REPUBLIC OF KENYA

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL OPERATIONS OF GARISSA COUNTY EXECUTIVE

FOR THE PERIOD

1 JULY 2013 TO 30 JUNE 2014

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REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF GARISSA COUNTY EXECUTIVE FOR THE PERIOD 1 JULY 2013 TO 30 JUNE, 2014

Introduction

The Office of the Auditor-General has the mandate of conducting both the National and County Government and all public entities as per the constitution. An audit inspection for Garissa County Executive financial operations was conducted in the month of April, 2015. The audit involved review of imprest systems, Human Resources records , procurement of goods, works and services, stores ledgers, fuel registers, motor vehicle records and other accountable documents relating to the period under review.

Audit Objectives

The objective of the audit was to establish whether the County Government Act, 2012, the Public Procurement and Disposal Act, 2005, Public Finance Management (PFM) Act, 2012 and Government Financial Regulations and procedures were properly followed and also to assess the effectiveness of the internal controls in place in delivering services to the County residents.

Audit Findings and Recommendations

1.0 Cash Management

1.1 Cash Book

An audit of the cash book for the Garissa County Operations revealed that the cash book was not properly maintained. It was not balanced off and the cash book was not checked by a senior officer on daily basis as required. Further, there was no cash book maintained for the payroll account.

Recommendations

- The County Executive should ensure a Cash book is maintained and balanced daily, checked and signed by senior officers on daily basis and any deficit or surplus that arise should be investigated without delay.
- Each bank account should have its own cashbook to ensure effective bank reconciliations are carried out.

1.2 Bank Reconciliation Statement

The County Government had not prepared bank reconciliation statements for the County Operation account and the County Government of Garissa Payroll Account contrary to chapter 5.9.2.1 of the Government Financial Regulations and Procedures. No proper explanation was given as to why the County did not prepare the reconciliation statements.

Recommendation

- The County Government should ensure monthly bank reconciliations are prepared for each bank account held and checked appropriately.

1.3 Outstanding Temporary Imprest

Examination of imprest records for the Garissa County Executive held at the Garissa County Treasury indicated that imprest totaling Ksh.46,354,232.17 as detailed in **Schedule 1** was outstanding as at 30 June 2014. These imprests were outstanding for ten (10) months after the closure of the financial year 2013/2014.
No proper explanation was given as to why the imprests remained outstanding.

Recommendations

- The County Executive should adhere to the regulations governing imprest and ensure that officers account for the imprest within 48 hours upon return to their duty stations.
- Recover in full the imprest of Ksh.46,354,232.17 from the responsible officers.

1.4 Unaccounted For Funds

A review of the Bank statements of the County Government of Garissa revealed that between 8 April, 2014 and 3 July 2014 a total amount of Kshs.434,000,000 was transferred from the County recurrent A/c no.1000170972 at Central Bank of Kenya to the payroll Account No.0580261674283. The account had a balance of Kshs.34,706,668.61 as on 1 April 2014. The total of all the money transferred into the Account was Kshs.468,706,668.61 during the year. However, a reconciliation for the funds below revealed that an amount of Kshs.170,989,945.02 remains unaccounted since there were no payment vouchers and other documents to support utilization. Although the money was withdrawn from the account in different dates the County Government did not produce any documentary evidence to justify the withdrawals.

DATE	DETAILS	AMOUNT(Ksh)
1/4/2014	B/d	34,706,668.61
8/4 – 30/6/2014	Transfer to the Account	434,000,000.00
		4,68,706,668.61
30/6/2014	Balance C/d	205,357.59
	Withdrawals from the Account	468,501,311.02
	Payment vouchers availed	297,511,366.00
	Unaccounted for funds	**170,989,945.02**

Recommendations

- All money withdrawn from the County Government Account No.0580261674283 of Kshs.170,989,945.02must be supported with relevant documents.
- Recover all funds withdrawn and not supported or accounted for.

1.5 Bank Overdraft

Examination of the bank statement for County Government of Garissa payroll A/c no.0580261674283 for the month of June, 2014 revealed that the account had an overdraft amounting to Ksh.1,935,396.82 as at 30 June 2014, contrary to section 119 subsection 4 & 6 of the PFM Act, 2012 which states that an accounting officer of a County Government entity shall not cause a bank account of the entity to be overdrawn beyond the limit authorized by the County Treasury or a board of a County Government entity, if any and section B of the same states that anyone who authorizes is liable for full cost.

The overdraft was not supported with any authority and no proper explanation was given as to why the accounts had to be overdrawn.

Recommendation

- The County Government should adhere to the PFM Act, 2012 and avoid having bank overdraft.

1.6 Vote Book

Garissa County Treasury had poorly maintained manual vote books for the F/Y 2013/2014. All payments were not posted to the vote book as required by Chapter 5.5.15(c)(i) and (ii) of the Government Financial Regulations and Procedures. The funds were spent without vote book control and therefore it was not possible to confirm if the budgeted allocation was exceeded or not for each item.

Recommendations

- The County Executive should adhere to Government Financial Regulations and Procedures and maintain a vote book control section and all payment should be captured in the vote book.

2.0 Expenditure

2.1 Unsupported Contract Payments

The County Executive of Garissa awarded contracts totaling to Kshs.322,752,683.35 as per **Schedule 2** to various contractors of civil works within the County in respect of 15 No. of projects for the period under review.

Examination of payment vouchers for the expenditure revealed that out of the Kshs.322,752,683.35, an amount of Kshs.177,207,130.21 paid to the contractors for works done had no relevant documentation such as approved budget, project files, bills of quantities for all the firms that bidded, minutes of tender committee and other tender documents despite requesting for the documents several times in writing. Further, physical verification was not carried out due to insecurity in the County.

In view of the foregoing, it was not possible to confirm whether proper procurement procedures were followed in the identification and eventual award of the contracts to the various firms which had submitted bids.

Recommendations

- The County Executive should ensure that all payments are supported with the relevant contract documents before any payment is made to the contractors.
- All payment vouchers and other documents should be made available for audit review.
- Any payments made without value for money should be recovered appropriately.

2.2 Unaccounted For Goods

Examination of payment vouchers, quotations and stores records revealed that an amount of Kshs.58,690,320 as reflected in **Schedule 3** was spent by County Departments to procure furniture, equipment and catering services, electricity, water bill among others. However, the following unsatisfactory observations were made:-

a) Goods were not taken on charge, some were not even received vide counter receipt voucher (S13) and were not issued out contrary to chapter 18.2 and 18.3.1 of the Government Financial Regulations and Procedures
b) Part of the quotations were not opened and lacked vital information like the quotation number, the date quotations were raised and the date the quotations were returned by the suppliers.
c) Local Purchase Orders/Local Service Orders were raised before quotations were opened this casting doubts if the suppliers were identified in competitive manner
d) There was use of wrong procurement method without regard to the threshold matrix given in the First Schedule of the Public Procurement and Disposal Regulation (amended) 2013 in that quotations were raised to procure goods and services above the maximum expenditure allowed by the same regulation for Class A entities
e) Physical verification carried out on 09 April 2015 revealed that the alleged procured furniture and equipment have not been serialized and coded.

Consequently, the propriety of the expenditure could not be ascertained.

Recommendations

- It is recommended that the County Executive should use right procurement methods with regards to the threshold matrix given in first schedule of the Public Procurement and Disposal Regulation (amended) 2013 should be used in awarding contracts.
- The County Executive should ensure that all goods procured are taken on charge and issued appropriately.

2.3 Irregular Procurement of Services

2.3.1 Single Sourcing Of Ambulance Hire

The Garissa County Executive incurred Kshs.9,603,352.61 on leasing of seven (7 No) ambulances at a price of Kshs.600,000 per month per ambulance to be stationed at Garissa County with a lease agreement that commenced on 19 March 2014 for a renewable anually. However, it was observed that procurement procedures were not

duly followed in the leasing of the Red Cross ambulances. The following irregularities were noted:-

a) The County Government of Garissa did not budget for the leasing of the ambulance services in the financial year 2013/2014 budget and instead the expenditure was charged to
medical drugs, there was no explanation as to why the County leased the ambulances without a budget
b) The hiring of the ambulances was not advertised as required by Section 54 (2) of the Public Procurement and Disposal Act, 2005 which requires procuring entity to advertise for tenders at least in a newspaper of nationwide circulation as required by the Act and the threshold provided by the First Schedule of the Public Procurement and Disposal Regulations, 2006
c) There was no evidence to show that, Kenya Red Cross Society, the firm which provided the emergency ambulance services was prequalified to provide hire of ambulances to the County Government. There were no Tender Committee minutes to confirm how the supplier was identified, hence the service was single sourced from the supplier
d) There were no original invoices and contract agreement and therefore, the payments were made on the strength of a photocopy of an invoice and contract agreement from the supplier
e) The copy of the contract agreement used for the payment was signed by the Governor of Garissa on behalf of the County Government and the secretary general of Kenya Red Cross Society signed on behalf of the Red Cross Society of Kenya
f) There was no LSO raised for the ambulance services and instead a letter from the emergency coordinator was used to make the payments
g) There was no log sheet for daily and monthly mileage for the ambulances to show that the ambulances provided emergency medical services for the period paid for
h) It was further noted that the County Government of Garissa owns 11no. ambulances that are serviceable and in use inherited from Central Government Health Department.

The cost for the total 7no. ambulances hired amounting to Kshs.9,603,352.61 paid to Kenya Red Cross Society could have been used to equip the County's own ambulances which fully belongs to the County hence the payment made for the hire of ambulances was not necessary and economical.

Further, if the contract is fully implemented up to the end of six months then the County Government would spend an amount of Kshs.25,000,000 which could have been used for other developments.

2.3.2 Leasing/Hire of Motor Vehicle

Examination of payment vouchers, automobile lease agreement and other tender documents relating to hire of vehicles revealed that the County Government of Garissa spent Kshs.6,082,000 on lease/hire of vehicles as per **Schedule 4**.

However, the car hire service was not sourced competitively since there were no request for quotations raised and the few that had request for quotations were not evaluated to show that the lowest evaluated bidder was indeed awarded the contract. Temporary work tickets were not maintained for the hired vehicles and therefore it was not possible to confirm if the vehicles purported to have been hired were used for official duties.

Some of the invoices used for the payment did not indicate the specific period the car hire services was rendered as it only showed total no. of days the vehicle was hired.

There were no contract agreement entered into by some of the vehicle owners and the user department contrary to Section 68 (3) of the Public Procurement and Disposal Act, 2005 and it was further noted that there were no LSO's raised by the departments for the car hire services as required by Government Financial Regulation and Procedures.

Recommendations

- The County Government should adhere to the requirements of the Public Procurement and Disposal Act, 2005 and the Public Finance Management Act, 2012 in all procurements.
- All vehicles hired should maintain work tickets.
- Unsupported payments should be recovered appropriately.

2.3.3 Charter of Aircraft

The County Government of Garissa hired a Cessna 208 from Freedom Airline Express Ltd of P. O Box 24362 Nairobi at a cost of USD 17,200 at an exchange rate of Kshs.91.75 per dollar amounting to Kshs.1,578,100 to ferry the Governor and County Government officials from Nairobi to sub counties namely Liboi, Daadab, Modogashe, Hulugho, Masalani, Balambala and back to Nairobi between 30 May 2014 to 31 May 2014. However, the following anomalies were noted:-

a) The service was single sourced from the supplier as there was no request for quotations raised to procure the same competitively
b) No LSO raised for the service, and payment was supported with a photocopy invoice from the supplier
c) No programme/ itinerary to support the Governor's visit to the sub Counties. Further, it was not possible to confirm whether the Governor and the other County officials were indeed ferried to the destinations
d) There was no manifest/ list to confirm the names of the County Government officials that were with the Governor during the visit of the sub counties

In view of the foregoing anomalies it was not possible to confirm if the journeys were actually undertaken.

2.3.4 Procurement of Legal Services

Examination of Payment vouchers and other records revealed that the County Government of Garissa hired Musyoki, Mogaka and advocates and Ahmednasir, Abdikadir and Co advocates to provide legal services to the County Government. The

legal services were not competitively procured as there was no request for quotations to source for the services competitively as required by procurement law. Further, both firms were hired and paid for the same services rendered for Judicial Review No.147 of 2014. No explanation was given for engaging and paying two law firms for the same case as the fee note for Ahmednassir, Abdikadir was dated 24 April 2014 where as the one for Musyoki, Mogaka advocates was dated one day later i.e. 25 April 2014. There was no evidence of the determination/ruling of the case to justify that the services were rendered.

2.3.5 Payment for Rental Services

Examination of payment vouchers and other supporting documents held at County Treasury of Garissa revealed that the County Executive of Garissa made payments totaling to Kshs.4,206,200 as per **Schedule 5** to various landlords for provision of rental premises for office use and for residential for the three (3) months ended 30 June 2014. However the following observations were made:-

a) There was no evidence to show that some of the rental premises were competitively procured as required by government regulations as there were no request for quotation raised for the services and in some instance where request for quotation method was used, it was observed that the quotations were opened on same day that is 20 December 2014 at 8.00am. The quotations were not evaluated to confirm that the lowest evaluated bidder was awarded the contract as required by procurement law and regulations
b) Most of the premises were leased without inspection and valuation report from department of housing to verify the condition of the premises and recommend rent to be paid
c) Most of the services were provided without the County Government raising LSO for the services as required by Government Financial Regulations

2.3.6 Procurement of Security Services

The County Government of Garissa made payments totaling to Kshs.313,200 to Ash Security Services of Box 343 – 70100 Garissa being payment for security services provided to department of commerce, trade and cooperative development during the month of February and March 2014. However, the following observations were made:-

a) Although request for quotations were raised to procure the services, it was observed that the quotations were flouted on different dates to the three (3) firms i.e. ASH security services and Sode Security Services on 13 February 2014 and the third bidder – IDAR security services on 13 May 2014. It was not clear why the quotations were not raised on the same dates
b) It was observed that request for quotations for ASH security services the firm which awarded the contract was returned on 14 May 2014 and opened on 14 February 2014,
an indication that the quotation was raised as formality after the services had been procured
c) Agreement to provide the security services was signed between the department of commerce and ASH security services on 28 September 2013 before even the

request for quotations were flouted on February 13, 2014 hence there was no valid agreement entered into for the provision of the security services

Consequently, it was not possible to confirm if the services were sourced competitively.

2.3.7 Payment for Consultancy Services

M/s Shape Africa Limited was engaged and paid Kshs.1,997,105 by the County Government of Garissa to develop a sectoral strategic plan for department of culture, social welfare and children. Request for quotation method was used to procure the consultancy services. However, it was observed that there was no report of the alleged Sectoral Strategic Plan as evidence of work done. It was further noted that there was no invoice from the consultancy firm, therefore it was not possible to confirm whether the service was rendered.

Recommendations

- All unsupported and or unaccounted for payments should be recovered from the responsible officers.
- The County Executives should ensure that services are competitively procured and procurement legislation is adhered to.
- Ensure that payments for services rendered are fully supported to embrace accountability.

2.4 Payments for Fuel

Examination of fuel records revealed that fuel worth Kshs.23,748,728.50 as reflected in **Schedule 6** was not properly accounted for by the County Government of Garissa. Further, there were no detail orders, delivery notes and work tickets to support the fuel consumption . The LPOs against which the fuel was drawn and paid were not recorded in the register.

In view of the above it was therefore difficult to confirm how the fuel was procured and used.

Recommendations

- Fuel purchased should be recorded in the stores at the point of receipt and detail orders should be properly documented so as to account for the fuel.
- Any uncounted for fuel purchases should be recovered appropriately.

2.5 Irregular and Unaccounted For Motor Vehicle Repairs

The County Government of Garissa paid Kshs.4,777,453.85.00 as per **Schedule 7** for motor vehicle repairs and maintenance. However, it was observed that there were no log books and work tickets maintained hence the repairs were not recorded. Further no certificate of inspection was issued by the public works mechanical department indicating the nature of repairs and estimated cost to ascertain whether it is economical to repair the motor vehicle.

Recommendation

- All County Government vehicles which require major repairs and services should first be inspected by officers from the ministry of public works (mechanical department) who will then issue inspection report.
- Once repairs and services have been done the officers from re-inspect the repaired vehicles and issue certificate before they are handed back to the user department.
- Un economical repairs should not be undertaken but either the vehicles should be disposed off appropriately.

3.0 Unvouched Expenditure

Audit of the cash book for Garissa County Treasury revealed that payments totaling to Ksh.68,297,320 as per **Schedule 8** were paid for various expenditure items such as purchase of drugs, construction of dams, installation of CCTV camera at the Governor's office and construction of emergency centers amongst other .

However, the payment vouchers and other supporting documents for the expenditure were not made available for audit review.

In the circumstances, the propriety of the expenditure could not be ascertained.

Recommendations

- The County Government should adhere to Government Financial Regulations and Procedures avail all the payment vouchers for audit review for the expenditure of Kshs.18,297,320.
- All payments not supported or with no value for money should be recovered from the responsible officers.

4.0 Doubtful Expenditure

Examination of the expenditure of Garissa County Executive revealed that an amount of Ksh.14,717,106.54 as per **Schedule 9** was used on various activities during the period under review. This amount of expenditure was incurred through issues of imprest. However, the following observations were made:-

a) Most of the expenditure relates to trips made by the Governor to the Sub-counties that is Balambala, Modogashe and Dadaab. The payments were supported with schedules showing payment of award of honors to elected leaders, elders, business personalities and professionals. The reason for the payment of award was not stated. There were no cabinet resolutions sanctioning the payment of the honors by the County Government

b) An amount of Kshs.3,100,000 was paid in cash to three hotels in the said sub-counties for the provision of meals to persons accompanying the Governor's tour to the sub-counties. The list of the persons provided with the meals was not made available. The catering services were not competitively procured

c) Some of the payment vouchers were not signed by the A.I.E holders and the accountant. It was noted that the payments were not examined and not posted to the vote book

d) The payment of allowances to the Governor and the staff accompanying him were not properly supported. There were no work ticket made available to show the journeys made and in some cases, the dates and location were not indicated

e) Security officers were allegedly paid allowances when accompanying the Governor to the tours. The rank of the security officers, their force number and their job groups were not indicated. Further, some of the security officers were paid Kshs.10,000 per day. The rates paid were abnormal and above their entitlement as indicated in the circular ref.no.MSPS18/2A/(89) of 12 November 2009 on accommodation and subsistence allowances for officers travelling on duty within and outside Kenya. The highest accommodation allowances according to the quoted circular for someone in Job Group U and V is entitled to Kshs.7,500 in the other areas where Balambala, Modogashe and Dadaab Sub- Counties are included.

In view of the above observations, the Government may have lost funds through irregular claims.

Recommendations

You are required to comply with the quoted regulations and ensures payments are properly supported and comply with the regulations.

The amount of Kshs.14,717,106.54 should be recovered from the officer concerned.

5.0 Allowances

5.1 Unaccounted For Meals and Subsistence Allowances

During the period under review the County Executive of Garissa paid allowances amounting to Ksh.17,699,200 as per **Schedule 10** to officers who were performing official duties outside their working stations and meals allowances to officers working after office hours and during the weekends.

Examination of payment vouchers and other records revealed that the payments were not properly supported and the per diem allowances lacked invitation letters to attend workshops/seminars, motor vehicle work tickets to confirm that the officers travelled or a certificate to confirm use of private means. There were no programmes of work/training programmes for either workshops or trainings.

Payments for meal allowances lacked the list of the participants who were bought meals or paid for full board in various Hotels within the County. Some of the County staff paid meals allowances had not signed the payment schedules to acknowledge receipt of money and the nature of duties they were performing to qualify for meals allowances was not indicated. Security officers guarding Governor's and Deputy Governor's residences were paid meals allowances however, the muster rolls to confirm that they actually worked for the days they were paid meal allowances were not made available for audit Verification.

Recommendations

- The County Executive should adhere to the Government Financial Regulations and Procedures
- Always ensure that all payments for services rendered should be fully supported with dully authorized schedules.
- Any unsupported for payments should be recovered appropriately.

5.2 Payment of Extraneous Allowances

A review of the allowances paid by the County Executive of Garissa revealed that an amount of Kshs.3,060,210 as reflected in Schedule 17 was paid to 32 officers from finance department for a number of months ranging from 4 months to 6 months during the closure of the financial year at a rate of one third of their basic salary. However, there was no any documentary evidence to show under what circumstances it was decided that the officers from finance department should earn extraneous allowances. Further, the rates used were neither approved by the County Chief Officer for Finance and Economic Planning or Chief Director Personnel and Administration.

In addition, the officers were paid honoraria allowances for the month of June, 2014 and therefore were paid extraneous and honoraria allowances in the month of June, 2014 hence double payment.

Recommendations

- All allowances paid should be well supported with relevant documents.
- Recover the amount of Kshs.3,060,210 which was paid to the officers as extraneous and honoraria allowances in the month of June 2014.
- The County Executive should comply with approved allowances by the Salaries and Remuneration Commission.

5.3 Unjustified Payment of Honoraria Allowances

Examination of Honoraria allowances of Garissa County Treasury revealed that amount of Kshs.2,100,000 was paid through Chief Finance Officer to 35 officers from Finance and Economic Planning Department at a rate of Kshs.2,000 each per day for 30 days during the month of June, 2014. According to minutes of finance and economic planning department meeting held on the 23 May, 2014 vide (Minute 1/2014 - closure of financial year, it was agreed that each member of staff be paid a honorarium of Kshs.2,000 per day for the period (30 days) of the exercise

The reasons given for paying the honoraria were the following:-

a) All payment vouchers for the financial year 2013/2014 which have been paid must be keyed in the IFMIS
b) All cash books must be updated and reconciled accordingly
c) A board of survey be conducted before end of the financial year
d) Once all vouchers have been passed through IFMIS, all records are produced and actioned appropriately

By virtue and nature of duties for the officers of finance department is to make sure all payments must be keyed in IFMIS before payments are done, all cash books must be updated and reconciled on a daily basis and be checked by senior officer. A board of survey is normally conducted after the closure of the financial year and in this case the board of survey was conducted on 1st July, 2014 hence the officers did not qualify for Honoraria during the month of June, as they were performing the duties that were paid for through salaries.

It was also observed that the same officers from the finance department were paid extraneous allowances vide payment voucher no.660 of 27/6/2014 for a period ranging between 4 – 6 months without the approval from either the Chief Officer Finance or Chief Director Personnel and Administration hence double payment.

Further, no documentary evidence was availed during the audit to prove that all the 35 officers paid Honoraria actually worked for Six (6) hours a day for 30 days.
In view of the above anomalies, it was not clear what criteria was used to justify the payment of the honoraria allowance of Kshs.2,100,000.

Recommendations

- All double payments of honoraria and extraneous allowances to some persons should be recovered.
- All payments for allowances should be approved by departmental heads and also ascertain that the officers being paid actually worked for the number of hours paid.
- Any payments for work not done should be recovered from the responsible officers.

5.4 Double Payments of Allowances

Examination of payment vouchers revealed that an amount of Kshs.244,750 as per **Schedule 11** were paid to six officers from finance department who were paid lunch allowances and per diem allowances for working outside the normal working hours that is during lunch hours, late evenings and weekends and also per diem for being out of their working station during the month of June, 2014. It was observed that during the same period the same officers were paid Honoraria allowances for 30 days at a rate of Kshs.2,000 thus totaling to Kshs.60,000 for each officer as indicated in paragraph 7.3. The officers involved did not qualify for both allowances and this led to double payment of Kshs.244,750. No explanation has been given for this double payment incurred by the finance department.

Recommendations

- The County Government should ensure compliance with the quoted Government Financial Regulations and Procedures.
- Ensure payments are made only for services rendered.

Recover Ksh.244,750 from the officers involved, being the amount erroneously paid to them.

6.0 Pending Bills

During the period under review, it was noted that records maintained at the Provincial General Hospital indicate that bills totaling to Kshs.13,099,335 as reflected in Schedule 13 relating to 2013/2014 were not settled during the year but were instead carried forward to financial year 2014/2015. The bills related to the recurrent expenditure as indicated in the schedule.

Recommendation

- It is recommended that the County Government should use the budget properly
- Avoid incurring pending bills which distracts the approved budgets for the subsequent year.

7.0 Payment Made Through Proforma Invoice

The County Government of Garissa paid Kshs.5,051,136 as reflected on **Schedule 12** for supply of goods procured during the period under review on the strength of Proforma invoices. Further, the goods were not received vide S13 and not taken on charge in stores ledger. It was therefore, not possible to confirm whether the stores were procured and delivered. It was also not clear why the goods had to be paid for in advance.

Recommendations

- The County Government should comply with the Government Financial Regulations and Procedures
- Ensure payments are made only for deliveries which are certified by the appropriate officers as meeting the specifications and as being in good condition and correct in quantity
- Recover any payments made for goods or services not rendered from the responsible officer.

8.0 PAYE Deductions

Scrutiny of the bank statements for Garissa County Recurrent Account No. 1000170972 at the Central Bank of Kenya revealed that an amount of Kshs.23,084,131 was debited in the account by the bank. According to the details in the bank statement the transfer relate to Tax notice by Kenya Revenue Authority as a result of non-payment of Taxes. There were no documentary evidence made available to support the transaction. Further, no explanation was given how the tax liabilities came to exist

In view of the foregoing observations audit could not establish the authenticity of the money deducted by the Central Bank on behalf of the Kenya Revenue Authority.

Recommendations

The County Government should be pay taxes on time so as not to attract any penalty as required by the Tax regulations.

Payments of taxes should be agreed and supported by the County Executive.

9.0 IT Environment

A review of the IT environment for Garissa County Government revealed that the County has not yet developed or implemented key ICT documents like the Business Continuity Plan (BCP) and Disaster Recovery Plans (DRP). There was no register in place for recording officers who gained access to the server room, further the County's server room did not have proper environmental controls for fire detections and suppression and the server room was used as an office. The entity does not have IT strategic plan that supports operation requirements of the County.

Recommendations

- The Management of the County Government should set up a Steering Committee and Strategic committee to oversee the operations of the ICT department.

- The County Government should develop and document the procedures to be followed
  in the event of a disaster within its premises
- The management should develop and implement on ICT policy document, make it readily available and communicated throughout the entity

10.0 Human Resource Management

10.1 Lack of Human Resources Manuals and Scheme of Services

The County Government Public Services Board did not developed the requisite manuals for use in the administration of the staff of the County Government. The manuals are important as they guide the board on human resource issues including performance management, annual leave management, job descriptions, payroll management and staff discipline among others. Although it was explained that the county adopted the Public Service Commission Policies on Human Resource, the minutes of the County Public Services Board which sanctioned the adoption was not made available for audit review.

Recommendations

It is recommended that HR policies manual should be developed to guide the board on HR development.
Develop and implement a scheme of service for staff.

10.2 Review of Integrated Payroll and Personnel Database (IPPD) Payroll

The County Executive implemented use of IPPD system. However, analysis of the data revealed the following integrity issues:-

a) **Unauthorized Access of the Payroll**

A review of the IPPD revealed there were 35 staffs as per **Schedule 14** who were not system administrator but were able to create and edit employees' records in the system. This poses a high risk since they can change the data without any authority.

b) **Staff Employed above Fifty (50) Years of Age**

The IPPD Payroll data reflected that Eight (8) staff as reflected in the **Schedule 15** were employed into permanent and pensionable terms of service when they were over fifty years of age. It was further noted that an officer was employed into permanent and pensionable terms of service when he was 61 years of age, above the age of retirement. The employment of persons above fifty years of age into permanent and pensionable terms of service is against the provision of section E(1) of the code of regulation (Revised 2006) which stipulates that appointment to the pensionable establishment should normally be restricted to officers who will be in a position to complete the Ten Years' service required to qualify for the grant of a pension before reaching the age of compulsory retirement. No explanation was given for the anomally.

d) **Irregular pin numbers**

Two (2) officers had irregular pin captured in the IPPD system as detailed below:-

Payrollnum	Idnum	Taxpin	Names
1986047129	5371797	A000000000P	Mr Abajila Ali Dadosa
2004017172	13120631	A000000001D	Mr Garane Abdi Gedi Abdi

d) **Staff Earning Less Than a Third Basic Pay**

Scrutiny of the IPPD system showed that five (5) officers were earning net salaries that were less than third (1/3) of their basic pay as reflected in **Schedule 16.** This contravenes the government regulations made by The Ministry of State for Public Service Circular Ref. No. DPM 23/5A Vol. XVIII/ (55) dated 25 September 2008, which prohibits officers from over committing their salaries.

Recommendation

- The County Executive should ensure that the staff manning the payroll are adequately trained on IPPD system.
- Access rights are secured to guarantee the integrity of the data processed by the system.
- Staff net salaries should comply with the 1/3 rule to avoid embarrassment

11.0 Integrated Financial Management Information System (IFMIS)

A review of the IFMIS and G-Pay revealed that the County adopted the use of IFMIS for only two modules viz procure to pay (P2P) and plan to budget (P2B). The rest of the modules i.e Revenue to Cash (R2C), Record to Report (R2R) and ICT to Support (ICT2S) are yet to be utilized. During the audit however, significant delays were noted in the IFMIS system due to the downtime of IFMIS servers which was affects its efficiency.

Recommendations

- The County should fully adopt IFMIS for its financial operations and ensure all the modules are in use.
- Staff should be fully trained to operate and maximize the use of IFMIS in enhancing service delivery to the County residents.

12.0 Revenue

Audit scrutiny of the County Appropriation Bill for the Financial Year 2013/2014 revealed that the county Government budgeted an amount of Kshs.150,500,000 as local revenue collection.

Examination of revenue records such as cash books and bank statements revealed that a total of Kshs.39,513,178.40 which represent 26.2% of the amount budgeted was

collected as at 30 June 2014 giving a balance of uncollected revenue Kshs.110,986,821.6.
No proper explanation was given for the under collection of the revenue. The under collection of revenue can seriously impact the operations of the County executive.

Recommendations

- The County Government should put in place proper measures to enhance the revenue collection in the County.
- The County revenue collection shortfall should be explained by the responsible officers.

13.0 Non-Current Assets Failure to Maintain Asset Register

The County Executive of Garissa does not maintain permanent and expendable register to record the assets of permanent in nature. There were no inventories of the assets maintained showing description of the items, date acquired, where issued to and the location of the items contrary to chapter 18.5 of the Government Financial Regulations and Procedures.

Recommendations

- The County Executive should maintain a permanent and expendable register for all it is assets at all times and update the same as assets are acquired.
- The taking over of assets and liabilities form the defunct local authorities should be finalized and incorporated in the County fixed assets register.

Conclusion

The County Government of Garissa had challenges in its first year of operation. However, the challenges will be overcome by adherence to the existing financial management legislation and regulations and procedures. Further, the County should ensure its structures and systems are fully operational for effective service delivery to the County residents of Garissa.

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AUDITOR-GENERAL

Nairobi

28 May 2012