

- a. the documents were not availed in time for the Auditors' comment;*
- b. the Auditors were satisfied after subsequent verification of the submitted documents;*
- c. The County's wage bill is too high ;*
- d. This is a matter that affected most counties during the financial year.*

### **Committee Recommendations**

The Committee recommends that the County Government with assistance from the National Government should take appropriate measures to ensure the wage bill is reduced noting that it was a matter that affects most counties.

The audit Query remains unresolved.

### **2.3 Construction of Roads**

The County Executive allocated Kshs 1,222,820,240 in the 2013/2014 budget for the construction of rural and urban roads. Tenders for road works were awarded in April 2014. Due to the delay in awarding the tenders, the work spilled over to the financial year 2014/2015. Delays in awarding the tenders affected service delivery.

Governor's Response

1. In the 2013/14 FY the County Government of Narok advertised for various activities in the road sector which included grading, gravelling, construction of bridges, drains and installation of culverts.
2. Given that this was a transition period the process of laying procurement structures, and evaluation of the tenders took relatively long as the County

Government lacked the necessary professional skills and capacity to undertake such technical procurement processes.

**Auditor's Remarks:**

The Auditor General submitted that the responses submitted by the county government sufficiently addressed the audit query and the documents had been verified but the said documents were submitted late.

**Committee's Observations:**

The Committee observed that although the evidence submitted was sufficient to address the audit query, the County government failed to submit the relevant documents to the Auditor General at the time of audit.

**Committee's Recommendations:**

The Committee recommends to the Senate to clear the audit query but recommends that the county government should always provide documents to the Auditors at the time of audit and for failure to comply the Senate should reprimand the Accounting Officer.

**3.0 Recurrent and Development Expenditure**

**3.1 Motor Vehicles Insurance**

During the year under review, the County Executive incurred an expenditure of Kshs.17,784,737 in respect of provision of insurances services. However, the Government did not provide a market comparative analysis on whether the premiums were competitive.

**Management Response**

The Governor admitted to the Audit Query and informed the Committee as follows-

1. That the county government followed due process in the award of the tender; and
2. That the county government advertised and evaluated all tenders submitted.

**Committee Observations**

The Committee observed that:

1. the auditors had verified relevant documentation on the market comparative analysis done by the County and were satisfied; and
2. that the management had submitted the relevant documents for audit verification at the time of audit however document had been subsequently submitted for audit verification.

### **Committee Recommendation**

The Committee recommends that the Senate clears the audit query.

### **3.2 Bursaries Fund**

During the year, the County Executive disbursed bursary funds totaling Kshs.112,000,000 to students in various secondary schools, colleges and universities through the Narok County Government Bursary Management Board which was created by the Narok County Bursary Act, 2013. However, there were no written acknowledgements from the respective institutions confirming receipt of the bursary funds.

#### **Management Response**

1. That the County gave bursaries to students in various schools, colleges and Universities; and,
2. That the institutions had since submitted acknowledgment letters for the funds received.

#### **Committee Observation**

The Committee observed that the auditors had verified the relevant documentation and were satisfied.

#### **Committee Recommendations**

The Committee recommends to the Senate clears the audit query.

### **3.3 Unsurrendered Staff Imprest**

Temporary Imprest totaling Kshs.4,216,000 advanced to county officers had not been surrendered or accounted for as at 30<sup>th</sup> June, 2014.

#### **Management Response**

The Governor admitted to the Audit Query and informed the Committee that the Imprest has since been fully recovered and verified by the Auditors.

#### **Committee Observation**

The Committee observed that the auditors had verified the surrender vouchers and were satisfied.

#### **Committee Recommendation**

The Committee recommends that the audit query be cleared.

#### **4.1 Procurement Plan**

Section 26 (3) of the Public Procurement and Disposal Act requires all procurements to be within the approved budget of the procuring entity and to be planned through an annual procurement plan. However, the County Government did not have an approved procurement plan for the 2013/2014 financial year.

#### **Management Response**

The Governor admitted to the audit query and informed the Committee that -

- I. the county had not submitted the plan during the audit period; and,
- II. this was due to capacity challenges during at the dawn of the County Government.

#### **Committee Observation**

- a. The Committee observed that although the procurement plan was not submitted at the time of audit the auditors had subsequently verified the procurement plan and was satisfied.
- b. The Committee further observed that there was low capacity in the procurement department.

#### **Committee Recommendations**

- a. The Committee having noted the mitigation response by the Governor recommended that the County Hires competent officers in its procurement department and that capacity building programmes be provided for the officers.
- b. The Committee recommends that the Senate Clears the audit query.

#### **4.2 Procurement of Receipt Books**

The County Executive procured receipt books from a supplier at a cost of Kshs.1,307,900. However, it was noted that the Executive did not maintain a separate register for the issuance, surrender and accountability of the books.

#### **Management Response**

The Governor admitted to the Audit Query and informed the Committee that -

1. the |said receipts books were procured and entered in the counterfoil receipt book register (CRBR); and,
2. That County had effected a register for issuance, surrender and accountability.

#### **Committee Observation**

The Committee observed that the Auditor General had verified the evidence submitted, and on the advice of the Auditor, the matter stands resolved.

### **Committee Recommendations**

1. The Committee further recommends that the County institute mechanism to ensure recruitment and placement of staff is according to skill and capacity. The County should also develop a document management policy.
2. The Committee while relying on the written and oral submissions from the county executive recommends that the Senate Clears the audit query.

### **4.3 Procurement of Wall Calendars**

The County Executive procured wall calendars at a cost of Kshs.3,400,000. Although store records for receipt and issuance of the calendars were availed for audit verification, it was noted that a separate register that aids in inventory management was not maintained.

### **Management Response**

The Governor admitted to the audit query and informed the Committee that -

1. That there were store records showing how the calendars were received and issued; and,
2. That the County had effected the Auditor General's recommendations on the query.

### **Committee Observation**

The Committee observed that the Auditor had verified the evidence submitted, and on the advice of the Auditor, the matter stands resolved.

### **4.4 Procurement of a Generator**

On 26<sup>th</sup> September 2013, the County Executive paid Kshs.2,177,700 in respect of purchase of a generator which was to be supplied to Olkeri Model School as per proforma invoice dated 14<sup>th</sup> February, 2012 issued to the defunct Narok County Council. However, documents availed indicated that the defunct County Council had paid Kshs.1,000,000 through cheque No. 686 on 7<sup>th</sup> August, 2012 and cheque No. 011325 of Kshs.500,000 on 2<sup>nd</sup> October, 2012. There appears to have been an overpayment of one million shillings.

### **Management Response**

The Governor admitted to the audit query and informed the Committee that -

1. That the County had settled the payment for the Generator as the process had been began by the defunct local authority;

2. That the Generator was for a school and purchase of the Generator was a priority project; and
3. That the County had submitted all relevant documentation.

### **Committee Observations**

The Committee observed that:

- a. the auditors had verified relevant documentation and noted that there was no overpayment and were satisfied;
- b. the auditors had physically seen the Generator under query; and,
- c. on the advice of the Auditor, the matter stands resolved

### **Committee Recommendations**

The Committee interrogated the audit query at length and guided by the submission by the Governor and the Auditor the recommends to the Senate to clears the audit query.

APPENDICES

Minutes of the Committee

**MINUTES OF THE 42<sup>ND</sup> SITTING OF THE SENATE SESSIONAL COMMITTEE  
ON COUNTY PUBLIC ACCOUNTS AND INVESTMENTS HELD IN THE SENATE  
COMMITTEE ROOM 4, 1<sup>ST</sup> FLOOR, MAIN PARLIAMENT BUILDINGS ON  
WEDNESDAY, 3<sup>RD</sup> AUGUST, 2016 AT 8:00 AM**

**PRESENT**

1. Sen. (Prof.) Anyang' Nyong'o, MP - Chairman
2. Sen. (Prof.) John Lonyangapuo, MP - Vice Chairman
3. Sen. Paul Kimani Wamatangi, MP
4. Sen. George Khaniri, MP,
5. Sen. Kennedy Mong'are, MP
6. Sen. Martha Wangari, MP
7. Sen. Stephen Kanyinke Ntutu, MP
8. Sen. Henry Tiolo Ndiema, MP

**ABSENT WITH APOLOGY**

1. Sen. Amos Sitswila Wako, MP
2. Sen. (Eng.) Muriuki Karue, MP
3. Sen. Hassan Omar Hassan, MP
4. Sen. (Dr.) Boni Khalwale, MP

**INATTENDANCE**

**(I) NAROK COUNTY EXECUTIVE**

1. Hon. Samuel ole Tunai – Governor
2. Mr. Morgan Silomat - CEC Finance
3. Mr. James Wamugo - Legal Officer
4. Mr. Walter Chamra - Accountant

**(II) SENATE SECRETARIAT**

1. Anita Thurania - Principal Clerk Assistant
2. Mohamed Hassan - Clerk Assistant
3. Joseph Tiyan - Research Officer
4. Eugene Luteshi - Audio Report Officer
5. Otatio Andayi – Media Relation
6. Catherine Ngati – Physical Analyst
7. Laura Kitur – Protocol

**(III) OFFICE OF THE AUDITOR GENERAL**

1. Akaka Ramoya – Manager OAG Audit
2. Stephen Karani – Director OAG



**MIN.NO.32/2016**

**PRELINIMANARIES**

The Chairperson called the meeting to order at 9:00 am and the meeting started with a word of prayer.

**MIN.NO.33/2016**

**ADOPTION OF THE AGENDA**

The agenda of the meeting was adopted having been proposed and seconded by Sen. Kimani Wamatangi, MP and Sen. Martha Wangari, MP, respectively.

**MIN.NO.34/2016**

**CONSIDERATION OF THE REPORT OF THE AUDITOR  
GENERAL ON THE FINANCIAL OPERATIONS OF  
NAROK COUNTY EXECUTIVE FOR THE PERIOD 1<sup>ST</sup>  
JULY, 2013 TO 30<sup>TH</sup> JUNE, 2014**

The Chairman welcomed members and guests to the meeting and thereafter called for a round of introductions.

Thereafter the Chairman informed the meeting that the Auditor General will read out the queries, then the Governor responds and the Auditor then comments on the status of the query before members can then be allowed to interrogate the matter.

**1.0 Internal Control Environment**

**1.1 Internal Audit Committee**

Although the County Executive has established the audit committee as required, the Committee's Terms of Reference and mandate were not availed for audit review. The audit team could not therefore establish its effectiveness.

The Committee's mandate includes the following but not limited to;

- The various audit reports (internal and external) are to be tabled to the committee.
- Understanding and assessing the overall risks the County Executive faces.
- Review of the adequacy of internal controls that management has put in place regarding financial control, accounting systems and reporting.
- Reviewing the entity's compliance with all relevant legislation and statutory requirements.
- Approval of the internal audit charter.
- Review of the interim (half-year) and annual financial statements.

*Response*

There was an internal audit committee at the time of Audit. Establishment of the audit Committee was initially mandated by the treasury circular No 16/2005 and operationalized through Audit Committee guidelines of July 2006 as we waited for publication of Regulations by the Treasury.

As such the County operated under Public Finance Management Act 2012 S155(5) which required a County Government entity to establish an internal auditing committee whose composition and functions were to be prescribed by those regulations.

Pursuant to section 155 (5) of the Public Finance Management Act 2012; Regulation No. 167(1) of the Public Finance Management Regulations 2015; Kenya Gazette Notice No. 2690 of 15<sup>th</sup> April 2016 and National Treasury Circular No. NT/IAG/GEN/055/(164) of 26<sup>th</sup> April 2016 the requisite legal infrastructure has been established for the formation of the Audit Committee

Subsequently, the County have so far advertised for the positions of Chairperson and committee members' of the said Audit Committee

*The Committee:-*

1. *Noted that the documents were not availed in time for the Auditors' comment;*
2. *Noted that the Auditors were satisfied after verification of the submitted document.*
3. *Resolved to clear this issue*

## **1.2 IFMIS and G-Pay**

**The Public Finance Management Act, 2012 requires the County Government to ensure that the financial management system designed and developed by the National Treasury under section 12 of the Public Finance Management Act, 2012 (No. 18 of 2012 is effectively applied to facilitate standard financial management including budgeting, accounting and reporting". It was however, noted that IFMIS has not been fully installed for the period under review. The County Executive however, had commenced phased installation of the IFMIS system.**

### ***Response***

As observed by the audit report, IFMIS was not fully installed as of that time the County Government faced many challenges ranging from inadequate and disruption of internet connectivity to operational capacity issues.

The following are the modules that were operational at the time of audit;

Plan to Budget

Procure to pay- only payment part was operational

Record to report –only recording and a section of reporting was operational.

Since then we have recruited and trained personnel so as to equip them with the necessary skills to handle the systems. We are also in the final implementation stage of IFMIS where we are dealing with Revenue to Cash Module.

*The Committee:-*

- 1. Noted that the documents were not availed in time for the Auditors' comment;*
- 2. Noted that the Auditors were satisfied after verification of the submitted document.*
- 3. Resolved to clear this issue*

### **1.3 IT Control Environment and ICT Governance**

**It was observed that at the time of the audit the County Executive in the process of formulating an ICT Framework for future enhancement of its ICT Department. The County Executive was also in the process of developing and implementing some of the key ICT documents such as ICT policies and procedures, ICT strategic plan, Business Continuity policies (BCP) and Disaster Recovery Plans (DRP). However, the County Government had not established an ICT Steering Committee to foresee the task.**

#### ***Response***

As highlighted in the report, the County Government through its ICT department was in the process of developing ICT policy and ICT framework. We recruited more staff to address the capacity gaps in the department. However, before appointment to the ICT Steering Committee the proposed members of staff in from department were first taken for training to enhance their capacity and skills. Subsequently they were appointed to the ICT Steering Committee.

The County Government has developed an ICT policy which covers various aspects including disaster recovery and business continuity plans, and an ICT road map (Strategic Plan), 2015-2020.

*The Committee:-*

- 1. Noted that the documents were not availed in time for the Auditors' comment;*
- 2. Noted that the Auditors were satisfied after verification of the submitted document.*
- 3. Resolved to clear this issue*

## **2.0 Budgetary control and Performance**

### **2.1 Development Expenditure**

**Section 15(2) (a) of the Public Finance Management Act, 2012 requires County Executive to allocate a minimum of 30% of its budget to development expenditure over the medium term. During financial year 2013/2014 the County Executive incurred a total expenditure of Kshs 4,535,295,930 out of which Kshs 1,269,882,860 or 28% was development expenditure. This ratio falls short of the threshold mark by 2%.**

#### **Response**

As stated by the auditor, the total expenditure on development did not meet the threshold of 30%. However, the development budget for the County Government of Narok for the year ended 30<sup>th</sup> June 2014 was Ksh 2.9 billion against a total budget of Ksh 7.3 billion. This works out to be 39.6% which is within the requisite threshold.

As you may appreciate our County had numerous challenges which lowered our absorption rate. The capacity of the staff deployed by the Transition Authority to the County was not adequately skilled and prepared to handle various aspects of procurement within the specified timeframe.

Further, the Governor stated that some of our development projects were delayed and/or disrupted by the frequent flash floods that were experienced in the County throughout the year.

*The Committee:-*

- 1. Noted that the Auditors were not satisfied by failure to comply with 30% allocation on development.*
- 2. The Committee observed that the development vote fell below 30% by 2%.*
- 3. Noted that the law to ensure 30% on development vote was intended to guarantee counties development.*
- 4. Noted that the matter should be monitored in the subsequent financial year.*
- 5. The Matter to be determined at the time of report witting.*

### **2.2 Personnel Costs**

**Section 107(2) (c ) of the Public Finance Management Act, 2012 provides that the County Government expenditure on wages and benefits shall not exceed 25% of the County Government total revenue as prescribed by the County Executive Member for Finance in regulation and approved by the County Assembly.**

However, during the year, no specific percentage was set by the County Executive Member for Finance and approved by the County Assembly as required by the law. Further, the expenditure on personnel costs of Kshs 2,019,705,364 as at 30<sup>th</sup> June, 2014 was approximately 44.5% of the total Expenditure of Ksh 4,535,295,930 collected by the County Executive in the financial year. The County Executive wage bill appears unsustainably high.

### *Response*

The audit report highlights the per centum of employee costs as 44.5 in FY 2013/14. We are all aware of the context of this issue. For instance the County inherited 1482 staff from the former local Authorities, who had a substantial amount in arrears in the form of Salaries, Statutory Deductions, Cooperatives Dues, Union Dues and other allowances which significantly contributed to the high percentages observed in the audit report.

To address the personnel gaps on issues raised in the audit report, the County engaged the services of Deloitte (Human Resource Consultant) to help in advising on how best to address them. The County Government armed with this professional advice the County implemented the recommendations which have made the County adopt best practices in Human Resource Management.

### *The Committee:-*

1. *Noted that the documents were not availed in time for the Auditors' comment;*
2. *Noted that the Auditors were satisfied after verification of the submitted document.*
3. *Resolved to clear this issue however, the Governor was tasked to availed a copy of the Collective Bargain (CBA) Agreement between the Staffers inherited from the defunct local authorities and the former ministry of local authority.*

## **2.3 Construction of Roads**

**The County Executive allocated Kshs 1,222,820,240 in the 2013/2014 budget for the construction of rural and urban roads. Tenders for road works were in April 2014. Due to the delay in awarding the tenders, the work spilled over to financial year 2014/2015. Delays in awarding the tenders affected service delivery.**

### *Response*

In the 2013/14 FY the County Government of Narok advertised for various activities in the road sector which included grading, gravelling, construction of bridges, drains and installation of culverts. Given that this was a transition period the process of laying procurement structures, and evaluation of the tenders took relatively long as the County Government lacked the necessary professional skills and capacity to undertake such a technical procurement process.

**Auditor's Remarks:**

The Auditor General submitted that the responses submitted by the county government sufficiently addressed the audit query and the documents had been verified but the said documents were submitted late.

**Committee's Observations:**

The Committee observed that although the evidence submitted was sufficient to address the audit query, however, the County government failed to submit the relevant documents to the Auditor General at the time of audit.

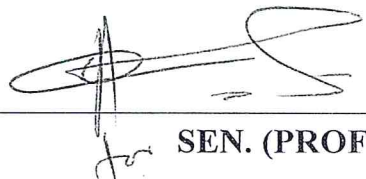
**Committee's Recommendations:**

The Committee recommends to the Senate to clear the audit query but recommends that the county government should always provide documents to the Auditors at the time of audit and for failure to comply the Senate should reprimand the Accounting Officer.

**MIN.NO.35/2016**

**ADJOURNEMENT**

The meeting was adjourned at 11.15 a.m.

Signature:  Moses Obano Kajwang  
for **SEN. (PROF.) ANYANG' NYONG'O, MP**  
*(Chairperson)*

Date: 28 March 2018

**MINUTES OF THE 7<sup>TH</sup> SITTING OF THE SENATE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS AND INVESTMENTS HELD IN THE COMMITTEE ROOM 10, 1<sup>ST</sup> FLOOR, MAIN PARLIAMENT BUILDINGS ON WEDNESDAY, 5<sup>TH</sup> APRIL, 2017 AT 11:30 AM.**

**PRESENT**

1. Sen. (Prof.) Anyang' Nyong'o, MP- **Chairman**
2. Sen. (Prof.) John Olenyangapuo, MP- **Vice Chairman**
3. Sen. Amos Sitswali Wako, MP
4. Sen. Paul Kimani Wamatangi, MP.
5. Sen. Henry Tirole Ndiema, MP.
6. Sen. Liza Chelule, MP;
7. Sen. (Eng.) Muriuki Karue, MP
8. Sen. (Dr). Boni Khalwale, MP
9. Sen. Paul Njoroge Ben, MP

**ABSENT WITH APOLOGY**

1. Sen. Martha Wangari, MP.
2. Sen. Hassan Omar Hassan, MP
3. Sen. Stephen Kanyinke Ntutu, MP

**IN ATTENDANCE**

1. Ms. Anita Thurania- Principal Clerk Assistant I
2. Ms. Emmy Chepkwony - Ag. Principal Clerk Assistant II
3. Mr. Joseph Tiyan – Research Officer
4. Mr. Godana Mamo- Serjeant- At- Arms.
5. Mr. Samuel Mungai- Audio officer

**(IV) OFFICE OF THE AUDITOR GENERAL**

Mr. Akaka Ramoya - Manager /Liaison Officer,

**MIN.NO.031/2017**

**PRELIMINARIES**

The Chairperson called the meeting to order at 11.50 am and the meeting started with a word of prayer.

**MIN.NO.032/2017**

**ADOPTION OF THE AGENDA**

The agenda of the meeting was adopted having been proposed and seconded by Sen. Paul Kimani Wamatangi, MP and Sen. Liza Chelule, MP, respectively

**MIN.NO.033/2017**

**ADOPTION OF THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL OPERATIONS OF**

**NAROK COUNTY EXECUTIVE FOR THE PERIOD 1<sup>ST</sup>  
JULY, 2013 TO 30<sup>TH</sup> JUNE, 2014**

The Committee adopted its report with the following observations and recommendations-

**1.0 Internal Control Environment**

**1.1 Internal Audit Committee**

**Committee's observation**

The Committee observed that although the written and oral submissions by the management were comprehensive, the operational success would only be ascertained in the next audit.

**Committee's recommendation**

The Committee recommends that the audit query be cleared. However the Accounting Officer to report on the status of the implementation of the internal audit controls within the next 60 days.

**1.2 IFMIS and G-Pay**

**Committee Observation**

The Committee observed that:

- a. The County had not fully installed the IFMIS system at the time of audit but had subsequently installed it in phases;
- b. the Auditors were satisfied after verification ; and,
- c. the issue stood resolved.

**Committee Recommendation**

The Committee recommends that the Senate clears the audit query and that the County Government should ensure that the IFMIS system is fully operational

**1.3 IT Control Environment and ICT Governance**

**Committee Observations**

The Committee observed that:

- i. the Auditors were satisfied after subsequent verification of the submitted documents; and
- ii. the issue stood resolved.

**Committee Recommendation**

The Committee recommends that the Senate clears the audit query and the Steering Committee should roll-out appropriate programs to ensure ICT is used in the management of the affairs of the county government.

**2.0 Budgetary control and Performance**

**2.1 Development Expenditure**



## **Committee Observations**

- a. The Committee observed that the ratio falls short of the threshold mark by 2%.
- b. The Committee noted the mitigation by the Governor on the adequately skilled staff at the dawn of devolution.

## **Committee Recommendation**

The Committee recommends that the County should strive to ensure 30% of the budget is utilized for development expenditure.

## **2.2 Personnel Costs**

### **Committee Observations**

*The Committee observed that:*

- a. the documents were not availed in time for the Auditors' comment;*
- b. the Auditors were satisfied after subsequent verification of the submitted documents;*
- c. The County's wage bill is too high ;*
- d. This is a matter that affected most counties during the financial year.*

### **Committee Recommendations**

The Committee recommends that the County Government with assistance from the National Government should take appropriate measures to ensure the wage bill is reduced noting that it was a matter that affects most counties.

## **2.3 Construction of Roads**

### **Committee's Observations:**

The Committee observed that although the evidence submitted was sufficient to address the audit query, the County government failed to submit the relevant documents to the Auditor General at the time of audit.

### **Committee's Recommendations:**

The Committee recommends to the Senate to clear the audit query but recommends that the county government should always provide documents to the Auditors at the time of audit and for failure to comply the Senate should reprimand the Accounting Officer.

## **3.0 Recurrent and Development Expenditure**

### **Committee Observations**

The Committee observed that:

1. the auditors had verified relevant documentation and were satisfied; and
2. that if the management had submitted the relevant documents for audit verification on time the audit query would not have occurred.

### **Committee Recommendation**

The Committee recommends that the Senate clears the audit query but in future the management should submit documents for audit verification at the time of audit.

## **2.2 Bursaries Fund**

### **Committee Observation**

The Committee observed that the auditors had verified the relevant documentation and were satisfied.

### **Committee Recommendations**

- a. The Committee recommends that documents should be submitted in time to the auditors, to avoid inefficiencies.
- b. The Committee further recommends and harmonized method of distribution of bursary to needy students in the county by all other agencies to avoid double benefit by same students.
- c. The Committee recommends to the Senate clears the audit query.

## **2.3 Unsurrendered Staff Imprest**

### **Committee Observation**

The Committee observed that the auditors had verified the surrender vouchers and were satisfied.

### **Committee Recommendation**

The Committee recommends that the audit query be cleared. However in future any Unsurrendered Imprest should be recovered and interest charged at prevailing CBK rates and in accordance with the law.

## **4.1 Procurement Plan**

### **Committee Observation**

- a. The Committee observed that although the procurement plan was not submitted at the time of audit the auditors had verified the procurement plan and were satisfied.
- b. The Committee further observed that the capacity of officers at the county at the dawn of devolution was wanting.

### **Committee Recommendations**

- a. The Committee having noted the mitigation response by the Governor recommended that the County Hires competent officers in its procurement department and that capacity building programmes be provided for the other officers.

- b. The Committee further recommends that in future no item should be procured outside the procurement plan failure to comply will attract penalties of the law.

#### **4.2 Procurement of Receipt Books**

##### **Committee Observation**

The Committee observed that the Auditor General had verified the evidence submitted, and on the advice of the Auditor, the matter stands resolved.

##### **Committee Recommendations**

The Committee while relying on the written and oral submissions from the county executive agreed to clear the audit query but recommends that the County institute mechanisms to ensure recruitment and placement of staff is according to skill and capacity. The County should also develop a document management policy.

#### **4.3 Procurement of Wall Calendars**

##### **Committee Observation**

The Committee observed that the Auditor had verified the evidence submitted, and on the advice of the Auditor, the matter stands resolved.

#### **4.4 Procurement of a Generator**

##### **Committee Observations**

The Committee observed that:

- a. the auditors had verified relevant documentation and were satisfied;
- b. the auditors had physically seen the Generator under query; and,
- c. on the advice of the Auditor, the matter stands resolved


##### **Committee Recommendations**

The Committee interrogated the audit query at length and guided by the submission by the Governor and the Auditor the recommends to the Senate to clears the audit query.

**MIN.NO.034 /2017**

**ADJOURNEMENT**

There being no other Business the meeting adjourned at 1.15pm.

Signature:  Moses Oluoch Kajwang  
**SEN. (PROF.) ANYANG' NYONG'O, MP**  
*(Chairperson)*

Date: 28 March 2018

**MINUTES OF THE 66<sup>TH</sup> SITTING OF THE SENATE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS AND INVESTMENTS HELD IN THE COMMITTEE ROOM 4, 1<sup>ST</sup> FLOOR, MAIN PARLIAMENT BUILDINGS ON MONDAY, 19<sup>TH</sup> SEPTEMBER, 2016 AT 10:30 AM.**

**PRESENT**

Sen. (Prof.) John Lonyangapuo, MP - Vice Chairman  
Sen. (Dr.) Boni Khalwale, MP  
Sen. Paul Kimani Wamatangi, MP  
Sen. Henry Tiolo Ndiema, MP  
Sen. Martha Wangari, MP

**ABSENT WITH APOLOGY**

Sen. (Prof.) Anyang' Nyong'o, MP - Chairman  
Sen. George Khaniri, MP,  
Sen. Kennedy Mong'are, MP  
Sen. Stephen Kanyinke Ntutu, MP  
Sen. (Eng.) Muriuki Karue, MP  
Sen. Hassan Omar Hassan, MP  
Sen. Amos Sitswila Wako, MP

**INATTENDANCE**

**(I) NAROK COUNTY EXECUTIVE**

Hon. Samuel Tunai - Governor  
Mr. Morgan Silomat - CEC Finance  
Mr. James Wamugo - Legal Officer  
Mr. Walter Chamra - Accountant

**(II) SENATE SECRETARIAT**

Ms. Marya Adjibodou - Senior Clerk Assistant  
Mr. Peter Muchira - Clerk Assistant  
Mr. Joseph Tiyan - Research Officer  
Mr. Eugene Luteshi - Audio Report Officer

**(III) OFFICE OF THE AUDITOR GENERAL**

Mr. Akaka Ramoya - Manager /Liaison Officer,  
Mr. Jepta Rono - OAG

**MIN.NO.051/2016**

**PRELINIMANARIES**

The Chairperson called the meeting to order at 10:45 a.m and the meeting started with a word of prayer.

**MIN.NO.052/2016**

**ADOPTION OF THE AGENDA**

The agenda of the meeting was adopted having been proposed and seconded by Sen. Henry Tiolo Ndiema, MP and Sen. Martha Wangari, MP, respectively

**MIN.NO.053/2016**

**CONSIDERATION OF THE REPORT OF THE  
AUDITOR GENERAL ON THE FINANCIAL  
OPERATIONS OF NAROK COUNTY EXECUTIVE  
FOR THE PERIOD 1<sup>ST</sup> JULY, 2013 TO 30<sup>TH</sup> JUNE, 2014**

The Chairman welcomed members and guests to the meeting and thereafter called for a round of introductions.

**3.1 Motor Vehicles Insurance**

During the year under review, the County Executive incurred an expenditure of Kshs.17,784,737 in respect of provision of insurances services. However, the Government did not provide a market comparative analysis on whether the premiums were competitive.

The Governor presented as follows:

1. That the county government followed due process in the award of the tender; and
2. That the county government advertised and evaluated all tenders submitted.

The Committee:

1. *Noted that the auditors had verified relevant documentation and were satisfied;*
2. *Noted that the documents had not been presented in time; and,*
3. *Directed the Governor to submit the documents to the Committee within two days.*

**3.2 Bursaries Fund**

During the year, the County Executive disbursed bursary funds totaling Kshs.112,000,000 to students in various secondary schools, colleges and universities through Narok County Government Bursary Management Board which was created by the Narok County Bursary Act, 2013. However, there were no written acknowledgements from the respective institutions confirming receipts of the bursary funds.

The Governor presented as follows:

1. That the County gave bursaries to students in various schools, colleges and Universities; and,

2. That the institutions had since submitted acknowledgment letters for the funds received.

The Committee:

1. *Noted that the auditors had verified relevant documentation and were satisfied;*
2. *Noted that the documents had not been presented to the Committee; and,*
3. *Directed the Governor to submit the documents to the Committee within two days.*

### **3.3 Unsurrendered Staff Imprest**

Temporary Imprests totaling Kshs.4,216,000 advanced to County Officers had not been surrendered or accounted as at 30 June 2014.

The Governor presented that the County had submitted all the surrender vouchers of the amounts in question.

The Committee:

1. *Noted that the auditors had verified the surrender vouchers and were satisfied;*
2. *Noted that the documents had not been presented to the Committee; and,*
3. *Directed the Governor to submit the documents to the Committee within two days.*

### **4.1 Procurement Plan**

Section 26 (3) of the Public Procurement and Disposal Act requires all procurements to be within the approved budget of the procuring entity and to be planned through an annual procurement plan. However, the County Government did not have an approved procurement plan for the 2013/2014 financial year.

The Governor presented as follows:

1. That the county had not submitted the plan during the audit period; and,
2. That this was due to capacity challenges during that period.

The Committee:

1. Noted that the auditors had verified the procurement plan and was satisfied; and,
2. Resolved to clear the query on the condition that the Governor submits the plan to the Committee within two days.

#### **4.2 Procurement of Receipt Books**

The County Executive procured receipt books from a supplier at a cost of Kshs.1,307,900. However, we noted that the Executive does not maintain a separate register for the issuance, surrender and accountability of the books.

The Governor presented as follows:

1. That the said receipts books were procured and entered in the counterfoil receipt book register (CRBR); and,
2. That County had effected a register for issuance, surrender and accountability..

The Committee:

1. *Noted that the auditors had verified relevant documentation and were satisfied; and,*
2. *Resolved to clear the audit query.*

#### **4.3 Procurement of Wall Calendars**

The County Executive procured wall calendars at a cost of Kshs.3,400,000. Although stores records for receipt and issuance of the calendars were availed for audit verification, it was noted that a separate Register that aid in inventory management was not maintained.

The Governor presented as follows:

1. That there were stores records showing how the calendars were received and issued; and,
2. That County had effected the Auditor General recommendations on the query.

The Committee:

1. *Noted that the auditors had verified relevant documentation and were satisfied; and,*
2. *Resolved to clear the audit query.*

#### **4.4 Procurement of a Generator**

On 26 September 2013, the County Executive paid Kshs.2,177,700 in respect of purchase of a generator which was to be supplied to Olkeri Model School as per proforma invoice dated 14 February, 2012 issued to the defunct Narok County Council. However, documents availed indicate that the defunct County Council had paid Kshs.1,000,000 through cheque No. 686 of Kshs.500,000 on 7 August 2012 and cheque No. 011325 of Kshs.500,000 on 2 October 2012. There appears to have been an overpayment of one million shillings.

The Governor presented as follows:

1. That County had settled the payment for the Generator as the process had been begun by the defunct local authority;
2. That the Generator was for a school and purchase of the Generator was a priority project; and
3. That the County had submitted all relevant documentation..

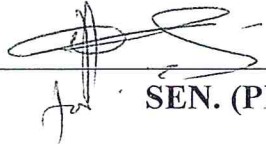
The Committee:

1. *Noted that the auditors had verified relevant documentation and were satisfied;*
2. *Noted that the auditors had physically seen the Generator under query; and,*
3. *Resolved to clear the query.*

**MIN.NO.054 /2016**

**ADJOURNEMENT**

The meeting was adjourned at 12. 20 p.m

Signature:  Moses Okeno Kajway  
for SEN. (PROF.) ANYANG' NYONG'O, MP  
(Chairperson)

Date: 28 March 2018