REPUBLIC OF KENYA

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL OPERATIONS

OF

KISII COUNTY ASSEMBLY

FOR THE PERIOD
1 JULY 2013 TO 30 JUNE 2014

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EXECUTIVE SUMMARY

Background Information

The County Assembly of Kisii came into being after the declaration of the elections results of March 2013 in accordance with the provisions of Transition to Devolved Government Act, 2012. The Assembly was to take some of the assets and liabilities of the defunct Local Authorities and carry out devolved functions and services as shared with the County Government of Kisii. The Count Assembly of Kisii is domiciled in Kisii town and has 45 elected and 26 nominated members all totalling to seventy one (71).

Introduction

The audit for the period 1 July 2013 to 30 June 2014 was undertaken to review the management and financial operations of the County Assembly by assessing the adequacy and reliability of the systems of management and financial controls instituted by the management in running the affairs of the County Assembly in as far as utilization of public funds is concerned.

Terms of Reference

The Office of the Auditor-General is an Independent Office mandated by the Kenya Constitution 2010 under Article 229 to audit the accounts of the National and County Governments. In this regard, the office planned an audit of the management and financial operations of Kisii County Assembly for the period 1 July 2013 to 30 June 2014 with the following terms of references:

- Assessment of controls over management of cash and bank accounts.
- Assessment of controls over management of assets under the control of the County Assembly.
- Assessment of compliance with the procurement laws in the process of acquisition of goods or services.
- Assessment of compliance with the Public Finance Management Act, 2012 in the utilization of public funds.
- Compliance with other relevant laws and regulations.
- To ascertain the integrity and reliability of financial and other information used by management in the utilization of public funds.

- All necessary supporting documents, records, and accounts have been kept in respect of all transactions.

Methodology

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

- Interviews with key officers at the Assembly Headquarters.
- Review of applicable legislation and regulations.
- Examinations of payment vouchers, cashbooks, vote books, bank statement, bank slips, receipt books, procurement documents, stores records, asset registers and other related records.
- Review of minutes of various meetings where there were resolutions regarding utilization of public funds.
- Physical inspection and verifications
- Observation of processes and activities.
- Review of documents used by management to monitor use of funds.

Scope and Determination of Responsibilities

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

The design, implementation and maintenance of effective control measures, compliance with laws and regulations are the responsibility of the management. Our responsibility is to report on the weaknesses that were identified in the course of the audit.

KEY AUDIT FINDINGS

1.0 CURRENT ASSETS

Temporary Imprests to Members of County Assembly for Ward Offices

The County Assembly issued temporary imprest of Kshs 50,000 from July 2013 to April 2014 and Kshs 55,000 from May to June 2014 to each elected Member of County Assembly monthly to forty five (45) wards all totalling to Kshs.26,920,000 to manage the functions of the Ward offices namely; Office Rent, Staff salaries and other expenses contrary to Transition Authority Circular TA/2/1 dated 28 January 2014.

The rent payment was not supported by lease agreements for the Ward Offices. Salary payments were also not supported by master rolls and the payroll.

2.0 NON- CURRENT ASSETS

2.1 Construction of Fabricated Offices and Canteen

The County Assembly awarded a contract of Kshs.47,970,000 to a Contractor for the construction of Fabricated Executive Offices, Committee rooms and the Assembly Canteen. The tender document for the Contractor was received on 18 May 2013 over one month before the tender advertisement which was done on 24 June 2013. The tender opening meeting minutes was not availed for audit verification while evaluation report and notification of Award were not signed. In addition, the contract sum was revised from Kshs.47,970,000 to Kshs.54,631,926 and the minutes for the revision were not made available.

2.2 Failure to Maintain Updated Assets Register

The County Assembly does not maintain an accurate and updated assets register. Some assets of the Assembly were not entered in the register e.g. Samsung Tablets (Galaxy Tab3) costing Kshs.7,695,000 and the Hansard machine costing Kshs.8,934,500 were not reflected in the assets register. Further, the log books of two Motor Vehicles with total cost of Kshs. 10,220,358 were not availed for audit verification.

3.0 CURRENT LIABILITIES

Car Loans and Mortgages

During the year under review, Kisii County Assembly advanced car and mortgage loan of Kshs 65,440,000 and Kshs207,833,391 respectively all totalling to Kshs 273,273,391 to the members through Chase Bank.

The following were noted;

i. No recourse was made available to the County Assembly in case of a default to pay the loan by members of the County Assembly since the loans are unsecured and the cars and properties were not jointly registered or charged in the name of the Assembly and the respective MCAs.

ii. The Kisii County Assembly entered into a Memorandum of Understanding with Chase Bank (Kenya) Limited for the purpose of providing loans to the Members of the Assembly as from 23 April 2014 as per the Addendum which has not been acknowledged by Chase Bank Kenya Limited duly constituted attorney.

iii. Under the Addendum on responsibility of the Kisii County Assembly (KCASB) clause V stipulates that the KCASB is the senior risk partner and in the event of default the Assembly bear the burden of default.

iv. Members pay slips made available revealed that all members' bank loans could not be confirmed in respect of which of the member bank loans are being serviced and those which are not serviced as all are lumped together, hence the Assembly runs a high risk of loss in case of any eventuality of default.

v. The Board also has not submitted the financial statements of the fund after the year end to the office of Auditor-General in accordance with the Constitution of Kenya, 2010 and Kisii County Assembly Member's Loan and Mortgage Act 2014 under section 11(2)

4.0 EXPENDITURE REVIEW

4.1 Unsupported Payment of Sitting Allowances

Analysis of the County payroll for the twelve (12) months under review revealed that MCAs were paid sitting allowance totalling Kshs.78,815,200. However Kshs.23,104,000 was paid without corroboration of the attendance register and minutes. In the month of February 2014, the sittings as per the attendance register were less than the actual sittings paid resulting to overpayment of Kshs.7,196,200. Further, seventy one (71) members were paid Kshs.585,100 for two (2) extra sittings in the month of March 2014 contrary to the circular Salaries and Remuneration Commission Circular Ref; SRC/TS/CGOVT/3/61 dated 27 November 2013. The authenticity of the attendance register could therefore not be determined.

4.2 Unsupported Committees Sitting Allowances

During the year under review, eleven (11) County Assembly Committees members claimed sitting allowances totalling to Kshs.10, 678,800 for sittings which they did not attend. There was no evidence that the meetings ever took place since minutes to the said meetings were not availed for audit verification.

4.3 Irregular Claims on Committee Meetings

In the year under review the County Assembly committees of Devolution, Procedures & rules, Implementation and Liason were paid Ksh.5,338,200. However, records indicate that there were no meetings in the financial year 2013/14 as attested by lack of notices of meetings to members, minutes and reports of the meetings. The member and non-members of the committees drew sitting and responsibility allowances on non-existent committee meetings for the months of April, May and June 2014 as confirmed by signed attendance sheets prepared solely for the purpose of receiving the allowances.

4.4 Over Payments of Mileage Allowance and Payment of Mileage Allowance during Assembly Recess

Analysis of the payroll made available for audit revealed that all elected and nominated MCAs were paid the maximum mileage allowance of Kshs.39,528 per month irrespective of the distance covered from their homes resulting to over payment totalling Kshs 11,979,619 for six months from January to June 2014.

Further, all the Members of the County Assembly were paid mileage allowance totalling Kshs 2,846,016.00 in the month of December 2013 while the Assembly was on recess.

4.5 Double Payments of Mileage Allowance to Speaker, Majority and Minority Leader

Analysis of the payroll data availed for audit revealed that included in the taxable income of the Speaker, Majority and Minority Leader was commuter allowance of Kshs.39,528 per month totalling to kshs.474,336/ for the three officers in the year under review.

The amount was paid to them despite being assigned vehicles registration No. KBU 962T (Toyota PRADO) KBY 925 C (Toyota Double Cabin) KBY 924 C(Toyota Double Cabin) respectively and fuelled by the County Assembly. This is irregular and amounts to double payments.

4.6 Foreign Travels

The members of County Assembly incurred expenditure on travelling and accommodation on foreign trips to South Africa, Uganda, USA, India and Israel all totalling Kshs.20,241,086 as detailed below:

I. South Africa (Durban) Kshs 4,140,800

Thirteen (13) Members of County Assembly and three members of staff travelled to South Africa- Durban from 8 to 15 April 2014 for a seminar on Budget and Appropriation and incurred expenditure totalling Kshs 4,140,800. No supporting documents were availed to prove that the members travelled.

II. U.S.A(New York) Kshs 635,000

One (1) Member of County Assembly travelled to U.S.A- New York from 20th to 30th November 2014 on benchmarking. However, no report arising from the trip or any evidence of what the officer went to do was availed for audit verification.

III. India (Mumbai) Kshs10,007,336

Thirty nine (39) Members of County Assembly travelled to India-Mumbai from 12th to 21st April 2014 and incurred expenditure all totalling Kshs10,007,336. No supporting

documents of travel and the reason for travel were availed to prove that the members travelled.

IV. Israel (Tel Aviv) Kshs 4,423,490

The seven (7) Members of County Assembly travelled to Israel- Tel Aviv for a period of 6 days from 25 November to 3 December 2013 for County Education Agricultural Tour incurring expenditures totalling Ksh 4,423,490 inclusive of air tickets and visa processing. No documentary evidence was availed, i.e., copies of Air tickets, Boarding passes and Passports, to confirm that the foreign journeys were made.

V. Uganda (Jinja &Kampala)- Kshs.1,034,460

Six (6) Members of County Assembly travelled to Uganda (Jinja and Kampala) from 19th to 24th November 2013 for African Minerals Factory and Banana Project Tour incurring expenditures totalling Ksh1,034,460. No documentary evidence was availed, i.e., copies of Air tickets Boarding passes and Passports, to confirm that the foreign journeys were made.

Additional anomalies were noted:-

- **i.** Analysis of the supplementary budget shows that the Kisii County Assembly budget did not have any line item as foreign travel. The money used for the trips was advanced to the assembly by the Kisii County Treasury.
- **ii.** No invitation letters were made available to ascertain the need for the expenditure and whether it was beneficial to the Kisii County Assembly.
- **iii.** The foreign trips were paid in form of imprest to County Assembly members and no surrenders with supporting air tickets, invitations letters,passports and boarding passes and reports from the trips were produced for verification and it was therefore difficult to confirm whether the trips ever took place.
- **iv.** In addition, no evidence was produced to ascertain the need or reasons for the travels as a justification for the expenditure and whether it was beneficial to the County Assembly and the general public.

The Government may have lost public funds of Kshs. 20,241,086 on unjustifiable expenditure.

4.7 Late Duty Allowances

The Members of Kisii County Assembly irregularly received Kshs.1, 749,000 as late duty allowance while debating at the Assembly within their work stations. The payments made were not as per any circular, Code of Regulations, Policy or Act. It was therefore not clear on what basis it was being effected.

4.8 Payments for Meetings outside the Jurisdiction of the Assembly

During the period under review, County Assembly incurred expenditures totalling Kshs.13,640,370 on sitting allowances, accommodation, lunches and transport to MCAs and staff holding meetings outside the Assembly Offices but within the County. No explanation or standing orders was provided for holding several meetings outside the Assembly.

4.9 Extra payment of night out Allowances

The Assembly in the month of March 2014 paid night outs totalling Kshs.1,300,000 to eighteen(18) Assembly Members and four (4) staff Members while attending Centre for Parliamentary studies and Training(CPST) in Mombasa for six days. Analysis of the travelling documents revealed that the members and staff members were out for only four(4) days leading to overpayments of Kshs.335,000. There was no proper explanation for the over payment.

4.10 Payment of Committee Allowances

In the period under review, the County Assembly paid Kshs.220,000 as committee allowances to staff in procurement department and tender committee members contrary to Public Procurement and Disposal Regulations, 2006 Section 12 (5) which states that "Members of tender committee may be paid such honoraria as the procuring entity may determine" such determination or any other authority for the payment of the allowance was not availed for audit verification.

4.11 Un-taxed Air Time Allowance to Members of County Assembly

The County Assembly Members were paid Air time allowances of Kshs.5,000 monthly between April 2013 and April 2014 totalling Kshs.2,320,000 by payment vouchers without deducting Pay As You Earn at source as required by Income Tax Act Cap 470, Laws of Kenya.

4.12 Double Payment

In the month of March 2014, the County Assembly paid three (3) Assembly members and two (2) staff Members per diem allowances totalling Kshs.80,000 for induction training at CPST-Nairobi. On the same dates, the same officers were paid Kshs.80,000 for preparation of final report on fiscal strategy paper in Kisumu leading to double payments of Ksh.80,000.

4.13 Missing and Unsupported Payments

During the year under review, County Assembly incurred expenditure totalling Kshs.18,855,011 on the procurement of assorted goods and services. However, the payment vouchers for the expenditure were not supported with the necessary documents. Further, the County Assembly incurred expenditure totalling

Kshs.2,215,967 on the procurement of assorted goods and services, whose payment vouchers were not availed for audit verification. It was therefore not possible to ascertain the propriety of the expenditure.

4.14 Goods not Taken on Charge

The Assembly did not record all receipts of goods in the stores ledger totaling to Kshs.15,690,561. Receipts and issues from stores were not supported by Form S. 11, S. 13 and S.3 card, hence the Assembly may have paid for goods not supplied. It was also observed that the duties were not segregated and inspection and acceptance certificates were not filled contrary to section 17 of Public Procurement and Disposal Act 2005.

5.0 HUMAN RESOURCE MANAGEMENT

Irregular Recruitment and Selection of Staff

A. Personal Assistant to the Speaker

An officer was appointed as a Personal Assistant to the speaker on 6th January 2014. The appointment was varied to Legal counsel 1 on 30 June 2014 under undisclosed circumstances. The officer has not been placed on the payroll and is being paid through payment vouchers. Management did not explain why the officer was not placed in the payroll given that his position is in the establishment of the Assembly.

B. Clerk of Kisii County Assembly

An officer was appointed as Clerk of Kisii County Assembly on 29 April 2013. The Clerk was suspended from office from 5 March 2014 over disputes that his appointment to office was irregular but he was reinstated by The Court on 23 May 2014.

No records exist to show how he was reinstated by management. Salaries and Remuneration Commission set Clerks' remuneration at a minimum of basic of Kshs120,270, house allowance Kshs 60,000, other allowances Kshs 20,000. However, the officer was offered basic salary of Kshs180,000, house allowance of Kshs 46,250 and commuter allowance of Kshs 18,500. Further the officer has not been placed in the payroll and there is no evidence that he was paid salary for the year under review. The officer is being overpaid and management has not explained why he has not been placed on the payroll.

C. Deputy Clerk

An officer was appointed Deputy Clerk on 8 November 2013. He was subsequently appointed acting clerk w.e.f 4 March 2014 following the suspension of the substantive Clerk of the Assembly from office. The officer was paid acting allowance from 4 March to 4 September 2014. However, the substantive clerk was reinstated by courts on 23 May 2014. And thus acting capacity should have ceased on 23 May 2014.

D. Director of Finance and Budget

An officer was appointed as Director of Finance and Budget on 7th October, 2013. He was suspended from office on 1 August 2013 for gross misconduct and the suspension was temporarily lifted by court on 19.9.13 in a court case where he sued his current and previous employers'. Subsequently, he was deployed to Kisii County Government as a revenue officer w.e.f 22 November 2013 while awaiting court finalization. He is currently serving as a Director Finance and Budget but there is no record held in his personal file showing how he was deployed to this position from revenue office.

The officer withdrew the Court case where he sued his current employer on 10 February 2014. There is no record showing that the officer has been cleared of the charges despite being a bonafide employee and Director Finance and Budget of Kisii County Assembly.

The June 2014 payroll shows the officer's remuneration as basic salary of Kshs 78,480, house allowance Kshs43,000 and commuter allowance Kshs 2000 which is not defined by Salaries and Remuneration Commission circulars.

Further, County Assembly Service Board advertisement for Directors' position, had a general requirement of a Masters' degree, three years' work experience except the position of Director Finance & Budget that called for 3 years' experience as a Senior Finance Officer reflecting that this positions requirement were not clearly defined. The academic testimonials are not documented in his personal file. As a result, the propriety of the appointment could not be ascertained.

E. Driver

An officer was appointed as clerical officer III on 1 June 2013. He was granted parallel appointments on 1July 2013 as Driver III and Senior Driver.

The remuneration for the positions are different. According to Salaries and Remuneration Commission, drivers III are paid basic salary of Kshs19,323 house allowance of Kshs5,000 and other allowances Kshs 4,000 resulting to gross earning of Kshs 28,323. However according to June 2014 payroll the officer was paid basic salary of Kshs 31,020, house allowance Kshs10,000 and other allowances of Kshs 5,000 leading to gross earning of Kshs 46,020. If the officer was appointed as a Driver III he was overpaid Kshs.298,065 from July 2013 to June 2014.

F. Maintenance Officer

An officer was appointed as maintenance officer I on 1 May 2013. Salaries and Remuneration Commission has put the remuneration of the position at basic salary of Kshs 41,590, house allowance at Kshs 20,000, and other allowances at Kshs 6,000 but June 2014 payroll indicates that the officer was paid basic salary of Kshs28,940, house allowance of Kshs 13,000 and commuter allowance of Kshs 2,000. The officer is underpaid for services offered by Ksh.283,800 for twelve months under review.

G. Personal secretary III

An officer received two parallel appointments on 1 May 2013 as Personal secretary III and senior office attendant (Officer II) under undisclosed circumstances, despite the fact that the salary scale attached to the two position did not change. Salaries and Remuneration Commission remuneration recommends basic salary of Kshs 35,910 for position of Personal Secretary III. However, June 2014 payroll indicates that the officer was paid basic salary of Kshs 31,020 leading to underpayment of Ksh.4,890

H. Clerical Officer

An officer received 3 parallel appointments on 1 July 2013 as Clerical Officer, Clerical Officer II, as Second Clerk Assistant. Salaries and Remuneration Commission remuneration basic salary of Kshs 35,910 but the officer was paid basic salary of Kshs 41,590 leading to overpayment of Kshs 5,680.

I. Director Human Resource

An officer was appointed Director Human Resource on 15 October 2013. County Assembly Service Board vacancies required a Masters' degree in Human Resource Management but the officer holds a Bachelors' degree and not masters' as attested in her personal file. As a result, we could not ascertain that the officer's appointment is regular.

Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 May 2015

DETAILED AUDIT FINDINGS

1.0 CURRENT ASSETS

Temporary Imprests to Members of County Assembly's for Ward Offices

The County Assembly issued to each elected Member of County Assembly temporary imprest of Kshs 50,000 from July 2013 to April 2014 and Kshs 55,000.00 from May to June 2014 monthly to forty five (45) wards all totalling to Kshs.26,920,000 to manage the functions of the Ward offices namely; Office Rent, Staff salaries and other expenses contrary to Transition Authority Circular TA/2/1 dated 28 January 2014.

The rent payment was not supported by lease agreements for the Ward Offices. Salary payments were also not supported by master rolls and the payroll.

Recommendations

i. The imprest should be recovered from Ward Representatives.

ii. Proper procurement regulations be adhered and rent payments made directly to the landlords.

2.0 NON- CURRENT ASSETS

2.1 Construction of Fabricated Offices and Canteen

The County Assembly awarded contract of Kshs.47,970,000 to a contractor for the construction of Fabricated Executive Offices, Committee rooms and the Assembly Canteen. The tender document for the Contractor was received on 18 May 2013 over one month before the tender advertisement on 24 June 2013. The tender opening meeting minutes was not availed for audit verification while evaluation report and notification of Award were not signed. In addition, the contract sum was revised from Kshs.47,970,000 to Kshs.54,631,926 and the minutes for the revision were not made available.

Recommendation

All future procurements should be done in accordance with the Public Procurement and Disposal Act, 2005 and related 2006 Regulations to ensure full accountability and fairness in the whole process.

2.2 Failure to Maintain Updated Assets Register

The County Assembly does not maintain an accurate and updated assets register. Some assets of the Assembly were not entered in the register for example Samsung Tablets (Galaxy Tab3) costing Kshs.7,695,000 and the Hansard machine costing Kshs.8,934,500 were not reflected in the assets register. Further, the log books of two (2) Motor Vehicles with total cost of Kshs.10,220,358 were not availed for audit verification.

Recommendation

The Management should update its assets register and secure log books for the Assembly vehicles.

3.0 CURRENT LIABILITIES

3.1 Car Loans and Mortgages

During the year under review, Kisii County Assembly advanced car and mortgage loan of Kshs 65,440,000 and Kshs207,833,391 respectively all totalling to Kshs 273,273,391 to the members through Chase Bank

The following were noted;

i. No recourse was made available to the County Assembly in case of a default to pay the loan by members of the County Assembly since the loans are unsecured and the cars and land were not jointly registered in the name of the Assembly and the respective MCAs.

ii. The Kisii County Assembly entered into Memorandum of Understanding with Chase Bank (Kenya) Limited for the purpose of providing loans to the Members of the Assembly as from 23 April 2014 as per the Addendum which has not been owned by Chase Bank Kenya Limited duly constituted attorney.

iii. Under the Addendum on responsibility of the Kisii County Assembly Board's (KCASB) clause V stipulate that the KCASB is the senior risk partner and in the event of default Assembly bear the burden

iv. Members pay slips made available revealed that all members' banks loans could not be confirmed which of the member bank loans are being serviced and which are not as all are lumped together, hence it put the assembly in unsafe position in case of any eventuality the assembly has to bear lose.
The Board also has not submitted the financial statement of the fund after the year end to the office of Auditor-General as required by Public Audit Act.

Recommendation

The Assembly should have both the log books and title deed under joint ownership with the members as guarantee of the loan repayment.

4 EXPENDITURE REVIEW

4.1 Unsupported Payment of Sitting Allowances

Analysis of the County payroll for the twelve (12) months under review revealed that MCAs were paid sitting allowance totalling Kshs.78,815,200. However Kshs.23, 104,000 were paid without corroboration of the attendance register and minutes. In the month of February 2014, the sittings as per the attendance registers were less than the actual sitting paid resulting to overpayment of Kshs.7,196,200. Further, seventy one (71) members were paid Kshs.585,100 for two (2) extra sittings in the month of March 2014 contrary to the circular from Salaries and Remuneration Commission Circular Ref; SRC/TS/CGOVT/3/61 dated 27 November 2013. The authenticity of the attendance register could therefore not be determined.

Recommendations

i. The sitting allowance of Members of the County Assembly should be paid only when attendance register and minutes are attached.

ii. The over payments of Kshs 7,196,200 and Kshs.585,100 be recovered from the respective Members.

4.2 Unsupported Committee Sitting Allowances

During the year under review, eleven (11) County Assembly Committees members claimed sitting allowances totalling to Kshs.10, 678,800 for sittings which they did not attend. There was no evidence that the meetings ever took place since minutes to the said meetings were not availed for audit verification.

Recommendation

The Assembly management should ensure recoveries are made from the member's salaries as per the Salaries and Remuneration Commission Circulars from all the committees which did not have meetings.

4.3 Irregular Claims on Committee Meetings

In the year under review the County Assembly (KCA committees of Devolution, Procedures & rules, Implementation and Liaison were paid Ksh.5,338,200. However, records indicate that there were no meetings in the financial year 2013/14 as attested by lack of notices of meetings to members, minutes and reports of the meetings.

The member and non-members of the committees drew sitting and responsibility allowances on non-existent committee meetings for the months of April, May and June 2014 as confirmed by signed attendance sheets prepared solely for the purpose of receiving the allowances.

Recommendation

The Assembly management should ensure recoveries are made from the member's salaries as per the SRC Circulars from all the committees who did not have meetings.

4.4 Over Payments of Mileage Allowance and Payment of Mileage Allowances during Assembly Recess

Analysis of the payroll made available for audit revealed that all elected and nominated MCAs were paid the maximum allowance of Kshs.39,528 per month irrespective of the distance covered from their homes resulting to over payment totalling Kshs 11,979,619 for six months from January to June 2014.

Further, all the Members of the County Assembly were over paid mileage allowance totalling Kshs 2,846,016.00 in the month of December 2013 while the Assembly was on recess.

Recommendation

In cases where fraud is proven relevant action should be taken against members responsible for the loss as per Section 203(a) of the Public Finance Management Act of 2012 and all over payment should be recovered.

4.5 Double Payments of Mileage Allowance to Speaker, Majority and Minority Leader

Analysis of the payroll data availed for audit revealed that included in the taxable income of the Speaker, Majority and Minority Leader was commuter allowance of Kshs.39,528 per month totalling to kshs.474,336 for the three officers in the year under review.

The amount was paid to them despite being assigned vehicles registration No. KBU 962T (Toyota PRADO) KBY 925 C (Toyota Double Cabin) KBY 924 C(Toyota Double Cabin) respectively and fuelled by the County Assembly.

Recommendations

i. The Assembly management should make recoveries for the extra money paid to them.

ii. The said Members to forfeit either commuter allowance or withdraw the vehicle assigned to them so that they do not get undue double benefits.

4.6 Foreign Trips

Kisii County Assembly members made several foreign trips to several countries including South Africa, Uganda, USA, India and Israel incurring a total cost of Kshs. 20,241,086 as shown below and in Annex iv-vii

Destination	Date	Nature of Tour	Number of Members	Amount
SOUTH AFRICA	8 April to 15 April 2014	Seminar on Budget and Appropriation	13 MCAs 3 Staff	4,140,800
USA	20 November to 30 November 2014	Benchmarking	1 MCA	635,000
INDIA	12 April to 21 April 2014	No Purpose	39 MCAs	10,007,336
Israel-Tel-aviv	25 November to 4 December 2013	County Education Agricultural tour	7 MCAs	4,423,490
UGANDA	19 November to 24 November 2013	African Minerals Factory and Banana Project	6 MCAs	1,034,460
		Total		**20,241,086.00**

Further the following observations were made;

i. Analysis of the supplementary budget shows that the Kisii County Assembly budget did not have any line item as foreign travel. The money used for the trips was advanced to the assembly by the Kisii County Treasury.

ii. The foreign trips were paid in form of imprest to County Assembly members and no surrenders with supporting air tickets, invitations letters,passports and boarding passes and reports from the trips were produced for verification and it was therefore difficult to confirm whether the trips ever took place.

iii. No invitation letters were made available to ascertain the need for the expenditure and whether it was beneficial to the Kisii County Assembly.

iv. In addition, no evidence was produced to ascertain the need or reasons for the travels as a justification for the expenditure and whether it was beneficial to the County Assembly and the general public.

The Government may have lost public funds of Kshs. 20,241,086 on unjustifiable expenditure.

Recommendation

The Members and Staff who travelled to foreign Countries must avail passports and boarding pass as evidence that they indeed travelled and those that fail to account the amounts should be recovered from concerned members.

4.7 Late duty allowances

The Members of Kisii County Assembly irregularly received late duty allowance while debating at Kisii Assembly within their work stations as shown below.

Item	Date	PV No.	Amount
Late Duty Allowance	30-6-2014	529	1,160,000.00
Late Duty Allowance	30-6-2014	525	589,000.00
Total			**1,749,000.00**

The payments made were not as per any circular, Code of Regulations, Policy or Act. It was therefore not clear on what basis it was being effected.

Recommendation

The accounting officer should ensure that the irregular payments are recovered from members.

4.8 Payments for Meetings outside the Jurisdiction of the Assembly

During the period under review, County Assembly incurred expenditure totalling Kshs.13,640,370 on paying sitting allowances, accommodation, lunches and transport to MCAs and staff holding meetings outside the Assembly Offices but within the County. No explanation or standing orders were provided for holding several meetings outside the Assembly.

Recommendation

The Assembly members should be prudent in their expenses on travelling and accommodation as per the house standing orders.

4.9 Extra Payment of Night Out Allowances

The Assembly in the month of March 2014 paid nightouts totalling Kshs.1,300,000 to eighteen(18) Assembly Members and four (4) staff Members while attending Centre for Parliamentary Studies and Training(CPST) in Mombasa for six days. Analysis of the travelling documents revealed that the members and staff Members were out for only four days leading to overpayments of Kshs.335,000. There was no proper explanation for the over payment.

Recommendation

The Assembly should Institute recovery of Kshs.335,000 being the extra two days paid to Members of the Assembly.

4.10 Payment of Committee Allowances

In the period under review, the County Assembly paid Kshs.220,000 as committee allowances to staff in procurement department and tender committee members contrary to Public Procurement and Disposal Regulations, 2006 Section 12 (5) which states that "Members of tender committee may be paid such honoraria as the procuring entity may determine" such determination or any other authority for the payment of the allowance was not availed for audit verification.

Recommendation

In the absence of any authority for the payments, the Assembly should recover Kshs.220,000 from the respective officers.

4.11 Un-taxed Air Time Allowance to Members of County Assembly

The County Assembly Members of the Assembly were paid Air time allowances of Kshs.5,000 monthly between April2013 and April 2014 totalling Kshs.2,320,000 by payment vouchers without deducting Pay As You Earn at source as required by Income Tax Act Cap 470, Laws of Kenya.

Recommendation

The management should recover the P.A.Y.E tax and remit to KRA and in future deduct P.A.Y.E on any income from employment and remit the same to K R A.

4.12 Double Payment

In the month of March 2014, the County Assembly paid three (3) Assembly members and two (2) staffs Members per diem allowances totalling Kshs.80,000 for induction training at CPST-Nairobi. On the same dates, the same officers were paid Kshs.80,000 for preparation of final report on fiscal strategy paper in Kisumu leading to double payments of Ksh.80,000.

Recommendation

The double payment of Kshs.80,000 should be recovered from payees and the management should set policies to address internal controls.

4.13 Missing and Unsupported Payments

The County Assembly incurred expenditure totalling Kshs.18,855,011 on the procurement of assorted goods and services. However, the Payment Vouchers for the expenditure were not supported with the necessary documents. Further, the County Assembly incurred expenditure totalling Kshs.2,215,967 on the procurement of assorted goods and services, whose payment vouchers were not availed for audit verification. It was therefore not possible to ascertain the propriety of the expenditure.

Recommendation

The accountable documents should be properly kept for at least six (6) years and produced on demand by oversight authorities. Further the payment vouchers should be properly supported.

4.14 Goods not Taken on Charge

The Assembly did not record all receipts of goods in the stores ledger totaling to Kshs.15,690,561. Receipts and issues from stores were not supported by Form S. 11, S. 13 and S.3 card, hence the Assembly may have paid for goods not supplied. It was also observed that the duties were not segregated and inspection and acceptance certificates were not filled contrary to section 17 of Public Procurement and Disposal Act 2005.

Recommendation

The Assembly should ensure that store controls are in place to account for receipts of goods and items in line with Government Financial Regulations and Procedures. Ensure segregation of duties especially for receiving, issuing and recording in stores ledger and all items received must be taken on ledger charge.

5.0 HUMAN RESOURCE MANAGEMENT

Irregular Recruitment and Selection of Staff

A. Personal Assistant to the Speaker

An officer was appointed as a Personal Assistant to the Speaker on 6 January 2014.

This appointment was varied to Legal counsel 1 on 30 June 2014 under undisclosed circumstances. The officer has not been placed on the payroll and is being paid through payment vouchers. Management did not explain why the Officer was not placed in the payroll given that his position is in the establishment of the Assembly.

Recommendation

The management should place the officer in the right position and placed in the payroll.

B. Clerk of Kisii County Assembly

An officer was appointed as Clerk of Kisii County Assembly on 29 April 2013. The Clerk was suspended from office from 5 March 2014 over disputes that his appointment to office was irregular but he was reinstated by The Court on 23 May 2014.

No record exists to show how he was reinstated by management. Salaries and Remuneration Commission set Clerks' remuneration at a minimum of basic salary of Kshs120,270, house allowance Kshs 60,000 and other allowances Kshs 20,000. However, the officer was offered basic salary Kshs180,000, house allowance Kshs 46,250, commuter allowance Kshs 18,500. Further, the officer has not been placed in the payroll and there is no evidence that he was paid salary for the year under review.

Recommendation

The management should regularise the appointment and pay the officer the salary as per Salaries Remuneration Commission Circular.

C. Deputy Clerk

An officer was appointed Deputy Clerk on 8 November 2013. He was subsequently appointed acting clerk on 4 March 2014 following the suspension of the substantive Clerk of the assembly from office.

The officer was paid acting allowance from 4 March to 4 September 2014. However, the substantive clerk was reinstated by courts on 23 May 2014. And thus acting capacity should have ceased on 23 May 2014 unless proved otherwise.

Recommendation

The Acting Allowance from June to September 2014 should be recovered

D. Director Finance and Budget

i. An officer was appointed as Director Finance and Budget on 7 October 2013. He was suspended from office on 1 August 2013 for gross misconduct and the suspension was temporarily lifted by court on 19 September 2013 in a court case where he sued his current and previous employers'. Subsequently, he was deployed by Kisii County Government as a Revenue Officer on 22 November 2013 while awaiting court finalization. He is currently serving as Director Finance and Budget but there is no record held in his personal file showing how he was deployed to this position from revenue office.

ii. The officer withdrew the Court case where he sued his current employer on 10 February 2014. There is no record showing that the officer has been cleared of

the charges despite being a bonafide employee and Director Finance and Budget of Kisii County Assembly.

iii. The June 2014 payroll show the officer's remuneration as basic salary of Kshs 78,480, house allowance Kshs 43,000 and commuter allowance Kshs.20,000 which is not defined by Salaries and Remuneration Commission circulars.

iv. Further, County Assembly Service Board advertisement Directors' position, had a general requirement of a Masters' degree, three years' work experience except the position of Director Finance & Budget that called for merely 3 years experience as a Senior Finance Officer reflecting that this positions requirement were not clearly defined. The academic testimonials of Mr. Amenya are not documented in his personal file. As a result, the propriety of the appointment could not be ascertained.

Recommendation

The management should investigate the circumstances under which the officer was appointed in the post of Director Finance and Budget without due process being followed.

E. Driver

An officer in Kisii County Assembly received parallel appointments on 1 July 2013 as Driver III and Senior Driver. He was appointed on 1 June 2013 as clerical officer III.

The remuneration for the positions are different. According to Salaries and Remuneration Commission, drivers III are paid basic salary of Kshs19,323 house allowance Kshs 5,000 and other allowances Kshs 4,000 resulting to gross earning of Kshs 28,323. However according to June 2014 payroll the officer was paid basic salary of Kshs 31,020, house Kshs10,000 and other allowances Kshs 5,000 leading to gross earnings of Kshs 46,020. If the officer was appointed as a Driver III he was overpaid Kshs.298,065 from July 2013 to June 2014.

Recommendation

It should be determined the correct position on the job requirement of where the officer is placed and if there was any overpayment the same should be recovered.

F. Maintenance Officer

An officer was appointed as maintenance officer I on 1 May 2013. Salaries and Remuneration Commission has put the remuneration of the position at basic salary of Kshs 41,590, house allowance Kshs 20,000, and other allowances Kshs 6,000 but June 2014 payroll indicates that the officer was paid basic Kshs 28,940, house Kshs 13,000 and commuter allowance Kshs 2,000. The officer is underpaid for services offered by Ksh.283,800 for twelve months under review.

Recommendation

The management should adjust the officer salary upward by Ksh.23,650 per month and pay the officer Ksh.283,800.

G. Personal Secretary III

An officer received two parallel appointments on 1 May 2013 as Personal Secretary III and senior office attendant (Officer II) under undisclosed circumstances, despite the fact that the salary scale attached to the two positions did not change. Salaries and Remuneration Commission has put remuneration at basic salary of Kshs 35,910 for position of Personal Secretary III. However, June 2014 payroll indicates that the officer was paid basic salary at Kshs 31,020 leading to underpayment of Ksh12,524.

Recommendation

The correct position should be determined and the earning adjusted appropriately.

H. Clerical Officer

An officer received 3 parallel appointments on 1July 2013 as Clerical Officer, Clerical Officer II, as Second Clerk Assistant. Salaries and Remuneration Commission has put remuneration at basic salary of Kshs 35,910 but the officer was paid basic Kshs 41,590 leading to overpayment of Kshs 5,680

Recommendation

The management should recover overpayment of Kshs. 5,680.

I. Director Human Resource

An officer was appointed Director Human Resource Kisii County Assembly on 15 October 2013. County Assembly Service Board vacancies required a Masters' degree in Human Resource Management but the officer holds a Bachelors' degree and not masters' as attested in her personal file. As a result, we could not ascertain that the officer's appointment is regular.

The Kisii County Assembly risk recruiting Inefficient and ineffective staffing which affect service delivery.

Recommendation

The Assembly should adhere to proper recruitment process.

Conclusion

The County Assembly should address the anomalies noted in order to ensure effective delivery of services to the people of Kisii County. Laid down Government procedures and processes should be adhered to ensure public resources are only utilized for purposes for which they were intended.

Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 May 2015