REPUBLIC OF KENYA

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL OPERATIONS

OF

SIAYA COUNTY ASSEMBLY

FOR THE PERIOD
1 JULY 2013 TO 30 JUNE 2014

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EXECUTIVE SUMMARY

BACKGROUND INFORMATION

The Constitution of Kenya, 2010 under the Article 176, created the County Government which consists of the County Assembly and the County Executive. The County Assembly which is the Legislative arm of the County Government consists of the Speaker and Members of County Assembly (elected and nominated). The Siaya County Assembly which is domiciled in Siaya Town has thirty (30) elected and eighteen (18) nominated Members all totalling forty eight (48).

Introduction

The audit covering the period 1 July 2013 to 30 June 2014 was undertaken to assess the adequacy and reliability of the systems and controls put in place by the management of the County Assembly, in running its affairs with emphasis on the effective utilization of public resources.

Terms of Reference

The Office of the Auditor-General is an independent office mandated by the Constitution under Article 229 to audit the accounts of the National and County Governments. In this regard, the office planned an audit of the systems controls of the County Assembly of Siaya for the period 1July 2013 to 30 June 2014 with the following audit objectives.

- Assessment of controls over management of cash and bank accounts.
- Assessment of controls over management of assets of the County Assembly.
- Assessment of compliance with the public procurement laws in the process of acquisition of goods or services
- Assessment of compliance with Public Financial 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.
- To confirm that 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 County Assembly offices.
- Review of applicable legislation and regulations.
- Examination of payment vouchers, cashbooks, vote books, bank statements, and bank slips, miscellaneous receipt books, procurement documents, stores records, asset registers and other related records.
- Review of minutes of various meetings where there were resolutions regarding utilization of public funds.

- Physical inspection and verifications
- Observation of 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 matters mentioned in this report are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

The maintenance of effective control measures and 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 NON-CURRENT ASSETS

1.1 Refurbishment of Siaya County Assembly Offices Phase II and Phase III

(A) Phase II

A total of Kshs.6,774,713 was paid to a contractor for the refurbishment of Siaya County Assembly Offices Phase II. The tender opening meeting for refurbishment of the Assembly offices Phase II and III was held on 3 July 2013, while the letter of award, and contract agreement were signed on 28 June, 2013. It was not clear how the contract was awarded before the tender documents were opened.

(B) Phase III

A construction firm was contracted to do refurbishment of the Assembly at a contract sum of Kshs.7,181,183 was and paid Kshs.3,250,454. However the following audit findings were noted:

i. No inspection and acceptance committee was constituted for the project. Consequently the payment was made without the committee's report.

ii. The contractor was paid Kshs.3, 250,454 without deducting 10% retention money.

iii. The contract agreement had no time frame hence it was not possible to establish as to when the project started and its completion date.

1.2 Installation and Commission of Hansard Equipment

A firm was contracted to do refurbishment of the Assembly at a contract sum of Kshs.7,102,880 and was paid the total contract sum. Physical verification of the

project on 2nd February 2015 revealed that the work of installing and commissioning of the Hansard equipment at the Assembly Chambers had not been carried out even though full payment had been done.

The following additional findings were noted:

(i) No explanation was availed as to why the County Assembly of Siaya paid the contractor upfront (advance Payment) before he executed the work of supplying, installing and commissioning of the Hansard equipment.

(ii) Payment was made without the inspection and acceptance committee's report.

(iii) The contractor was paid Kshs.7,102,880 without deducting 10% retention money.

1.3 Refurbishment and Installation of Air Conditioners

The County Assembly used restricted tenders to award a construction Company a contract for refurbishment and installation of ten (10) air conditioners at a contract price of Kshs 7,181,183.

The following additional findings were noted:

i. The County Assembly deducted five (5) per cent of the payment made to the contractor as opposed to ten per cent (10%) as retention money and the same was not deposited in any separate account.

ii. The above contract was not reported to Public Procurement and Oversight Authority contrary to section 46(1) of the Public Procurement and Disposal Act, 2005 which requires that all contracts whose value is Kshs 5,000,000 and above be reported to the Authority.

1.4 Construction of a Perimeter Wall and Car Parking Sheds

The County Assembly through restricted tendering awarded a contractor works to construct a perimeter wall and security blocks at contract sum of Kshs 7,284,976 and another contractor was awarded a contract to construct cabro works and car parking sheds at a contract sum of Kshs7,971,810.

However the following findings were noted:

i. The contracts were not reported to the Public Procurement and Oversight authority which was contrary to section 46(1) of the Public Procurement and Disposal Act, 2005 which states that all projects that are five (5) million and above must be reported to the authority for accountability purposes.

ii. A retention fee of (10%) ten percent was not deducted from the payments made to the contractors. The amount of retention would have been Kshs.200,000.(i.e 10% of 2,000,000) each hence making a total of Kshs.400,000

iii. No detailed inspection and acceptance committee reports were availed for audit to confirm that the projects were duly verified before payments were made. It was not possible to establish the completion levels of the projects.

iv. Contract duration was not specified hence it was not possible to ascertain as to how long the contract could take.

v. Physical verification of the projects on 28 January 2015 revealed that the projects were on going.

1.5 Non Maintenance of a Proper Assets (Inventory) Register

Examination of payment vouchers and other related documents revealed that the Assembly procured various items worth Kshs.15,587,300 in the year under review and the same were not entered in the assets register as the Assembly did not maintain one. In some cases the items were not inspected by the inspection and acceptance committee to actually confirm that what was ordered was what was received and the counter receipt vouchers (form S13) were not raised to acknowledge receipt of the items.

2.0 CURRENT LIABILITIES

Car Loan Facility and Mortgage Facility to Members of County Assembly

During the year under review the County Assembly received from the County Executive Kshs.250,000,000 for car loan and mortgage facilities of the Members of County Assembly. A total of Kshs. 204,414,832 had been advanced to the members of the County Assembly by 04 January, 2015. An audit review of a sample of the application forms for the facility revealed that some loans were disbursed to some of the members of County Assembly for other purposes other than for car and mortgage facilities.

The following additional anomalies were observed:

i. The loan application forms were not fully processed as some lacked crucial information e.g the amounts of loans that were approved was not indicated, some members of the County Assembly and witnesses did not sign the loan application forms. It was therefore not possible to ascertain the correctness of the information in the loan forms.

ii. Some Loans were given to the members of the County Assembly for purposes which are not contained in the Salaries & Remuneration Commission Letter Ref. No. SRC/TS/CGOVT/3/16 dated 27th November, 2013 e.g purchase of land and repair of houses.

iii. Three (3%) interest per annum was not calculated and loaded to the principal loan amount as required by the SRC.

iv. The repayment mode for the mortgage and car loan was supposed to be through payroll check off system. This has not been implemented and the MCAs are making cash deposits into the county's' bank account making it susceptible to default.

v. Out of the amount disbursed of Kshs.204,414,832, only Kshs 9,734,480 had been recovered which represents 4.8% of the mortgage and car loan amounts that have been advanced.

vi. Repayment schedules with monthly amounts that each of the members of the County Assembly is supposed to pay were not availed for audit.

vii. By January 2015, twelve (12) members of the County Assembly had not made any repayment of the Ksh.51,596,095 loaned to them way back in May 2014.

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

3.0 EXPENDITURE REVIEW

3.1 Procurement of Consultancy Services

The County Assembly payment records revealed that Kshs.3,151,000 was spent on the procurement of consultancy services. However it was not clear how the consultants were identified and their fees determined. Furthermore the respective payment vouchers were not adequately supported and authorized.

3.2 Foreign and Local Travels

During the year under review, the County Assembly incurred expenditure totalling Kshs.3,121,559 and Kshs.18,603,538 on travelling and subsistence allowance on domestic and foreign travels respectively.

A. Foreign Travels

The members of County Assembly incurred expenditures on travelling and accommodation on foreign trips to Israel, Uganda ,Ghana, Rwanda, Dubai, Australia and South Africa all totalling Kshs.18,779,960 as detailed below:

I. Trip to Israel Kshs.6,020,472

Fourteen (14) Members of County Assembly travelled to Israel for an Agricultural tour on various dates in May and June 2014 incurring expenditure totalling Kshs.6,020,472 on night outs and travel expenses. Included in the above figure is Kshs.1,021,680 being payment for two (2) extra night outs for twelve (12) members while in Israel. However, copies of air tickets, boarding passes or Passports were not attached on the respective payment vouchers to confirm that the foreign journeys were made.

II. Trip to Ghana Kshs.3,334,520

Fifteen (15) Members of County Assembly and four (4) County Assembly Staff travelled to Ghana for a period of 5 days from 26 to 28 June for a women leaders training and capacity seminar incurring expenditure of Kshs.1,719,520 on accommodation and Kshs.1,615,000 on training costs all totalling Kshs.3,334,520. The air tickets cost Kshs.2,565,000. Ghana copies of Air tickets/ boarding passes or Passports

were not attached to the respective payment vouchers to confirm that the foreign journeys were made.

III. Trip to Rwanda Kshs.2,468,571

Twenty one (21) Members of County Assembly and four (4) staff travelled to Rwanda for a period of 5 days from 26th June to 30th June 2014 for a legislative conference on public participation incurring expenditure totalling Kshs 2,468,571 exclusive of air tickets and visa processing fees. Copies of Air tickets/ boarding passes or Passports were not attached to the respective payment vouchers to confirm that the foreign journeys were made.

IV. Trip to Uganda Kshs.916,161

Two (2) Members of the County Assembly and four (4) staff travelled to Uganda for a joint retreat tour for three (3) days from 16th to 18th May 2014 incurring expenditure totalling Kshs.916,161 including transport costs of Kshs 270,000. Copies of Passports were not attached to the respective payment vouchers to confirm that the foreign journeys were made.

V. Trip to South Africa Kshs.1,779,008

Twelve (12) Members of the Public Works and Roads Committee travelled to South Africa for a benchmarking trip for 7 days incurring expenditure totalling Kshs 1,779,008 excluding the travel costs. Copies of air tickets/ boarding passes or Passports were not attached to the respective payment vouchers to confirm that the foreign journeys were made.

VI. Trip to Dubai Trip Kshs.2,719,984

Twenty five (25) Members of the County Assembly travelled to Dubai for a risk mitigation study tour for a period of 3 days from 27th June 2014 to 29thJune 2014. However management did not provide the total cost of per diem for twenty four (24) MCAs, but only provided expenditure for one (1) member totalling Kshs.538,384. In addition, the County Assembly incurred total expenditure of Kshs 2,181,600 in respect of conference fee for 25 delegates. However it was not clear who the other members were as their names were not disclosed on payment voucher. Copies of air tickets/ boarding passes or passports were not attached to the respective payment vouchers to confirm that the foreign journey were made.

VII. Trip to Morocco Kshs.802,831

Three (3) Members of the County Assembly travelled to Morocco for a volley ball federation for a period of 9 days from 6 to 14 April 2014 incurring expenditure totalling Kshs.802,831 excluding the air tickets . Copies of air tickets/ boarding passes or passports were not attached to the respective payment vouchers to confirm that the foreign journey were made.

VIII. Trip to Australia Kshs.738,413

The speaker of the County Assembly travelled to Australia for a visit of Australian State and Council Parliaments for fourtheen (14) days from 23 December 2013 to 5 January 2014 incurring expenditure totalling Kshs. 738,413 including transport

costs of Kshs.315,098. Copies of air tickets/ boarding passes or passports were not attached to the respective payment vouchers to confirm that the foreign journey were made.

The following additional anomalies were noted:-

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

ii. Payments for the foreign trips were made in advance instead of the officers being granted imprest to be accounted for after the journeys.

iii. No evidence was produced to justify the need or reasons for the travels.

B) Local Trips

During the year under review, the County Assembly incurred expenditure totalling Kshs. 3,121,559 on local trips. However, the payment vouchers for domestic travels were not supported with relevant documents e.g. bus tickets or motor vehicle's work tickets and letters of invitation to show how the journeys were made and whether they were official.

In the absence of proper documentation and explanations, the propriety of the expenditures totalling Kshs.3,121,559 could not be confirmed.

3.3 Payment for Ward Office Rent and Staff Salaries

i. During the year under review, the County Assembly spent Kshs.6,000,000, Kshs.3,600,000 and Kshs 900,000 on ward staff salaries ,ward rent and ward office maintenance respectively. The expenditure was incurred despite the fact that hiring of ward office employees by the County Assembly Service Board was suspended via Transition Authority circular no. Ref TA/2/1 dated 28 January 2014.

ii. There were no contract documents with the Landlords and It was also not clear why the rent payments were made directly to Members of County Assemblies and not to the Landlords. Further there was no evidence that the payments were received by the alleged Landlords.

iii. The ward employees are not on the County payroll and their existence therefore could not be confirmed. Their terms of employment and how they were recruited were also not disclosed. The authority that authenticated the expenditures was also not produced for audit verification.

4.0 HUMAN RESOURCE MANAGEMENT AND PAYROLL

4.1 Payment of Members of County Assembly Sitting Allowance

During the year under review, the County spent Kshs. 42,187,700 on the MCAs sitting allowances which translate to 64.5 per cent of the budgetary allocation on sitting allowances of Kshs.65,000,000. An analysis of expenditure on sitting allowances for the MCAs revealed the following issues:

i. That various committees of the assembly were not observing the requirements of the Salaries and Remuneration Commission circular Ref No. SRC/TS/CGOVT/3/16 dated 27th November, 2013 on the allowable four committee sessions per week. Committees, and would hold even five sessions per day without spreading them uniformly thought the week.

ii. Some members of the County Assembly were not signing the attendance schedules and the register during the meetings and would eventually be paid the sitting allowance. Such cases are as listed below:

- The in- attendance schedule for the informal sitting held on the 11th June 2014 was signed by only six (6) members of the County Assembly, forty three (43) members did not sign the schedule,

- The in- attendance schedule for the informal meeting held at the assembly chambers on the 30th April 2014, at 10.00 a.m , was signed by thirty one (31) members only.

- Such cases of members not signing the in-attendance schedules are many and the blank spaces against each member's name have remained unsigned for the whole year.

4.2 Mileage Allowance Paid to Members of County Assembly

i. During the year under review, both elected and nominated MCAs were paid the maximum allowance of Kshs.39,528 per month irrespective of the distance covered from their homes.

ii. The management did not provide bio-data on the exact location of the rural homes of the MCAs in order to determine the actual entitlement of the mileage allowances, however there are MCAs who come from nearby wards and are not entitled to maximum allowances.

The County Assembly violated Government Circulars resulting to loss of Government funds.

Edward R. O. Ouko, CBS
AUDITOR GENERAL

Nairobi

26 May 2015

DETAILED FINDINGS

1.0 NON-CURRENT ASSETS

1.1 Refurbishment of Siaya County Assembly Offices Phase II and Phase III

(i) Phase II

Examination of payment vouchers revealed that a total of Kshs.6,774,713 was paid to construction company for the refurbishment of the Assembly Offices Phase II. The tender minutes opening meeting was dated on 3 July 2013 while the letter of award, and contract agreement were signed on 28 June, 2013. It was not clear how the tender was awarded before opening.

(ii) Phase III

Construction company was also contracted and paid Kshs.3,250,454 on 6 March 2014 vide unnumbered payment voucher. The contract was to carry out refurbishment works at the County Assembly Offices. In support of the payment voucher was a recommendation letter for payment from the Clerk to the Assembly, interim payment certificate dated 23 December 2013, an invoice number 389 dated 9/12/2013 and Local Service Order number 0889314 dated 3/10/2013.

The following anomalies were noted:

i. No inspection and acceptance committee report was availed for audit to establish if the payment of Kshs.3,250,454 to the contractor was commensurate to the work done;

ii. The contractor was paid Kshs.3,250,454 without deducting 10%, Kshs.325,045 retention money;

iii. The contract agreement had no time frame hence it was not possible to establish as to when the project started and its completion date.

Recommendation

The County should set up an inspection and acceptance Committees and ensure that the 10% contract sum is retained to cater for defects and liabilities during the stipulated period.

1.2 Installation and Commission of Hansard Equipment

During the financial year 2013/2014 the County Assembly awarded a supplier Systems Limited a contract for Supply, Installation and Commissioning of Hansard Equipment in its assembly chambers at a contract sum of Kshs 7,102,880.

Physical verification of the project on 2nd February 2015 revealed that the work of installing and commissioning of the Hansard equipment had not been carried out at the assembly chambers even though full payment had been made.

The following additional findings were noted:

i. No explanation was availed as to why the County Assembly of Siaya paid the contractor upfront (advance Payment) before he executed the work of supplying, installing and commissioning of the Hansard equipment.

ii. Payment was made without inspection and acceptance committee's report.

iii. The contractor was paid Kshs.7,102,880 without deducting 10% retention money.

Recommendations

i. The officers who authorized the payment of Kshs 7,102,880. for work not carried out be fully held responsible for the above transaction as Government Financial Regulations and Procedures prohibit advance payment(s).

ii. The County should set up an inspection and acceptance Committee and ensure that the 10 % retention fee is retained to cater for defects and liabilities during the stipulated period.

1.3 Refurbishment and Installation of Air Conditioners

The County Assembly used restricted tenders to award a contract for refurbishment and installation of ten (10) air conditioners at a contract price of Kshs 7,181,183.

The following additional findings were noted;

i. The County Assembly deducted five (5) per cent of the payment made to the contractor as opposed to ten per cent (10%) as retention money and the same was not deposited in any separate account.

ii. The above contract was not reported to Public Procurement and Oversight Authority contrary to section 46(1) of the Public Procurement and Disposal Act, 2005 which requires that all contracts whose value is Kshs 5,000,000 and above be reported to the Authority.

Recommendations

i. The Public Procurement and Disposal Act, 2005 and related Regulations of 2006 should be followed to ensure that goods are procured competitively and at the most economical prices.

ii. In future all contracts whose values exceed Kshs 5,000,000 must be reported to the Public Procurement and Oversight Authority.

1.4 Construction of a Perimeter wall and Car Parking Sheds

The County Assembly through restricted tendering awarded a contract construction of a perimeter wall and security blocks at a contract sum of Kshs 7,284,976 and another contractor was awarded a contract to lay cabro works and construct car parking sheds at a contract sum of Kshs7,971,810.

However the following findings were noted:

i. The contracts were not reported to the Public Procurement and Oversight Authority which is contrary to section 46(1) of the Public Procurement and Disposal Act, 2005 which states that all projects that are five (5) million and above must be reported to the Authority for accountability purposes.

ii. A retention fee of ten percent was not deducted from the payments made to the contractors.

iii. It is not clear why the County Assembly of Siaya decided to pay the contractors a total of two million each by splitting the payments instead of making single payments through electronic funds transfer which is a requirement by central bank of Kenya that any payment exceeding Kshs.1,000,000 must be made by way of electronic transfer.

iv. No detailed inspection and acceptance committee reports were availed for audit to confirm that the projects were duly verified before payments were made. It was not possible to establish the level of completions of the project.

v. Contract duration was not specified hence it was not possible to ascertain as to how long the contract would take.

vi. Physical verification of the projects on 28 January 2015 revealed that the projects were still on going.

Recommendations

i. The Public Procurement and Disposal Act, 2005 and related Regulations of 2006 should be followed to ensure that goods are procured competitively and at the most economical prices.

ii. In future all contracts whose values exceed Kshs 5,000,000 must be reported to the Public Procurement and Oversight Authority.

1.5 Non Maintenance of a Proper Assets (Inventory) Register

Examination of payment vouchers and other related documents revealed that the Assembly procured various items worth Kshs.15,587,300 in the year under review but the same were not entered in the assets register as the Assembly did not maintain one. In some cases the items were not inspected by the inspection and acceptance committee to confirm that what was ordered was what was received and the counter receipt vouchers (form S13) were not raised to acknowledge receipt of the items.

Recommendations

All the assets that are acquired should be inspected by the inspection and acceptance committee to ascertain their quality and quantity and recorded in the assets register.

2.0 CURRENT LIABILITIES

Car Loan and Mortgage Facility to Members of the County Assembly

During the year under review the County Assembly received from the County Executive Kshs.250, 000,000 for car loan and mortgage facilities of the Members of the County Assembly. A total of Kshs. 204,414,832 had been advanced to the members of the County Assembly by 04 January, 2015. An audit review of a sample of the application forms for the facility revealed that some loans were disbursed to some of the members of County Assembly for other purposes other than for car and mortgage facilities. The following additional anomalies were observed:

i. The loans application forms were not fully processed as some lacked crucial information e.g the amounts of loans that were approved was not indicated, some members of the County Assembly and witnesses did not sign the loan application forms. It was therefore not possible to ascertain the correctness of the information in the loan forms.

ii. Some Loans were given to the members of the County Assembly for purposes which are not contained in the Salaries & Remuneration Commission Letter Ref. No. SRC/TS/CGOVT/3/16 dated 27th November, 2013 e.g purchase of land and repair of houses.

iii. The 3% interest per annum was not calculated and loaded to the principal loan amount as required by the SRC.

iv. The repayment mode for the mortgage and car loan was supposed to be through payroll check off system. This has not been implemented and the MCAs are making cash deposits into the county's bank account making it susceptible to default.

v. Out of the amount disbursed of Kshs. 204,414,832, only Kshs 9,734,480 had been recovered which represents 4.8% of the mortgage and car loan amounts that have been advanced.

vi. There are no fixed loan repayment schedules with monthly amounts that each of the members of the County Assembly is supposed to pay.

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

viii. By January 2015, twelve (12) members of the County Assembly had not made any repayment of the Ksh.51,596,095 loaned to them way back in May 2014 as shown below:

No	Name	Loan Amount
1	Hon. Silpa Omondi	3,954,199
2	Hon. Silvester Madialo	3,969,527
3	Hon. Fred Ouda	4,961,954
4	Hon. Jared Abayo	3,969,527
5	Hon.Mathew Onduru	3,969,527
6	Hon. Leonard Oriano	2,977,099
7	Hon. Benson Omondi	3,969,529

8	Hon. Elisa Okuku	4,961,954
9	Hon. Joseph Agoko	4,961,953
10	Hon. Stephen Kadra	4,961,954
11	Hon. Edwin Martin Otieno	4,961,772
12	Hon. Charles Kowi	3,977,100
	Total	**51,596,095**

Recommendations

i. Rules and Regulations that govern management and administration of mortgage and car loan facility should be adhered to so as to safe guard the operation of the facility.

ii. Application forms for loans should be fully completed before disbursement of funds and titles to properties acquired should be registered jointly in the name of the County Assembly and the individual member.

3.0 EXPENDITURE REVIEW

3.1 Procurement of Consultancy Services

The County Assembly incurred expenditure of Kshs.3,151,000 on the procurement of consultancy services. However it was not clear how the consultants were identified and their fees determined. Furthermore the respective payment vouchers were not adequately supported and authorized as detailed below:

Date	Payee	Amount	Purpose
24/4/2914	Jacob and Company advocates	450,000	drafting of County Assembly bills
9/5/2014	Obwanga and Associates	500,000	staff bill
9/5/2014	Obwanga and Associates	480,000	staff bill
24/4/2014	Karmuse Agencies	464,000	Architectural and Structural design for the Assembly
12/5/2014	PAMC	300,000	preparation of development fund bill
6/3/2013	East African Development Consultancy	957,000	Training for MCAs
Total		3,151,000	

In the circumstances, the effectiveness in the procurement process could not be confirmed.

Recommendation

Payment vouchers should be adequately supported and the Public Procurement and Disposal Act, 2005 and the Procurement Regulations 2006 must be adhered to in procurement of services.

3.2 Foreign and Local Travels

During the year under review, the County Assembly incurred expenditure totalling Kshs.3,121,559 and Kshs 18,603,538 on travelling and subsistence allowance on domestic and foreign travels respectively.

A. Foreign Travels

Members of the County Assembly incurred expenditure on travelling and accommodation on foreign trips to Israel, Uganda, Ghana, Rwanda, Dubai, Australia and South Africa all totalling Kshs.18,779,960 as detailed:

I. Trip to Israel Kshs 6,020,472

Fourteen (14) Members of the County Assembly travelled to Israel for an Agricultural tour on various dates in May and June 2014 incurring expenditure totalling Kshs 6,020,472 on night outs and travel expenses. Included in the above figure is Kshs 1,021,680 paid vide pv no.66/162 dated 15 July 2014 being payment for (2) extra night outs for twelve (12) members while in Israel. However, copies of air tickets/boarding passes or passports were not attached to the respective payment vouchers to confirm that the foreign journeys were made.

Recommendation

The unsupported expenditure incurred totalling Kshs.4,998,792 be recovered from the fourteen (14) MCAs in addition to Kshs.1,021,680 paid for the two (2) extra nights for twelve (12) members.

II. Trip to Ghana Kshs 3,334,520

Fifteen (15) Members of the County Assembly and four (4) County Assembly Staff travelled to Ghana for 5 days from 26th to 28th June for a women leaders training and capacity building seminar incurring an expenditure of Kshs.1,719,520 on accommodation and Kshs.1,615,000 on training costs all totalling Kshs.3,334,520. Copies of air tickets/ boarding passes and passports were not attached to the respective payment vouchers to confirm that the foreign journeys were made.

Recommendation

The unsupported expenditure totalling Kshs 3,334,520 should be recovered from the Fifteen (14) Members of the County Assembly and four (4) Staff.

III. Trip to Rwanda Kshs2,468,571

Twenty one (21) Members of County Assembly and four (4) staff travelled to Rwanda for 5 days from 26th June to 30th June 2014 for a legislative conference on public participation incurring expenditure totalling Kshs.2,468,571 exclusive of air tickets and visa processing fees. Copies of air tickets/ boarding passes or passports were not attached to the respective payment vouchers to confirm that the foreign journeys were made.

Recommendation

The unsupported expenditure totalling Kshs.2,468,571 should be recovered from the twenty one (21) Members of the County Assembly and the four (4) members of staff.

IV. Trip to Dubai Kshs 2,719,984

Twenty five (25) Members of the County Assembly travelled to Dubai for risk mitigation study tour of 3 days from 27th June 2014 to 29th June 2014. However management did not provide the total cost of per diem for twenty four (24) MCAs, but provided expenditure totalling Kshs.538,384 for only one (1) member. In addition, the County Assembly incurred a total expenditure of Kshs.2,181,600 in respect of conference fees for the 25 delegates. However it was not clear who the other members were since their names were not disclosed on the payment voucher. Copies of air tickets/ boarding passes or passports were not attached to the respective payment vouchers to confirm that the foreign journeys were made.

Recommendation

The unsupported expenditure totalling Kshs.2,719,984 should be recovered from the authorised officers or affected MCAs.

V. Trip to Uganda Kshs.916,161

Two (2) Members of the County Assembly and four (4) staff travelled to Uganda for a three (3) days joint retreat tour from 16th to 18th May 2014 incurring expenditure totalling Kshs.916,161 including transport cost of Kshs 270,000. Copies of passports were not attached on the respective payment vouchers to confirm that the foreign journeys were made.

Recommendation

The unsupported expenditure totalling Kshs.916,161 should be recovered from the two (2) Members of the County Assembly and the four (4) members of staff.

VI. Trip to Australia Kshs 738,413

The Speaker of the County Assembly travelled to Australia for a visit of Australian State and Council Parliaments for fourtheen (14) days from 23 December 2013 to 5th January 2014 incurring expenditure totalling Kshs. 738,413 including transport cost of Kshs 315,098. Copies of air tickets/ boarding passes or passports were not attached to the respective payment vouchers to confirm that the foreign journeys were made.

Recommendation

The unsupported expenditure totalling Kshs 738,413 should be recovered from the Speaker of the County Assembly

VII. Trip to Morocco Kshs 802,831

Three (3) Members of the County Assembly travelled to Morocco for a volley ball federation for 9 days from 6th April 2014 to 14th April 2014 incurring expenditure totalling Kshs.802,831 excluding the air tickets. Copies of air tickets/ boarding passes or passports were not attached on the respective payment vouchers to confirm that the foreign journeys were made.

Recommendation

The unsupported expenditure totalling Kshs 802,831 should be recovered from the three (3) Members of the County Assembly.

VIII. South Africa Kshs 1,779,008

Twelve (12) Members of the Public Works and Roads Committee travelled to South Africa a for benchmarking trip for 7 days incurring expenditure totalling Kshs.1,779,008 excluding the travel costs. Copies of air tickets/ boarding passes or passports were not attached to the respective payment vouchers to confirm that the foreign journeys were made.

Recommendation

The unsupported expenditure totalling Kshs.1,779,008 should be recovered from the twelve (12) Members of the County Assembly

The following additional anomalies were noted:-

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

ii. Travel expenses for the foreign trips were paid in cash in advance instead of imprest being issued and same accounted for after the journey.

iii. No evidence was produced to justify the need or reasons for the travels.

Recommendation

The County Assembly should ensure that, all payment vouchers are supported by the relevant documentations for accountability purposes. The responsible officers should account for the money paid for foreign trips or the same be recovered.

B) Local Trips

During the year under review, the County Assembly incurred expenditure totalling Kshs. 3,121,559 on local trips. However, the payment vouchers for domestic travels were not supported with relevant documents e.g. bus tickets or motor vehicle's work tickets and letters of invitation or any relevant documents to show how the journeys were made and whether they were official.

In the absence of proper documentation and explanations, the propriety of the expenditure totalling Kshs.3,121,559 could not be confirmed.
See Annex IX for Local Trips

Recommendations

i. The County Assembly should introduce an imprest system for proper accountability of travelling and subsistence expenditure.

ii. The unaccounted for travelling and substance expenditure should be supported or be recovered from the respective officers.

3.3 Ward Office Rent, Staff Salaries and Maintenance costs

Sampled payment vouchers and vote book revealed that the County Assembly spent Kshs 6,000,000, Kshs 3,600,000 and Kshs 900,000 on ward staff salaries , ward maintenance expenses and office rent for ward offices respectively as follows:

Date	PV Number	Payee	Amount	Details
13/6/2014	2435	County Assembly	1,200,000	Ward staff salaries for May 2014
30/6/2014	2943	County Assembly	1,200,000	ward staff salaries April 2014
13/6/2014	2436	County Assembly	1,200,000	ward staff salaries for June 2014
15/5/2014	2668	County Assembly	1,200,000	ward staff salaries for the month of March 2014
15/5/2014	1694	County Assembly	1,200,000	ward staff salaries for Feb 2014
16/5/2014	1696	County Assembly	3,600,000	Ward maintenance for 30 wards
18/6/2014	2397	County Assembly	900,000	Rent for ward offices
Total			**10,500,000**	

i. However, reference to the Transitional Authority circular no. Ref TA/2/1 dated 28 January 2014 on the hiring of ward office employees by County Assembly Service Board was suspended.

ii. There were no contract documents with the landlords of the ward offices. Further, there was no evidence that the payments were received by the alleged landlords as no acknowledgement of Rent dues or the payment vouchers supported with invoices were produced for audit review.

iii. The ward employees are not on the County Assembly payroll, their terms of employment and how they were recruited were also not disclosed. It was also not clear why the salary payments were made through MCAs and not directly to the staff.

iv. The authority document that authenticated this expenditure was not produced for audit verification.

Recommendation

i. The County Assembly should regularize the hire or lease of ward offices through lease agreements and follow proper recruitment procedures for staff hired at ward offices.

ii. Ward staff should sign valid contract documents with the County Assembly and their salaries controlled by the County Assembly and not Members of County Assembly.

iii. In cases where fraud is proven relevant action should be taken against officers responsible for the loss as per Section 203(a) of the Public Finance Management Act,2012.

4.0 HUMAN RESOURCE MANAGEMENT AND PAYROLL

4.1 Payment of Members of County Assembly Sitting Allowance

During the year under review, the County spent Kshs. 42,154,300 on the MCAs sitting allowances which translate to 64.5 per cent of the budgetary allocation. An

analysis of expenditure on sitting allowances for the MCAs revealed the following issues:

i. Various committees of the Assembly were not observing the requirements of the Salaries and Remuneration Commission circular Ref No. SRC/TS/CGOVT/3/16 dated 27th November, 2013 on the allowable four committee sessions per week, but instead held even five sessions per day without spreading them uniformly throughout the week.

ii. Some members of the County Assembly were not signing the attendance schedules and the register during the meetings and would eventually be paid the sitting allowance. Such cases are as listed below:

- The in- attendance schedule for the informal sitting held on the 11th June 2014 was signed by only six (6) members of the County Assembly, forty three (43) members did not sign the schedule,

- The in-attendance schedule for the informal meeting held at the Assembly Chambers on the 30th April 2014, at 10. AM , was signed by thirty one (31) members only and the blank spaces of those members who did not attend the informal meeting remained unmarked off as at the time of the audit,

- Such cases of members not signing the in-attendance schedules were many and the unsigned schedules have remained blank for the whole year.

Recommendations

i. The County Assembly should adhere to the Salaries and Remuneration Commission circular Ref: No. SRC/TS/CGOVT/3/16 dated 27th November, 2013.

ii. The irregular overpayment of allowances paid should be recovered from the concerned members.

4.2 Mileage Allowance Paid to Members of the County Assembly

During the year under review, all both elected and nominated MCAs were paid the maximum allowance of Kshs.39,528 per month irrespective of the distance covered from their homes.

The management did not provide bio-data on the exact home of the rural homes of the MCAs in order to determine the actual entitlement of the mileage allowances. It was noted that there are MCAs who come from nearby wards and they are not entitled to maximum allowances.

Recommendation

The mileage allowance should be calculated from the MCA's homes to the County Assembly and where overpayment is proved the same should be recovered from the Members of the County Assembly.

Conclusion

The anomalies noted may have adversely affected delivery of various services. The Management should implement recommendations made to ensure public resources are economically and effectively utilized.

Edward R. O. Ouko, CBS
AUDITOR GENERAL

Nairobi

26 May 2015