REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL OPERATIONS OF NAIROBI CITY COUNTY ASSEMBLY

FOR THE PERIOD 1 JULY 2014 TO 30 JUNE 2015

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

Background Information

The constitution of Kenya, under Article 176, created the County Governments which consists of the County Assembly and the County Executive. The County Assembly is the Legislative arm of the County Government and consists of the speaker and members of county Assembly (elected and nominated). The County Assembly of Nairobi operates from Nairobi City with elected and 42 nominated members.

Introduction

This management and financial audit covers the period 1 July 2014 to 30 June 2015. It was undertaken to assess the adequacy and reliability of the systems of management and financial controls instituted by the management of the Nairobi City County Assembly in running its affairs with emphasis on the utilization of public resources.

Audit Objectives

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

- 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 process of acquisition of goods or services.
- Assessment of compliance with Public Financial Management Act 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.

Audit Methodology

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

- Interviews with key officers at the Nairobi City 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). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether in all material respects, expenditures incurred are 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. My responsibility is to report on the weaknesses that were identified in the course of the audit.

Audit Findings

1.1 Budget Performance

1.1 Budget Control and Performance

The County Assembly had a budget of Kshs.1,372,926,829 voted for the financial year 2014/2015. The actual expenditure for the year was Kshs.1,033,328,356 resulting in under expenditure of Kshs.339,598,437 representing 25% of the total budget as detailed below:-

Head	Number of items	Approved Estimates	Actual expenditure	Under Expenditure
		Kshs	Kshs	Kshs
100 Office Of The Speaker	3	10,823,408	9,947,244	876,164
200 County Legislature	14	941,889,839	634,181,009	307,708,830
300 Committee Services	4	117,559,772	107,322,396	10,237,376
400 County Assembly Service Board	3	11,268,036	9,164,732	2,103,304
500 Office Of The Clerk	18	291,385,774	272,712,975	18,672,799
Total	**42**	**1,372,926,829**	**1,033,328,356**	**339,598,473**

The above heads in the sub vote of the County Assembly had under expenditure in the forty two line (42) items.

1.2 Failure to Achieve Development Budget

The County Assembly had a total budget of Kshs.406,026,237, which constitute 23% of the total budget Kshs.1,778,953,006 in 2014/2015. It received an amount of Kshs.410,000,000 for development expenditure. An analysis of development expenditure presented in the financial statements indicated that the County Assembly absorbed Kshs.207,242,691.00 representing 51% of the total development budget thus under expenditure of Kshs.198,783,546 in the development estimate as tabulated below:-

Head	Number of items	Approved Estimates	Actual expenditure	Under Expenditure
200 County Legislature	1	26,231,250	15,924,434	10,306,816
500 Office of the Clerk	4	379,794,987	191,318,257	188,476,730
Total	5	**406,026,237**	**207,242,691**	**198,783,546**

In the circumstances, the County Assembly did not adhere to budget and budgetary controls.

It is recommended that the County Assembly ensures that budget and budgetary controls are adhered to, and format of the financial statement be in line with the approved estimates/budget to ensure comparability and accountability of line items. The County Assembly should also ensure development projects are done as per the budget and in compliance with the Public Finance Management Act, 2012.

2.0 Procurement of Goods and Services

2.1 Irregular Provision of Meals to Staff

The County Assembly entered into a contract with a company on 28 February, 2014 for the provision of catering services, for one year until 28 February, 2015. Under clause 4.3 of the contract, the following departments were supposed to be given tea, snacks and lunches daily costing Kshs140, Kshs.300 and Kshs.450 respectively:-

(i) Committees of the County Assembly
(ii) Staff to members of the County Assembly
(iii) Key offices of the County Assembly

During the financial year, the County Assembly paid a sum of Kshs.13,150,700 towards provision of catering services.

According to Government Financial Regulations and Procedures and Sec. J of the Revised Code of Regulations (Rev.2006), officers should only be entitled to lunch allowances when working overtime. Further, the Government does not provide lunch for her staff unless under special circumstances, hence the Kshs.13,150,700 expenditure is irregular.

Consequently the management contravened the Government Financial Regulations and Procedures and Sec. J of the Revised Code of Regulations (Rev.2006) on allowances.

It is recommended that:-

(i) Lunch allowances should only be provided if it is within the realm of law and regulations and procedures;
(ii) Lunch provided to staff outside the regulations amount to a benefit which is taxable to the employee;
(iii) Management should recover irregular lunch allowances and should adhere to Salaries and Remuneration Commission guidelines on allowances.

2.2 Construction of Access Control Chains at Parking Spaces

A contract to construct control chains at parking spaces reserved for members of the County Assembly was entered into with a Contractor at a sum of Kshs.983,448 via

tender evaluation minutes dated 6/06/2014. However, on 4 November, 2014 the contract was terminated by the County Assembly since the County Executive offered more secure parking.

The Contractor made a claim of Kshs.304,024 allegedly for work done which was approved by the County Assembly. However, works worth Kshs.52,750 had been done and certified by the Project Architect. The billed items provided did not show the actual measured works. Further, an internal memo to the Clerk from Project's Architect stated that the overall cost of termination would have been 20% of the value of works excluding the provisional sums. In the circumstances, it was not clear how the Kshs.304,024 claim was arrived at and as to why the County Assembly attempted to incur expenditure on car parking without involving the County Executive.

Consequently, the County Assembly incurred nugatory expenditure of Kshs.304,024.

The management should ensure that all works done are quantified and a certificate attached as prove of works done and that any activity that may incur expenditure and touches on other arm of government is properly planned for and discussed before implementation.

2.3 Delay in Provision of the Strategic Plan 2013-2017

The County Assembly contracted Compass at a sum of Kshs.1,851,300 for a period of 33 man days, to guide them in the preparation of the strategic plan for the County Assembly. The commencement date was 1 April, 2015 and completion date 30 June, 2015. The following were anomalies however noted:-

(i) The County Assembly used request for quotation and only three firms were invited instead of ten.
(ii) Despite the lapse of the completion time the strategic plan is not complete to date.

The management should ensure that services contracted for are received within the agreed contract period and since the strategic plan was for a specified period then it should be formulated and implemented within the specified timeframe.

2.4 Repair and Servicing of Public Address System and Ups

On 20 November, 2014 there was a commotion in the chamber which led to the damaging of the Public Address system and doors. To repair the damage, the County Assembly made request for quotations to procure the damaged items which include microphones, microphone stand, microphone cables, signal cables and doors. The work was carried out at Kshs.504,328 and paid in two payments of Kshs.457,000 and Kshs.47,328.

On 24 November, 2014 the chief security officer was requested by management to investigate individuals involved in the damage of the above infrastructure and equipment. However, as at the time of the audit no report has been made by the chief security officer on the culprits.

It is recommended that the officers and Members of County Assembly involved in the destruction of the equipment should be surcharged for the damages.

3.0 Bank Reconciliation Statements

The Nairobi City County Assembly did not prepare bank reconciliation statements for the whole year for its operations which includes four bank accounts;

(i)	Recurrent Account	- Cooperative Bank Account
(ii)	Development Account	- Cooperative Bank Account
(iii)	Car loan Scheme Fund Account	- Family Bank Account
(iv)	Mortgage Scheme Fund Account	- Family Bank Account.

It was also observed that the cash books for the accounts were also not updated on a regular basis.

Consequently, it was not possible to ascertain whether all bank transactions and all bank balances during the year under audit were fairly stated.

Management should ensure that bank reconciliations are carried out regularly, preferably once a month and they should be supervised by a senior officer. The County Assembly should also ensure that cash books are maintained for each bank account and the process should be supervised by a senior officer in Finance Department.

4.0 Human Resource

4.1 Irregular Hiring of Staff

The County Assembly advertised for various positions in the local dailies dated 19 and 20 July 2014 totalling to thirty eight (38) positions. As per the Nairobi City County Assembly Service Board Report (NCCAIB), one hundred and twenty three (123) people were shortlisted and one hundred and fifteen (115) were interviewed. Information available indicates that NCCASB employed seven (7) additional staff contrary to the advertisement. No reason was provided for the increased staff recruitment. Employment of unplanned staff will result to constraint on the budget as well as idleness. It is also against the Public Service Commission Regulations.

4.2 Labour and Relations Court Petition No.33 of 2015

The NCCASB advertised for the position of Deputy Clerk on 19 and 20 July 2014 through a local newspaper of which three people responded and were called for the interview. The panel passed a resolution that for a person to be appointed, the candidate must have scored at least 70% of the total marks. All the three candidates scored over 70% with the highest at 80% which was recommended for appointment.

The board did not give an appointment letter to the recommended candidate, instead they re-advertised for the position on 23 March, 2015. No board resolution was given for the failure to appoint the successful candidate and the position is still vacant.

This action resulted in a case being filed in the Employment and Labour Relations Court of Kenya, constitutional petition No. 33 of 2015 on 9 April, 2015. According to the petition, the Board did not publish the score cards of the earlier recruitment before re-advertising. No reasons were provided for failure to appoint the candidate who scored 80% and recommended by the Board. It is not clear at what point the Board rescinded its decision on the leading candidate. The failure by the Board to adhere to its rules and regulations may lead to unnecessary litigation costs.

4.3 Termination/Dismissals of Employment

During the financial year 2014/2015, two officers Clerical Officer I and Second Clerk Assistant were dismissed from service of the County Assembly.

A review of letters of appointment dated 14 November, 2013 gave conditions of termination of employment that 'Either party may give the other one month notice in writing assigning reasons thereto terminating this agreement.

The letter of termination did not give reasons why the two were terminated. Further, this was a breach of Section 42-45 of the Employment Act, (2007).

Consequently it was not possible to confirm whether due process of law was followed in the termination of the two officers.

It is recommend that:-

(i) The NCCASB should ensure that the positions filled are as per the advertisement and the human resource request.
(ii) The Board should maintain fairness in the recruitment process to avoid possible but unnecessary litigation that are costly. Compelling reasons should be provided for failure to recruit successful candidates.

(iii) Termination of service should be carried out in accordance with the law and not at the whims of management and management officials who occasion embarrassment to the County Assembly should be cited for incompetence.

4.4 Demolition of Steel Security Grills on Pedestrian Walkway

As reported in the previous year, the above contract No.NCCA/Q/48/06/2014, to construct a pedestrian walkway around City Hall building was procured through use of quotation by the County Assembly. Four bidders responded to the request for quotation and a contract sum of Kshs.7,899,600 awarded and letter of notification issued on 28 June 2014.

Site visit revealed that the contractual works had begun, with security grills put in place. However the same grills were demolished and the walkway cleared. It was not clear who demolished the walkway. No documents or explanation was provided on the demolition. Further, the contract file did not have the actual measured works and therefore it was not possible to conclude the extent of works which had been done. It is not clear how the County Assembly got into the construction of a walkway, a function normally vested with the County Executive. In the circumstance, the propriety of the Kshs.7,899,600 expenditure could not be ascertained.

5.0 Renovation of Conference Hall- Phase II

The County Assembly on 19 November 2014, entered into a contract with a company for the proposed Alteration, Renovation and Re-modelling of conference Hall Phase II at a contract sum of Kshs.216,019,318, two certificates with a total value of Kshs.66,137,400 were issued during the financial year 2015, in this respect. However, it was observed that certificate number two was for supply of furniture and loose fittings, which were not included in the initial contract of which a provisional sum of Kshs.2,655,000 was paid. This amount was not supported with any documentary evidence.

Consequently, the propriety of Kshs.2,655,000 paid could not be confirmed.

6.0 Car Loan Scheme to Members of the County Assembly

As reported in the previous year, the Nairobi City County Assembly (NCCA) started the Car Loan Scheme Fund in the year 2013/2014. Details of how the car loan scheme was to be operationalized were given by Circular Ref.No. SRC/TC/WB/3/14 of 14 February, 2014. The NCCA entered into a Service Level Agreement (SLA) with Family Bank to be the administrators of the Fund. and SLA gave conditions that any member of the County Assembly would have to satisfy before any funds were to be advanced to him or her.

The following anomalies were however observed:-

6.1 Irregular Procurement Process

The Nairobi City County Assembly (NCCA) used restricted tendering for the procurement of Loan scheme services contrary to the Public Procurement and Disposals Act(Rev.2010), Sec.88 and Regulations 59 which provides for the guidelines on procurement of services and the threshold matrix. Letters of interest were sent to only nine (9) banks for the car loan scheme leaving out other banking and financial institutions. According to the first schedule of the threshold matrix this procurement was supposed to be an open tender.

Minutes of Tender Committee meeting held on 14 May, 2014 resolved that expression of interest should be done to nine banks, out of which only five banks responded. The evaluation and awarding criteria were well spelt out in the tender document. Evaluation Committee evaluated and recommended the service according to weights. Family bank got the highest score of 85%.

The contract for the management of the fund with an initial deposit of Kshs.254,000,000 was signed on 30 May, 2014 for a term ending 31 December, 2017 unless superseded by a written agreement.

6.2 Maintenance of the Fund

The NCCA did not maintain debtors ledger for each MCA which is contrary to the Service Level Agreement signed between the bank and the County Assembly. The bank was obligated to give monthly reports advising the NCCA of all monies disbursed and bank balances details for the fund. However, no communication has been given to the NCCA. The NCCA was to earn interest at 3% per annum on the cumulative principal from the facility accruing daily and credited quarterly. No information was availed to confirm the cost incurred for administering the fund to date.

6.3 Accountability of the Monies Disbursed

In a letter reference No. NBI/CLMS/10/FM/2014 from Family Bank showed that a total of Kshs.254,000,000.00 was deposited in the bank. From the schedule provided the bank had already issued loans to one hundred and twenty seven (127) Members of County Assembly. The outstanding balance as at 30 June, 2015 was recorded at Kshs.79,105,684.

The bank was obligated to provide the following to the NCCA which at the time of the audit has not been actioned and thus raised concern on the transparency in the administration of the Fund:

(i) Valuation report of all vehicles purportedly bought by MCAs who have been advanced the loans;

(ii) Update of Joint registration at Kenya Revenue Authority between each respective MCA and the Nairobi City County Assembly;
(iii) Log books retained by the bank after issuance of the loan;
(iv) Introduction letters from authorized officers; and
(v) Proforma invoices of quotations for brand new vehicles.

The loan as per the contract was to be secured by first charge on the motor vehicles. Review of available records show that no security was provided for the loan as initially intended. It was noted that the NCCA did not adhere to Service Level Agreement in that:

(i) The NCCA used restricted tendering process as opposed to open tender,
(ii) The bank does not obtain log books on account of the loans advanced,
(iii) Although interest charged is supposed to be accrued on a daily basis, there is no evidence that this is being carried out; and
(iv) The bank has failed to ensure that the loans are secured with physical collaterals that are co-owned by both the NCCA and the individual members through acquisition of logbooks in joint names.

It is recommended that;

(i) The County Assembly should at all times adhere to the requirements of the Public Procurement and Disposals Act,(Rev.2010),
(ii) The Administrator of the Fund should maintain primary books of account, showing the outstanding balances for each MCA,
(iii) The NCCA should obtain bank statements regularly and should monitor the movement of the Fund on a monthly basis as per the contractual agreement,
(iv) The terms of the contract should be arranged such that the NCCA is not disadvantaged in case of failure to pay by the borrowing MCAs,
(v) The NCCA should ensure that the Fund is administered in accordance with the contract signed with the bank,
(vi) Concrete steps should be taken to ensure that the NCCA's vested interest in the vehicles and car loan is noted. Further, necessary steps should be taken to safeguard ownership documents (logbooks).

Although these issues had been highlighted in our previous year's report, no action appears to have been taken to implement the recommendations.

7.0 Mortgage Scheme Fund to Members of the County Assembly (MCAs)

7.1 Maintenance of the Fund

The County Assembly received a total of Kshs.230,000,000 for mortgage fund. However, the NCCA did not maintain debtors ledger for each MCA which is contrary to the Service Level Agreement signed between the bank and the County Assembly. The

bank was obligated to give monthly reports advising the NCCA of all monies disbursed and bank statements for the fund. However, no such information has been given to the NCCA. The NCCA was to earn interest at 3% per annum on the cumulative principal from the facility accruing daily and credited quarterly. It was not clear how much cost has been incurred for administering the Fund.

A schedule from the administrator of the Fund dated 5 July, 2015 indicates that one hundred and twelve (112) members had principal balance for the mortgage totalling to Kshs.106,034,132.98.Information and documentation available from Family Bank reflects money disbursed was less than the principal balance, the schedule had raising concern on the authenticity of the schedule. Money disbursed as per the schedule was Kshs.102,786,000, which after recasting, it amounts to Kshs.127,226,000 thus resulting into un-reconciled and un-explained difference of Kshs.24,440,000.

Consequently, it was not possible to ascertain the accuracy and completeness of the Fund balance.

7.2 Accountability of the Monies Disbursed, Payments and Accrued Interest

The County Assembly deposited Kshs.230,000,000 into the Fund Account. From the schedule provided by the bank, one hundred and twelve (112) MCAs were issued with loans. No security of the mortgage (title deeds, bills of quantities) were provided for audit.

The bank was obligated as per appendix B of the Service Level Agreement (SLA) to ask the MCAs to provide the following documents before disbursement of the Funds.

(i) A complete filled pre-printed application form
(ii) Copy of ID and PIN, title or certificate of the land being purchased
(iii) Introductory letter from employer
(iv) 3 original certified payslips

The loans were to be secured by a charge over the property acquired through the loan. From the records available, there was no evidence that the loans granted had been secured through a charge on the property acquired.

In consequent the Members of the County Assembly and the bank were individually and collectively in breach of the Service Level Agreement.

It is recommendations that;

(i) Reconciliation should be carried out on the total money disbursed during the year. The administrator of the Fund should ensure that documents provided to

auditors are credible. The variance of Kshs.24,440,000 should be investigated and concluded upon.

(ii) The County Assembly should be compelled to comply with the Nairobi City County Assembly Mortgage Scheme Fund, 2014,

(iii) A reconciliation between the actual money deducted for each MCA and the outstanding balances should be done.

(iv) The management should make sure individual MCAs ledgers are maintained and updated.

8.0 Overpayment for Supply and Delivery of Ward Furniture

The Nairobi City County Service Board issued request for quotation to the youth, women and vulnerable group who are pre-qualified and registered by the National Treasury to supply Ward Office furniture to the eighty five (85) wards within the Nairobi City County. Ninety one (91) quotations were received and opened on 7 May, 2014. The evaluation (technical and financial) was conducted in May 2014. All responsive bidders as set up in the criteria were identified.

The committee resolved that; to be recommended as a successful bidder for the award, one must be registered with the National Treasury and have Youth Access to Government Procurement Opportunities (YAGPO) certificate.

As at 21/07/2015 the County Assembly had paid a total of Kshs.9,517,500 for supply of furniture to fifty four (54) County Wards out of the eighty five (85). However, it was resolved that the supply of the ward furniture should be within the 15% margin of the total amount allocated for the same (i.e.± Kshs.141,000 = Kshs.119,850.00 - 162,150.00). However, the following anomalies was observed:

(i) The evaluation committee gave a flat figure of Kshs.176,250 although the evaluation committee had arrived at a range of between Kshs.119,850 and Kshs.162,150.

(ii) The County Assembly ended up paying a flat figure of Kshs.176,250 while some suppliers were willing and even quoted a figure less than the flat figure resulting in an overpayment of Kshs.971,665. This is contrary to Section 30(3) where goods with known market prices should be procured at the prevailing market price.

(iii) In one certain instance the winning bidder was not the one who supplied the furniture as analysed below:-

No	Ward Name	Lowest Bidder Name	Kshs.	Contract Awarded to	Kshs.
1	Ngei	Pipenah EA	159,400	Cerdour Enterprises	176,250

It is recommended that:-

(i) Management should ensure that all procurement processes are adhered to,
(ii) The management should ensure that the evaluation (technical and financial) is the basis for awarding of tender,
(iii) The procurement department should ensure that all the prequalified suppliers are the ones who do the supply.

9.0 Non-Attendance of Fully Paid Training Sessions

During the financial year, the County Assembly organised for trainings and seminars in various hotels. It was noted that whenever bookings for a workshop or training was organised MCAs would fail to attend and they would not give an apology for replacement to be made resulted to booking of more officers/MCAs than actual attendance. Information and documents availed indicate that in the financial year under review the Nairobi City County Assembly incurred a cost that could have been saved due to over bookings of Conference facilities. This was as a result of hotels charging for more people than those who actually attended the seminars resulting to over expenditure of Kshs.338,600 as detailed below:-

Workshop Dates	No of workshops	Total No. people booked	No. of people who attended	Difference	Average Charges per person per event Kshs.	Probable loss Kshs.
Various	30	583	471	112	3,023.21	338,600

Management should put strict measures on officers and MCAs who do not attend trainings and strict procedures should be put in place to ensure that such payments are made to genuine sessions for the attending number of participates.

10.0 Domestic and Foreign Travels

10.1 Issuance of Quarter Per Diem to Domestic Travels

The NCCA issued quarter per diems to members of assembly travelling to Mombasa to attend Speakers panel workshop in Mombasa on 20-24 Nov, 2014 totalling to Kshs.62,500 as follows:

Speakers panel workshop In Mombasa on 20th-24th Nov,2014			
			Quarter per diems
Name	Days	Rate (Kshs.)	Total Amount(Kshs.)
Ms Monica Muthami	5	2,500	12,500
Ms Adah Onyango	5	2,500	12,500
Mr.Romeo Castro	5	2,500	12,500
Ms Hellen Mutie	5	2,000	10,000
Mr. Kevin Wasike	5	2,000	10,000
Ms.Louise Kelong	5	1,000	5,000
		Total	**62,500**

In the circumstances, the NCCA contravened the requirements of the code of regulations, as this was not an overseas trip.

The officers and the MCAs should be made to refund the quarter per diem paid for domestic travels and management should ensure that the provisions of the Code of Regulations are adhered to.

10.2 Irregular Per Diem Rates

The County Assembly during the year under review, used different rates from those gazetted by Salaries and Remuneration Commission to issue per diems to members of assembly attending Budget Committee Workshop in Ruiru on 21-23 May, 2015. Speakers Aide & a driver accompanying speaker to Nakuru County on 25-28 June, 2015 were also paid imprest at rates different from those gazzeted as follows:-

Budget Committee Workshop in Ruiru on 21st-23rd May,2015				
Name	No of Days	Rate paid	Gazetted rate	Overpayment
		Kshs	Kshs	Kshs
Mr Erick Otieno	1	14,000.00	8,400.00	5,600.00
Mr Moses Senator	1	14,000.00	8,400.00	5,600.00
Hon. Alfred Ambani	1	16,800.00	10,500.00	6,300.00
Hon. David N Kairu	1	16,800.00	10,500.00	6,300.00
Hon. Petronilla Nafula	1	16,800.00	10,500.00	6,300.00
Hon. Isaac Ngige	1	16,800.00	10,500.00	6,300.00
Hon. Victoria Alali	1	16,800.00	10,500.00	6,300.00
Hon .Herman Azangu	1	16,800.00	10,500.00	6,300.00
				49,000.00
Nakuru per diem on 25-26th June 2015				
Michael Wao Awiti	3	11,200.00	8,400.00	8,400.00
John Moiyare	3	11,200.00	8,400.00	8,400.00
Francis Sarioyo	3	6,300.00	4,900.00	4,200.00
Sammy Mbaluka	3	6,300.00	4,900.00	4,200.00
				25,200.00
			Total	**74,200.00**

The officers and the MCAs contravened the Salaries & Remuneration Commission (S&RC) gazette notice on the amounts of allowances that is payable to public officers on 10 December, 2014.

It is therefore recommended that the excess amounts paid to the MCAs and officers amounting to Kshs.74,200 should be recovered in full from the beneficiaries and officers authorising such allowances should be surcharged for their negligence.

10.3 Unsupported/Partial surrenders of imprest

During the year 2014/2015, the County Assembly issued imprest to staff and members of assembly for both foreign and domestic travels. A total of Kshs.17,368,390.00 was not surrendered or accounted for. There was no documentation to confirm that they attended the events for which the imprest was issued.

Management should ensure that all surrenders have the relevant support documents. This will ensure that the County Assembly gets value for money. In addition, the above payments totalling Kshs.17,368,390.00 should be accounted for and if not, officers responsible should be surcharged for the loss .

11.0 Information Technology Environment

As reported in the previous year, audit verification revealed that the financial operations of the County Assembly were being undertaken by accounting software different from IFMIS as required. This was contrary to Sec.8 (2) of the County Government Public Finance Management Act and Sec. 12 of the Public Finance Management Act, 2012. The County Assembly did not give reasons for the failure to have the system installed.

The IFMIS and G-Pay should be adopted to enhance accountability in the management of County Assembly funds.

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

Nairobi

27 September 2016