

PAPERS LAID	
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COMMITTEE	CPAC
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31/03/2026



31/03/26



THIRTEENTH PARLIAMENT -FIFTH SESSION

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE CONSIDERATION OF THE REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE FOLLOWING COUNTY ASSEMBLIES:

COUNTY ASSEMBLY	FINANCIAL YEAR
Marsabit County Assembly	2024/2025
Wajir County Assembly	2024/2025
Meru County Assembly	2024/2025
Siaya County Assembly	2024/2025
Busia County Assembly	2024/2025
Muranga County Assembly	2024/2025
Baringo County Assembly	2024/2025
Kakamega County Assembly	2024/2025
Makueni County Assembly	2024/2025
Nyeri County Assembly	2024/2025
TanaRiver County Assembly	2024/2025
Nyamira County Assembly	2024/2025
Kericho County Assembly	2024/2025

VOLUME 2

**THE SENATE
PARLIAMENT BUILDINGS
NAIROBI**



DC-ES
Forwarded & recommended for approval for tabling
31/03/2026
MARCH, 2026

THE SENATE

THIRTEENTH PARLIAMENT – FIFTH SESSION

ADOPTION OF THE REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE CONSIDERATION OF THE REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF VARIOUS COUNTY ASSEMBLIES FOR THE FINANCIAL YEAR 2024/2025

Adopted by:

No.	Senator	Designation	Signature
1.	Sen. Moses Otieno Kajwang*, CBS, MP	Chairperson	
2.	Sen. Johnes Mwashushe Mwaruma, MP	Vice-Chairperson	
3.	Sen. Fatuma Adan Dullo, CBS, MP	Member	
4.	Sen. (Dr.) Lelegwe Lumbesi, CBS, MP	Member	
5.	Sen. Okong'o Mogeni, CBS, SC, MP	Member	
6.	Sen. Enoch Kiiro Wambua, CBS, MP	Member	
7.	Sen. Samson Kiprotich Cherarkey, MP	Member	
8.	Sen. Mwenda Gataya Mo Firc, CBS, MP	Member	
9.	Sen. Edwin Watanya Sifuna, CBS, MP	Member	

Date: 30 March 2026 

THE SENATE

THIRTEENTH PARLIAMENT - FIFTH SESSION

ADOPTION OF THE REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE CONSIDERATION OF THE REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF MARSABIT, WAJIR, MERU, SIAYA, BUSIA, MURANGA, BARINGO, KAKAMEGA, MAKUENI, NYERI, TANARIVER, NYAMIRA AND KERICHIO COUNTY ASSEMBLIES FOR THE FINANCIAL YEAR 2024/2025.

Adopted by:

1. Sen. Kajwang' Moses Otieno, CBS, MP – Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice-Chairperson
3. Sen. Adan Dullo Fatuma, CBS, MP – Member
4. Sen. Okong'o Mogeni, CBS, SC, MP – Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP-Member
6. Sen. Enock Kii Wambua, CBS, MP – Member
7. Sen. Cherarkey Samson Kiprotich, MP – Member
8. Sen. Sifuna Edwin Watanya, MP – Member
9. Sen. Mwenda Gataya Mo Fire, MP – Member

Date.....

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ACRONYMS/ABBREVIATIONS

BQs - Bill of Quantities

CALC - County Assets and Liabilities Committee

CARA - County Allocation of Revenue Act

CECM - County Executive Committee Member

CPSB - County Public Service Board

CRF - County Revenue Fund

EACC - Ethics and Anti-Corruption Commission

ECDE - Early Childhood Development Education

EGH - Elder of the Order of the Golden Heart

ICT - Information, Communication Technology

IFMIS - Integrated Financial Management System

IGTRC - Intergovernmental Relations Technical Committee

IPPD - Integrated Payroll and Personnel Database

KRA - Kenya Revenue Authority

KUSP - Kenya Urban Support Project

LPOs - Local Purchase Orders

LSOs - Local Supply Orders

MCAs - Members of County Assembly

MP - Member of Parliament

SHA - Social Health Authority

OAG - Office of the Auditor General

PAYE - Pay-As -You Earn

PFM - Public Finance Management

PAA- Public Audit Act

PPADA- Public Procurement and Assets Disposal Act

PSASB - Public Sector Accounting Standards Board

TNA - Training Needs Assessment

TVET - Technical and Vocational Education Training

DEFINITION OF TERMS

Disclaimer

A disclaimer is when the auditor is unable to fully review an entity's documentation because there is a substantial amount of information that is missing. The absence of information makes it hard and difficult for the Auditor General to make an opinion. In other words, the auditor feels unable to determine whether the situation is qualified or adverse because the paperwork is not adequate. This is a serious lapse in compliance and should be of concern to oversight bodies. A disclaimer indicates that the record keeping is so bad to the extent that the auditor cannot give an opinion.

Adverse Opinion

An adverse opinion is issued when the Auditor General is able to review the entity's documentation supplied for audit purposes and the final audit reveals problems that are widespread and pervasive and will require considerable changes to remedy. Oversight institutions are concerned to recommend remedies to address such anomalies and systems.

Qualified Opinion

This is as a result of the Auditor General finding some problems that are not widespread or persistent with documentation and information supplied. The auditor received all the information required for the audit. However, after review the audit reveals there are some gaps in adherence and compliance to legal procedures.

Unqualified Opinion

This arises when the Auditor General is satisfied with documentation presented for review. It implies that there are no major problems with documentation and information that were presented for assessment and the funds are managed properly.

PREFACE

Mr. Speaker Sir,

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

The County Public Accounts Committee is established by the Senate pursuant to Standing Order No. 193 and is mandated-

- a) Pursuant to Article 96(3) of the Constitution, to exercise oversight over national revenue allocated to the county governments;
- b) Pursuant to Article 229(7) and (8) of the Constitution, to examine the reports of the Auditor-General on the annual accounts of the county governments;
- c) To examine special reports, if any, of the Auditor-General on county government funds;
- d) To exercise oversight over county public accounts.

Committee Membership

Mr. Speaker Sir,

The membership of the Committee comprises of the following Senators-

1. **Sen. Kajwang' Moses Otieno, CBS, MP – Chairperson**
2. **Sen. Johnes Mwashushe Mwaruma, MP - Vice-Chairperson**
3. Sen. Adan Dullo Fatuma, CBS, MP – Member
4. Sen. Okong'o Mogeni, CBS, SC, MP – Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP-Member
6. Sen. Enock Kiio Wambua, CBS, MP – Member
7. Sen. Cherarkey Samson Kiprotich, MP – Member
8. Sen. Sifuna Edwin Watanya, MP – Member
9. Sen. Mwenda Gataya Mo Fire, MP – Member

Committee Secretariat

The secretariat comprises of the following members of staff;

- 1) Mr Njenga Njuguna - Director Governance and Accountability
- 2) Ms. Emmy Chepkwony - H.O.D, Department of Governance and Accountability
- 3) Mr. George Otieno - Principal Clerk Assistant
- 4) Mr. Crispus Tima - Clerk Assistant I
- 5) Mr. Kevin Kibet - Clerk Assistant II
- 6) Mr. David Angwenyi -Clerk Assistant
- 7) Mr. Hussein Salat - Fiscal Analyst II
- 8) Mr. CPA. Kosiha Joash - Chief Fiscal Analyst
- 9) Ms. Keziah Muthama - Fiscal Analyst III
- 10)Mr. Malcom Ngugi - Legal Counsel
- 11)Mr. Osman Hire - Research Officer III
- 12)Ms. Joan Mahinda -Research Officer III
- 13)Ms. Annette Khayela - Research Officer III
- 14)Ms. Charity Charo Kanze - Research Officer III
- 15)Ms. Ndindi Kibathi - Research Officer III
- 16)Mr. Ibrahim Oruko - Media Relations Officer
- 17)Ms. Shirley Milimo - Audio Officer
- 18)Mr. Wycliffe Muwanga - Accountant III
- 19)Mr. Mr. John Chege - Serjeant-at-Arms

EXECUTIVE SUMMARY

Mr. Speaker, Sir,

1. **Mandate and Scope of the Report:** Pursuant to its mandate under Standing Order No. 193, and in exercise of the oversight functions conferred by Articles 96(3) and 229(7) & (8) of the Constitution, the Senate County Public Accounts Committee (CPAC) has examined the Auditor-General's reports on the financial statements of thirteen (13) County Assemblies for the Financial Year 2024/2025. The entities scrutinised include the County Assemblies of Marsabit, Wajir, Meru, Siaya, Busia, Murang'a, Baringo, Kakamega, Makueni, Nyeri, Tana River, Nyamira, and Kericho. This report is Volume 2 of the Committee's findings and recommendations.

2. **Objective and Conduct of the Inquiry:** The primary objective was to investigate audit queries contained in the Auditor-General's reports, with a focus on the lawfulness, effectiveness, efficiency, and transparency of the use of public resources by the County Assemblies. The Committee conducted investigatory sittings from January to March 2026, receiving sworn evidence from the Speakers and Clerks (Accounting Officers) of the respective County Assemblies.

3. **Key Systemic Findings:** The Committee's examination revealed systemic weaknesses in financial management, internal controls, and compliance across the County Assemblies. The most pervasive and serious findings include:
 - a) **Persistent Unresolved Prior Year Matters:** A recurring and deeply concerning trend is the failure of County Assemblies to implement recommendations from prior years' audit reports, directly contravening the accounting officer's duty under Section 81(3) of the Public Finance Management (PFM) Act, 2012. This cyclical non-compliance undermines the entire accountability framework.
 - b) **Non-Compliance with Staffing and Human Resource Laws:** Numerous Assemblies breached legal thresholds, including:

- (i) **Ethnic Diversity:** Violation of Section 7(2) of the National Cohesion and Integration Act, 2008, by having over one-third of staff from a single ethnic community (e.g., Wajir at 97%, Siaya at 93.3%).
 - (ii) **One-Third Salary Rule:** Failure to ensure employees' net pay was not less than one-third of basic salary, as mandated by Section 19(3) of the Employment Act, 2007, exposing staff to financial distress.
 - (iii) **Persons with Disabilities (PWDs):** Failure to meet the 5% employment threshold for PWDs as required by Article 54(2) of the Constitution and Section 13 of the Persons with Disabilities Act, 2003, with some Assemblies having no PWDs at all.
 - (iv) **Staffing Ceilings:** Exceeding the prescribed staffing ceilings set by the Salaries and Remuneration Commission (SRC) and Commission on Revenue Allocation (CRA), leading to unsustainable wage bills that contravene Regulation 25(1)(b) of the PFM (County Governments) Regulations, 2015.
- e) **Irregular and Unauthorised Expenditure:** The Committees identified numerous instances of wasteful and irregular spending, most notably:
- (i) **Payments to Unestablished Bodies:** Persistent and irregular payments of subscriptions to the County Assemblies Forum (CAF) and the Society of Clerks at the Table (SOCATT), which are not anchored in any law, violating the principle under Article 201(d) of the Constitution that public funds shall only be used for authorised purposes.
 - (ii) **Overpayments and Unsupported Claims:** Cases of inflated mileage allowances (e.g., Wajir, Kshs. 52.3 million overpaid) and unsupported expenditures on travel, domestic subsistence, and legal services, lacking proper imprest warrants and documentation as required by Regulation 93 of the PFM Regulations.

- d) **Failure in Asset Management and Project Implementation:** Significant delays, cost overruns, and incomplete projects were prevalent, demonstrating poor value for money.
 - (i) **Delayed Projects:** Construction of Assembly chambers and Speakers' residences experienced delays of several years, with incomplete works and questionable "Completion As Is" certificates, raising concerns of value for money and potential breach of Section 149(1)(b) of the PFM Act.
 - (ii) **Uninsured Assets:** Several Assemblies failed to insure public buildings (e.g., Marsabit, Kshs. 89.8 million), contravening Regulation 132(1)(a) of the PFM Regulations.

- e) **Weak Internal Controls and Governance:** The Committees found that internal audit functions and audit committees were largely ineffective or non-compliant.
 - (i) **Non-Functional Audit Committees:** Some Assemblies failed to hold mandatory quarterly meetings or had improperly constituted committees, undermining oversight as required by Section 155 of the PFM Act.
 - (ii) **Transition to Accrual Accounting:** A majority of the Assemblies had not complied with the requirements of National Treasury Circular No. 03/2025 for transitioning to accrual accounting, lacking the necessary steering committees, project managers, and roadmaps.

2. **Key Recommendations:** In light of these findings, the Committee has made several key recommendations, including:

- (i) **Legal and Policy Reforms:** The Committee recommends that CAF and SOCATT be given a specific timeframe to develop a legal framework to anchor their operations in law, failing which all payments to them should cease.
- (ii) **Strengthening Compliance:** Directs County Assemblies to fully implement automated Human Resource Information Systems (HRIS) to enforce the one-third

ACKNOWLEDGEMENTS

The Committee appreciates the Office of the Auditor General, The National Treasury, the Controller of Budget, The Institute of Certified Public Accountants of Kenya (ICPAK) and the Ethics and Anti-Corruption Commission for the support they offered to the Committee especially in providing references on various issues under consideration.

The Committee wishes to acknowledge the support it received from the Office of the Speaker and the Clerk of the Senate during the consideration of the Auditor-General's Reports for county governments. The Committee further appreciates the cooperation it received from the Governors who appeared before the Committee.

Final appreciation goes to the distinguished and dedicated members of the Committee and the Secretariat who actively participated and facilitated the proceedings of the Committee meetings.

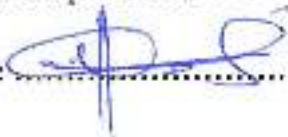
Mr. Speaker Sir,

I wish to confirm that the resolutions of the Committee in this report were unanimous.

Mr. Speaker Sir,

It is therefore my pleasant duty and privilege, on behalf of the County Public Accounts Committee, to table this report and commend it to the House for debate and adoption pursuant to the provisions of the Senate Standing Order 223(6).

SIGNED:



DATE:

31/03/2026

SEN. MOSES OTIENO KAJWANG', CBS, MP

CHAIRPERSON

salary rule and to develop and implement affirmative action plans to comply with the constitutional requirements on ethnic diversity and representation of PWDs.

- (iii) **Enhanced Oversight:** The National Treasury is urged to strictly comply with Section 17(6) of the PFM Act by ensuring timely and predictable release of funds to counties. The Auditor-General is directed to keep all unresolved matters under review in subsequent audit cycles.

3. Conclusion and Prayer: Mr. Speaker, Sir, the findings in this report paint a concerning picture of widespread non-compliance, weak financial discipline, and a persistent disregard for audit recommendations by some County Assemblies. This undermines the constitutional principle of accountability in the use of public resources. The Committee has unanimously adopted the findings and recommendations contained in this report.

Mr. Speaker, Sir, I humbly request that this Report of the Senate County Public Accounts Committee on the Consideration of the Reports of the Auditor-General on the Financial Statements of the thirteen (13) County Assemblies for the Financial Year 2024/2025 be now debated and adopted by this Honourable Senate.

SIGNED:

DATE:

SEN. MOSES OTIENO KAJWANG', CBS, MP

CHAIRPERSON, SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE

GENERAL OBSERVATIONS AND RECOMMENDATIONS

Mr. Speaker Sir,

The Committee, having considered the Auditor-General's reports on the financial statements of the thirteen (13) County Assemblies for the financial year 2024/2025, makes the following general observations based on the recurring issues identified across all entities:

- 1. Systemic Non-Compliance with Ethnic and Disability Inclusion Laws:-** The Committee observes a widespread and persistent failure by County Assemblies to comply with Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 and Article 232(1)(h) of the Constitution. In almost all the entities reviewed, over 90% of the staff are drawn from the dominant ethnic community in the respective county. Further, there is a consistent failure to meet the statutory 5% employment threshold for Persons with Disabilities (PWDs) as required by Section 13 of the Persons with Disabilities Act, 2003 and Article 54(2) of the Constitution. This demonstrates a systemic lack of affirmative action and inclusivity in public service recruitment.
- 2. Recurring Breaches of the One-Third Basic Salary Rule:-** The Committee is concerned that in nearly every County Assembly reviewed, several employees received net salaries below one-third of their basic pay, contravening Section 19(3) of the Employment Act, 2007. While management often cites the introduction of new statutory deductions (Housing Levy, SHIF) as the cause, the Committee observes this as a failure of internal controls, particularly the lack of automated payroll systems (HRIS/IPPD) configured to prevent such illegal deductions.
- 3. Irregular and Unauthorized Expenditure on Non-Mandatory Bodies (CAF & SOCATT):-** The Committee notes with concern that a significant number of County Assemblies continue to make annual subscriptions (ranging from Kshs. 500,000 to Kshs. 2.75 million) to the County Assemblies Forum (CAF) and the Society of Clerks at the Table (SOCATT). These bodies are not established by any Act of Parliament

or the Constitution. This practice constitutes irregular and unlawful expenditure, violating Section 149(1)(a) of the Public Finance Management (PFM) Act, 2012 and the constitutional principle that public funds shall only be used for authorized purposes (Article 201(d)).

4. **Persistent Failure to Resolve Prior Year Audit Matters:** - A recurring and deeply troubling observation is the failure by accounting officers to implement recommendations from previous years' audit reports. Issues such as unsupported legal fees, lack of asset registers, non-compliance with staffing ceilings, and unresolved pending bills remain on the audit queries year after year. This demonstrates a disregard for Section 53 of the Public Audit Act, 2015 and undermines the oversight function of Parliament.
5. **Weak Internal Controls, Risk Management, and Governance:**- The Committee observes systemic weaknesses in internal controls across County Assemblies, including:
 - (a) Non-functional or non-existent Audit Committees.
 - (b) Lack of approved Risk Management Policies, ICT Policies, and Disaster Recovery Plans.
 - (c) Unapproved appointments of Heads of Internal Audit.
 - (d) Failure to insure public assets (e.g., buildings) against risks.These weaknesses violate Regulation 158 of the PFM (County Governments) Regulations, 2015 and expose public resources to wastage and misappropriation.
6. **Delayed Exchequer Releases and Their Impact on Operations:**- A common external factor affecting all County Assemblies is the late disbursement of funds by the National Treasury, contrary to **Section 17(6) of the PFM Act, 2012**. This has led to budget underfunding, under-utilization of development funds, and the accumulation of pending bills, thereby negatively affecting service delivery and cash flow.
7. **Poor Transition to Accrual Accounting:** - The majority of County Assemblies have failed to comply with the transition framework from cash to accrual accounting as

mandated by **National Treasury Circular No. 03/2025**. Specific failures include the lack of supplier circularization for pending bills, non-disclosure of prior year balances, failure to form transition committees, and incorrect application of depreciation policies.

- 8. Mismanagement of Imprests and Travel Expenses:-** The Committee notes pervasive weaknesses in the management of travel and imprests, including the payment of per diems without imprest warrants, failure to surrender imprests on time, and lack of supporting documentation (work tickets, attendance registers). This contravenes **Regulation 93 of the PFM (County Governments) Regulations, 2015** and creates opportunities for fraud.

GENERAL RECOMMENDATIONS

Mr. Speaker Sir,

Based on the foregoing observations, the Committee makes the following general recommendations applicable to all County Assemblies and relevant state agencies:

1. Ethnic Diversity and Inclusion for PWDs:

- (i) The County Assembly Service Boards (CASBs)** must strictly adhere to **Section 65(1)(c) of the County Governments Act** by ensuring that at least thirty percent (30%) of entry-level vacant posts are filled by candidates from non-dominant ethnic communities
- (ii) County Assembly Service Boards (CASBs)** must develop affirmative action plans to achieve the 5% statutory employment quota for Persons with Disabilities (PWDs) within the next two recruitment cycles
- (iii) Urge, the Standing Committee on National Cohesion, Equal Opportunity and Regional Integration** to undertake a legislative impact assessment on the application of **Section 7(2) of the National Cohesion and Integration Act** to determine its practicality at the county level.

2. The One-Third Basic Salary Rule:

- (i) County Assembly Service Boards (CASBs) and County Treasuries to fully implement a Human Resources Information System (HRIS) configured with automated controls to lock out any loan commitments or deductions that would reduce an employee's net pay below two-thirds of their basic salary.
- (ii) The Public Service Commission reviews Section C(3) of the Human Resource Policies and Procedures Manual and propose mechanisms to ensure compliance with Section 19(3) of the Employment Act, 2007.

3. Payments to CAF, SOCATT, and Other Non-Mandatory Bodies:

- (i) All irregular payments to CAF and SOCATT are hereby-stopped immediately.
- (ii) The Senate recommends that CAF and SOCATT, within 90 days of the adoption of this Report, engage the relevant legislative bodies to develop a legal framework to anchor their operations in law.

4. Unresolved Prior Year Matters:

- (i) Accounting Officers must comply with Section 53 of the Public Audit Act, 2015 by taking concrete steps to implement all outstanding Senate recommendations from prior years
- (ii) The Auditor-General is directed to explicitly list any unresolved prior-year audit paragraphs in the subsequent financial year's report to ensure continued oversight.

5. On Strengthening Internal Controls and Governance:

- (i) CASBs shall ensure the immediate constitution and operationalization of Audit Committees, with meetings held at least once per quarter as required by PSASB guidelines
- (ii) Accounting Officers develops and tables approved Risk Management Policies, ICT Policies, and Disaster Recovery Plans within 90 days

- (iii) All County Assembly buildings and assets must be insured against risks as required by Regulation 132(1)(a) of the PFM (County Governments) Regulations, 2015.

6. On Late Exchequer Releases: The National Treasury must strictly comply with Section 17(6) of the PFM Act, 2012 and Article 219 of the Constitution by ensuring timely, predictable, and quarterly disbursements as approved by the Senate.

7. On Transition to Accrual Accounting:

- (i) All Accounting Officers shall fully operationalize Cash-to-Accrual Transition Committees and Project Managers within 90 days and submit a detailed roadmap to the Senate and the Auditor-General.
- (ii) The National Treasury is encouraged to amend Regulation 97 of the PFM (County Governments) Regulations, 2015 to align with IPSAS accrual standards regarding revenue recognition.

8. On Imprest and Travel Management:

- (i) Accounting Officers shall enforce strict compliance with Regulation 93 of the PFM (County Governments) Regulations, 2015, ensuring that all travel is supported by imprest warrants, work tickets, and activity reports.
- (ii) All outstanding imprests must be recovered with interest at the prevailing Central Bank Rate, and administrative action taken against officers who fail to account for public funds.

In addition, the Committee further recommends—

1. **THAT**, the following County Assemblies which appeared before the Committee namely, Baringo, Wajir, Marsabit, Kakamega, Kericho, Murang'a, Makueni, and Busia, appear before the Committee within ninety (90) days of adoption of this report to report on the implementation status of the Committee's recommendations.

2. **THAT**, the following County Assemblies which submitted their written responses namely, Meru, Siaya, Nyamira, Nyeri, and Tana River, appear before the Committee and present a written report on the steps they have taken to address the issues raised in the Auditor-General's reports to the Senate and the Office of the Auditor-General within ninety (90) days of the adoption of this report.

3. **THAT**, the following County Assemblies which received unqualified audit opinions namely, Mombasa, Kwale, Taita Taveta, Embu, Machakos, Kitui, Kajiado, and Trans Nzoia, appear before the Committee and present a written report on the steps they have taken to address the issues raised in the Auditor-General's reports to the Senate and the Office of the Auditor-General within ninety (90) days of the adoption of this report.

4. **THAT**, the following County Assemblies which received qualified audit namely, Kilifi, Lamu, Garissa, Mandera, Isiolo, Samburu, Laikipia, Tharaka Nithi, Nyandarua, Kirinyaga, Nakuru, Narok, Bomet, Kisii, Homa Bay, Migori, Vihiga, Bungoma, Busia, Turkana, West Pokot, Nairobi, Nandi, Uasin Gishu, and Elgeyo Marakwet, appears before the Committee and presents a written report on the steps they have taken to address the issues raised in the Auditor-General's reports to the Senate and the Office of the Auditor-General within sixty (60) days of the adoption of this report.

Mr. Speaker Sir, I commend these General Observations and Recommendations to the House for consideration and adoption.

INTRODUCTION

LEGAL FRAMEWORK

Article 174 of the Constitution sets out the objects of devolution and gives power to the people for self-governance through participation of the people in the exercise of decisions affecting them and managing their own affairs and development. Key to this feature is ensuring equitable sharing of resources.

Article 201 of the Constitution outlines the principles of public finance management to be observed at both levels of government. These include openness, accountability, public participation, prudent and responsible financial management.

Office of the Auditor-General

The Office of the Auditor-General is established under Article 229 of the Constitution. Pursuant to Article 229(4) the Auditor General audits and reports in respect of each financial year the accounts of all county governments. The reports are then submitted to Parliament in accordance with Article 229(7). The reports, once tabled, stand committed to the County Public Accounts Committee for consideration.

Sittings of the Committee

The Committee held meetings with the County Government entities from the Month of January 2026 where it considered the reports of the Auditor-General for various county entities.

The sittings were primarily investigatory and the Committee received evidence from the Governors as the Chief Executive Officers of the County pursuant to Article 179 (4) of the Constitution.

Issues for Determination

The main issues for investigation and determination were the various audit queries contained in the report of the Auditor-General on the financial operations of the various counties for the financial year 2024/2025

Guiding Principles

The main issues for investigation and determination were the various audit queries contained in the report of the Auditor-General on the financial operations of the various counties for the financial year 2024/2025. This report is issued pursuant to the requirements of Articles 96 (3) and 229(8) of the Constitution of Kenya. Where any breach of law has an attendant remedy, consequence or penalty in law, recommendations of this report do not preclude any liability that may arise as a result of any legal action within the breach of the prescribed law.

ACKNOWLEDGEMENTS

The Committee appreciates the support offered by the Office of the Auditor General, the National Treasury, the Controller of Budget, the Institute of Certified Public Accountants of Kenya (ICPAK) and the Ethics and Anti-Corruption Commission, especially in providing references on various issues under consideration.

The Committee wishes to acknowledge the support it received from the Office of the Speaker and the Clerk of the Senate during the consideration of the Auditor-General’s Reports for county assemblies. The Committee further appreciates the cooperation it received from the Speakers and Clerks who appeared before the Committee.

Final appreciation goes to the distinguished and dedicated members of the Committee and the Secretariat who actively participated and facilitated the proceedings of the Committee meetings.

Mr. Speaker Sir,

I wish to confirm that the resolutions of the Committee in this report were unanimous.

Mr. Speaker Sir,

It is therefore my pleasant duty and privilege, on behalf of the County Public Accounts Committee, to table this report and commend it to the House for debate and adoption pursuant to the provisions of the Senate Standing Order 223(6).

SIGNED:

DATE:

SEN. MOSES OTIENO KAJWANG’, CBS, MP

CHAIRPERSON

CHAPTER ONE

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF MARSABIT COUNTY ASSEMBLY FOR FINANCIAL YEAR 2024/2025

The Speaker of Marsabit County Assembly, Hon, Eduri Wario and the Clerk Mr. Chare Mato appeared before the Committee on Thursday, 12th March, 2026 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Marsabit County Assembly for the Financial Year 2024/2025.

Basis for Qualified Opinion

1.0 Unsupported Trade and Other Payables

The statement of financial position and Note 32 to the financial statements reflects trade and other payables balance of Kshs. 216,803,829 as at 30 June, 2025 and a reported opening balance of Kshs. 431,767,745. However, the County Assembly did not undertake the mandatory supplier circularization and reconciliation exercise as guided under Paragraph 2.3.1 of The National Treasury and Economic Planning Circular No. 03/2025 of 14 April, 2025, which provides guidelines on transition from cash to accrual accounting. Supplier confirmations, reconciliations, and supporting documentation were not provided for audit verification.

In the circumstances, the accuracy, completeness and validity of the opening trade and other payables balance of Kshs. 431,767,745 could not be confirmed.

Management Response

The Management explained that the opening balance of Kshs. 431,767,745 for the Marsabit County Assembly related to total pending bills and balances carried forward from the

2023/2024 financial year, which formed the first charge in the budget for the subsequent 2024/2025 financial year.

Management further stated that the accounts payable balance of Kshs. 216,803,829 reported as at 30 June 2025 comprised Kshs. 168,248,710 relating to development pending bills, Kshs. 21,375,906 relating to retention monies held in deposit accounts, and Kshs. 27,179,213 relating to recurrent pending bills associated with employee benefits. They indicated that the breakdown and payment status of the pending bills reported at the end of the 2024/2025 financial year had been provided in the attached template.

Additionally, Management noted that the Assembly had consistently adhered to the guidelines and templates prepared by the Office of the Controller of Budget and the Public Sector Accounting Standards Board regarding the reporting and tracking of pending bills. However, they stated that the Assembly would endeavour to comply with the new requirements under National Treasury Circular No. 03/2025, which requires the circularization of suppliers at the beginning of every reporting period.

Management also indicated that key supporting documents, including pending bill schedules showing the status of payments and relevant bank statements, were provided for review to confirm the accuracy, completeness, and validity of the trade and other payables balance of Kshs. 216,803,829 reported as at 30 June 2025.

Committee Observations

The Committee observed that;

1. The County Assembly failed to comply with Paragraph 2.3.1 of the National Treasury and Economic Planning Circular No. 03/2025 dated 14 April 2025, which requires entities transitioning from cash to accrual accounting to undertake supplier circularization and reconciliation of pending bills at the beginning of each reporting period.
2. The Management did not provide supplier confirmations, reconciliations, or

supporting documentation to verify the opening trade and other payables balance of Kshs. 431,767,745, thereby limiting audit assurance and contravening section 149(1)(a) of the Public Finance Management Act, 2012 which requires accounting officers to ensure resources are used in a lawful and authorized manner.

3. The County Assembly continued to rely on outdated reporting templates from the Controller of Budget and PSASB despite the mandatory requirements issued by the National Treasury in April 2025, demonstrating non-compliance with the transition framework established under the Cabinet-approved transition to accrual accounting gazetted vide Gazette Notice Number 11033 of 30th August 2024.

Committee Recommendations

The Committee recommends that;

- 1. The Clerk of the County Assembly undertakes a comprehensive supplier circularization and reconciliation exercise for all pending bills and trade payables in compliance with Paragraph 2.3.1 of the National Treasury and Economic Planning Circular No. 03/2025 dated 14 April 2025, and submit the reconciliation report to the Senate and Auditor-General within 90 days of adoption of this Report.**
- 2. The County Assembly Service Board (CASB) fully complies with the reporting requirements issued under National Treasury Circular No. 03/2025 and ensures that all future financial statements incorporate the prescribed supplier confirmation and reconciliation processes required for the transition from cash to accrual accounting, as mandated by section 81(3) of the Public Finance Management Act, 2012.**
- 3. The Clerk of the County Assembly takes administrative action against the responsible officer(s) who failed to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act, and**

provides a status report to the Senate and Auditor General within 90 days from the adoption of this report.

- 4. The Clerk of the County Assembly submits to the Senate a comprehensive status report detailing the verification, settlement plan, and aging analysis of the development and recurrent pending bills, including the Kshs. 168,248,710 development-related obligations, within 90 days of adoption of this Report.**

Emphasis of Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs. 282,483,146 and Kshs. 1,110,860,951 respectively, resulting to an under-funding of Kshs. 171,622,195, or 13% of the budget. Similarly, the County Assembly spent a balance of Kshs. 109,568,958 against actual receipts of Kshs. 1,110,860,951, resulting to an under- utilization of Kshs. 1,291,993.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

Management explained that the budget underfunding of Kshs. 171,622,195 arose from delayed exchequer disbursements and incomplete projects that were ongoing at the close of the financial year. It was reported that an amount of Kshs. 28,226,381.10 related to delayed exchequer disbursements, while the remaining balance pertained to ongoing projects for which contractors were only paid amounts equivalent to certified completed works.

Management further indicated that the under-utilization of Kshs. 1,291,993 represented funds that were returned to the County Revenue Fund.

Committee Observations

The Committee observed that:

1. The County Assembly experienced material under-funding of Kshs. 171,622,195 (13%) against the final receipts budget of Kshs. 1,282,483,146, adversely affecting the Assembly's ability to implement planned programs and deliver essential services, contrary to Article 201(d) of the Constitution which requires public money to be used in a prudent and responsible way.
2. Of the total shortfall, Kshs. 28,226,381 was attributable to delayed exchequer disbursements from the National Treasury, which hindered timely budget absorption and project implementation, violating section 17(6) of the Public Finance Management Act, 2012 which mandates disbursement not later than the fifteenth day from the commencement of each quarter.

Committee Recommendations

The Committee recommends that:

1. **The National Treasury strictly complies with its constitutional and statutory mandate by ensuring timely and predictable release of funds to county governments in line with the cash disbursement schedules approved by the Senate, as required under Article 219 of the Constitution and section 17(7) of the Public Finance Management Act, 2012.**

2.0 Late Exchequer Releases

The statement of financial performance and Note 6 to the financial statements reflects transfers from the County Revenue Fund (CRF) balance of Kshs. 1,110,860,951. However, the amount includes disbursements totaling to Kshs. 154,789,795 which were received after 30 June, 2025. This is contrary to Section 17(6) of the Public Finance Management Act, 2012 which states that The National Treasury shall, at the beginning of every quarter.

and in any event not later than the fifteenth day from the commencement of the quarter, disburse monies to County Governments.

In the circumstances, the lack of disbursement affected the County Assembly's operations and negatively impacted on its cash flow.

Management Response

Management concurred with the observation of the Office of the Auditor General that delayed or lack of exchequer disbursements negatively affects the cash flows of the County Assembly. Management further reported that efforts had been made, including through the Council of Governors, to advocate for the timely release of funds to counties in order to support optimal operations.

Committee Observations

The Committee observed that the County Assembly received Kshs. 154,789,795 after the close of the financial year on 30 June 2025, contrary to the requirements of Section 17(6) of the Public Finance Management Act, 2012, which mandates timely quarterly disbursements. The delayed release of funds adversely affected the Assembly's cash flow, disrupted planned operations, and contributed to the accumulation of pending bills.

Committee Recommendations

The Committee recommends that:

- 1. The National Treasury strictly complies with its constitutional and statutory mandate by ensuring timely and predictable release of funds to county governments in line with the cash disbursement schedules approved by the Senate, pursuant to Article 219 of the Constitution and section 17(6) of the Public Finance Management Act, 2012.**
- 2. The County Executive puts in place measures to enhance its own-generated revenue in order to meet its revenue target and address revenue shortfalls, as**

authorized under Article 209(3) of the Constitution, and submits a revenue enhancement plan to the Senate within 90 days.

3. The County Assembly exercises its powers as outlined in Article 201 of the Constitution to ensure budgets are realistic and espouse people's aspirations through effective public participation as required under Article 196 of the Constitution.

OTHER MATTER

1.0 UNRESOLVED PRIOR YEAR'S MATTERS

In the prior year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly in the year 2024/2025 revealed that the following matters remained unresolved;

S/No	Financial Year	Audit Issue	Management Response
1	2023/2024	Non-Compliance with the One-Third of Basic Salary Rule	One-complied
2	2023/2024	Wasteful Expenditure Report Writing on Projects Inspection in Isiolo	Expenditure budgeted for and duly approved by County Assembly Service Board.
3	2023/2024	Delayed Completion of the Construction of Chambers	Chamber completed, equipped and ready for use.

			Works for offices section on-going but nearing completion.
4	2023/2024	Nugatory Expenditure to Society of Clerks at the Table and County Assembly Forum	Not complied. Marsabit County Assembly stand guided on this matter.
5	2023/2024	Irregular Payment of Rental Allowance to the Speaker	Speaker' house completed, furnished and ready for use. Payment of rental allowance will cease from the month of March 2026
6	2023/2024	Staff Payment Outside Integrated Payroll and Personnel Database (IPPD)	complied
7	2023/2024	Lack of Risk Management Policy and Disaster Recovery Plan	complied
8	2023/2024	Lack of ICT Strategic Plan and ICT Steering Committee	complied

Committee Observations

The Committee observed that several issues raised in the prior year's audit report remained unresolved during the 2024/2025 financial year. Despite management reporting partial compliance on some items, key concerns, including non-compliance with the one-third salary rule, wasteful expenditure, and nugatory payments, were not fully addressed, contrary to section 81(3) of the Public Finance Management Act, 2012 which requires accounting officers to resolve issues arising from audit.

Committee Recommendations

The Committee recommends that;

1. The County Assembly Service Board (CASB) implements the Senate recommendations in the Auditor General's report for the Financial Year 2023/2024 adopted by the Senate, as required under Article 229(8) of the Constitution.
2. The County Assembly Service Board (CASB) complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 90 days of the adoption of this report.
3. The County Assembly Service Board (CASB) engages with the Office of the Auditor-General to address and resolve any outstanding matters, and the Auditor-General lists any unresolved audit paragraphs in the report of the subsequent financial year as required under International Standards of Supreme Audit Institutions (ISSAI).

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

1.0 Compensation of Employees

The statement of financial performance and Note 9 to the financial statements reflect compensation of employees' balance of Kshs. 300,887,343. Review of the payroll records provided revealed the following anomalies;

1.1 Non-Compliance with the One-Third of Basic Salary Rule

During the year under review, five (5) employees earned net salaries of less than one-third (1/3) of their basic pay. This was contrary to Section 19(3) of the Employment Act, 2007

which states that the total amount of deduction of the wages of an employee shall not exceed two-thirds (2/3) of such wages.

In the circumstances, Management was in breach of the law.

Management Response

Management explained that compliance with the one-third rule on salaries is monitored monthly during payroll processing and that employees commit their salaries based on their disposable income at a given time. Management attributed the breach to the introduction of new statutory deductions, including the Housing Levy and the Social Health Insurance Fund, which affected a number of employees.

Management further indicated that the County Assembly advised affected employees to reorganize their voluntary commitments and consider extending loan repayment periods to restore compliance. To enforce adherence, the Assembly issued notices to affected staff and members cautioning them on breaches of the one-third rule and warning of possible administrative action if non-compliance persisted were provided.

Additionally, Management stated that, as at the time of the response, the affected staff had complied with the one-third rule.

Committee Observations

The Committee observed that five (5) employees earned net salaries below one-third of their basic pay, in contravention of Section 19(3) of the Employment Act, 2007 which provides that the total amount of deduction of the wages of an employee shall not exceed two-thirds of such wages. Management's claim of compliance was not supported by evidence, and the current status of the affected employees remains unverified.

Committee Recommendations

The Committee recommends that;

1. **The County Public Service Board (CASB), in coordination with the County Treasury, fully implement the Human Resources Information System (HRIS) to automatically lock out any loan commitments that would cause an employee's net pay to fall below the legal threshold, as required by sound internal control systems under Regulation 155 of the PFM (County Governments) Regulations, 2015.**
2. **The Public Service Commission, in coordination with County Public Service Boards (CASB), review Section C (3) of the Human Resource Policies and Procedures Manual and propose mechanisms to ensure compliance, reporting their findings to the Senate within 90 days.**

1.2 Lack of Staff Ethnic Diversity

The County Assembly had a total number of staff of two hundred and thirty-two (232), out of whom one hundred and ninety-two (192), or 83% members of staff were from the dominant ethnic communities in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which stipulates that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff, and that no public establishment shall have more than one third of its staff from the same ethnic community.

In the circumstances, Management was in breach of the law.

Management Response

County Assembly of Marsabit usually seek to embrace diversity and inclusion in all its undertakings. In the reviewed establishment consisting of 232 employees, 98 are partisan staff whose employment are Ward Based and cannot be dictated to the Members of County Assembly. However, the Board has in its wisdom advised on the public service values to the extent that it is practical for the cadre of staff.

Nevertheless, the regular staff distribution by ethnicity is satisfactory as far as lawful provisions are concerned. Section 7(2) of the National Cohesion and Integration Act, 2008 provides that “No public establishment shall have more than one third of its staff from the same ethnic community”. Out of the 232 employees, one ethnic community should account for more than 77 for non-compliance to be deemed. In the County Assembly establishment, no ethnic community is represented by more than seventy-seven proportion as tabulated below.

Ethnicity	Partisan	Regular	Grand Total	Perc-All	Perc-REG	Perc-Partisan
Boran	28	31	59	25.43%	23.13%	28.57%
Burji	4	18	22	9.48%	13.43%	4.08%
Dasnach-Shangil	3	1	4	1.72%	0.75%	3.06%
Ethnicity	Partisan	Regular	Grand Total	Perc-All	Perc-REG	Perc-Partisan
Elmolo	2	1	3	1.29%	0.75%	2.04%
Gabra	30	32	62	26.72%	23.88%	30.61%
Gureeh	2	4	6	2.59%	2.99%	2.04%
Kenya Arah		1	1	0.43%	0.75%	0.00%
Luhya		1	1	0.43%	0.75%	0.00%
Luo		1	1	0.43%	0.75%	0.00%
Meru	1	0	1	0.43%	0.00%	1.02%
Miji Kenda		1	1	0.43%	0.75%	0.00%
Other Kenyan	1	5	6	2.59%	3.73%	1.02%

Elmolo	2	1	3	1.29%	0.75%	2.04%
Gabra	30	32	62	26.72%	23.88%	30.61%
Gureeh	2	4	6	2.59%	2.99%	2.04%
Kenya Arab		1	1	0.43%	0.75%	0.00%
Luhya		1	1	0.43%	0.75%	0.00%
Luo		1	1	0.43%	0.75%	0.00%
Meru	1	0	1	0.43%	0.00%	1.02%
Miji Kenda		1	1	0.43%	0.75%	0.00%
Other Kenyan	1	5	6	2.59%	3.73%	1.02%
Rendille	20	30	50	21.55%	22.39%	20.41%
Sakuye	1	1	2	0.86%	0.75%	1.02%
Samburu	3	1	4	1.72%	0.75%	3.06%
Somoli-So-State	1	3	4	1.72%	2.24%	1.02%
Turkana	2	3	5	2.16%	2.24%	2.04%
Grand Total	98	134	232	100.00%	100.00%	100.00%

Rendille	20	30	50	21.55%	22.39%	20.41%
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Source: HRIS May 2025

Committee Observations

The Auditor-General informed the Committee that the issue of staff ethnic diversity was satisfactorily addressed, as no single ethnic community exceeds one-third of the total staff in compliance with Section 7(2) of the National Cohesion and Integration Act, 2008.

Committee Recommendations

The Committee recommends that the matter be marked as resolved and that the County Assembly sustains compliance with Section 7(2) of the National Cohesion and Integration Act, 2008, while continuing to promote ethnic diversity in its recruitment processes to ensure equitable representation.

1.3 Salaries Paid Outside Integrated Payroll and Personnel Database System

The County Assembly paid an amount of Kshs. 3,545,821 as salaries to staff members outside the Integrated Payroll and Personnel Database (IPPD) system. Approximately one hundred and eighteen (118) temporary employees in the County Assembly were being paid outside IPPD payroll system. This was contrary to Section 1.5.1 of The National Treasury Financial Accounting Recording and Reporting Manual which requires salaries, allowances or arrears of County Government employees to be processed through Integrated Payroll and Personnel Database (IPPD).

In the circumstances, Management was in breach of the law.

Management Response

Management confirmed that between July 2024 and December 2024, staff attached to ward offices were not included in the IPPD personnel database due to lack of requisite employee personal numbers. However, Management indicated that the Assembly ensured the staff were placed on payroll and have since been captured in the Human Resource Integrated System (HRIS).

Management further stated that from January 2025 to June 2025, all staff and Members of the County Assembly of Marsabit were fully captured in the HRIS.

Committee Observations

The Auditor-General informed the Committee that the issue of salaries paid outside the Integrated Payroll and Personnel Database (IPPD) system was satisfactorily addressed, as all staff and Members of the County Assembly were fully captured in the Human Resource Integrated System (HRIS).

Committee Recommendations

The Committee recommends that the matter be marked as resolved, and the County Assembly ensures that all future salary payments are processed through approved payroll systems in compliance with the National Treasury Financial Accounting Recording and Reporting Manual.

2.0 Nugatory Expenditure to Society of Clerks at the Table (SOCATT) and County Assembly Forum (CAF)

The statement of financial performance and Note 13 to the financial statements reflects other grants and subsidies balance of Kshs. 2,750,000, representing the annual subscriptions of Kshs. 750,000 made to Society of Clerks at the Table (SOCATT) and Kshs. 2,000,000 made to the County Assemblies Forum (CAF). However, the SOCATT and CAF does not draw their mandate from the Constitution of Kenya or an Act of Parliament and payments to these organizations were not based on any law. This was contrary to Section 162 of the Public Finance Management Act, 2012 which requires a public officer to ensure that resources within the officer's area of responsibility are used in a way that is lawful and authorized, effective, efficient, economical and transparent.

In the circumstances, Management was in breach of the law.

Management Response

Management explained that the County Assemblies Forum (CAF), registered under the Societies Act Cap 108 (Registration No. 42066), facilitates networking, coordination of

inter-governmental relations, strengthening of legislative processes in counties, oversight capacity building, and engagement with the national government and stakeholders.

Management further stated that the Society of Clerks at the Table (SOCATT), registered under the Societies Act Cap 108 (Registration No. 45386), supports the welfare of clerks of legislative assemblies and promotes harmonisation of county assembly operations and capacity development for Members and staff. The benefits cited include budget negotiations, staff capacity building, and development of model manuals such as human resource, committee, and procedure and practice manuals. Supporting documents, including certificates of registration and PIN certificates for both CAF and SOCATT, were provided.

Committee Observations

The Committee observed that the payment of Kshs. 2,750,000 to SOCATT and CAF was not anchored on any law, as the two entities do not derive their mandate from the Constitution or an Act of Parliament, contrary to Section 162 of the Public Finance Management Act, 2012, which requires a public officer to ensure that resources within the officer's area of responsibility are used in a way that is lawful and authorized.

Committee Recommendations

The Committee recommends that

- 1. The irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped immediately until a legislative framework is developed.**
- 2. The County Assembly Service Board (CASB) complies with the principle that public funds shall only be expended for purposes authorized by law, as enshrined in Article 201(d) of the Constitution and section 149(1) of the Public Finance Management Act, 2012.**
- 3. The Committee noted that, in its view, CAF and SOCATT play a key role in**

advancing and articulating the collective interests of Speakers and Clerks of County Assemblies, including promoting collaboration, sharing best practices, and strengthening institutional capacity. However, the Committee further observed that the two bodies are not legally recognized entities under the current legal framework and recommended the two bodies to come up with a legal framework and engage the Senate within 30 days after adoption of this report.

3.0 FAILURE TO INSURE ASSEMBLY BUILDINGS

The statement of financial position and Note 26 to the financial statements reflects property, plant and equipment balance of Kshs. 622,657,341 which include Kshs. 89,808,024 in respect of buildings. However, the County Assembly had not insured its buildings against potential risks or losses, contrary to Regulations 132(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that the accounting officer of a County Government entity shall take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse.

In the circumstances, Management was in breach of the law.

Management Response

Management stated that the County Assembly of Marsabit is committed to ensuring the security of its assets. Management indicated that, in order to comply with relevant regulations, it will mobilize the necessary resources through budgetary allocation and initiate the process of insuring the County Assembly's buildings.

Committee Observations

The Committee observed that the County Assembly had not insured its buildings with a carrying value of Kshs. 89,808,024, contrary to Regulation 132(1)(a) of the Public Finance Management (County Governments) Regulations, 2015, which requires the accounting officer of a County Government entity to take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse.

Committee Recommendations

The Committee recommends that;

- 1. The Clerk of the County Assembly immediately initiates the procurement process to ensure comprehensive insurance cover for all County Assembly buildings valued at Kshs. 89,808,024, in compliance with Regulation 132(1)(a) of the Public Finance Management (County Governments) Regulations, 2015, and submits a progress report to the Senate and Auditor-General within 90 days of adoption of this report.**
- 2. The County Assembly Service Board (CASB) establishes and operationalizes a functional Risk Management Framework to ensure continuous identification, assessment, and mitigation of risks to public assets, as required under Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015.**
- 3. The Auditor-General to keep the matter under review in subsequent audit cycles to confirm full compliance.**

4.0 Adoption of the Reports of the Auditor-General

The annual report and financial statements on Public Accounts/Investments Committee under Governance Statement indicated that the Committee held forty-seven (47) meetings in the year. However, no evidence was provided to demonstrate that the Committee guided

the Assembly in considering and adopting the reports of the Auditor- General, as the committee's reports were not provided for audit review.

In the circumstances, oversight of the operations of the County Executive and other semi-autonomous entities within the County Government could not be confirmed.

Management Response

Management stated that the Public Accounts/Investments Committee also serves as the sectoral committee for Water and Environment, as well as Education, Youth and Sports. Management further indicated that, in its Public Accounts oversight role, the Committee considered three reports from the Office of the Auditor-General, two of which were adopted by the House, while the third was not completed as it was overtaken by events following its consideration and adoption by the Senate.

Management also noted that two adopted Public Accounts/Investments Committee reports of the Marsabit County Assembly were provided.

Committee Observations

The Auditor-General informed the Committee that the matter was satisfactorily addressed, as the County Assembly provided evidence of two Public Accounts/Investments Committee reports adopted during the year under review for audit verification.

Committee Recommendations

The Committee recommends that the matter be marked as resolved and that the County Assembly ensures timely consideration and adoption of all future Auditor-General's reports in accordance with Article 229(8) of the Constitution of Kenya.

5.0 Delayed Completion of Capital Projects

5.1 County Assembly Chambers

The statement of financial position and Note 26 to the financial statements reflect property, plant and equipment balance of Kshs. 622,657,341, which includes Kshs. 527,711,317 in respect of work-in-progress. The work-in-progress comprise Kshs. 20,028,611 being certificate number 13 paid to a local contractor for the construction of the Marsabit County Assembly chambers. Audit review established that the County Assembly awarded the contract at a sum of Kshs. 344,205,660 for a period of seventy

(70) weeks, with an expected completion date of 28 August, 2019. However, examination of project records and a physical inspection conducted in June 2025 revealed that the project had taken approximately three hundred and sixty-six (366) weeks, a delay of about two hundred and ninety-six (296) weeks, and was still incomplete as at the time of the audit.

Further, no evidence was provided to confirm approval for the extension of the project duration beyond the original completion date. This was contrary to Section 149(1)(a) and(b) of the Public Finance Management Act, 2012, which requires accounting officers to ensure that public resources are used in a lawful, authorized, effective, efficient, economical, and transparent manner.

In the circumstances, value for money in the construction of the County Assembly Chambers could not be confirmed.

Management Response

Management explained that the construction of the County Assembly Chamber was temporarily halted following a ceiling cost cap of Kshs. 250,000,000 imposed by the Commission on Revenue Allocation, which was introduced after the project had already significantly progressed and was below the awarded contract sum.

Management further stated that the County Assembly engaged the Commission on Revenue Allocation and the State Department of Public Works and Housing through correspondence seeking exemption from the expenditure ceiling, and the matter was

escalated to the Senate but was not resolved in time, leading to suspension of works as the Controller of Budget declined further approvals pending resolution.

Management also indicated that implementation was further affected by insecurity in Marsabit County, which limited contractor mobilisation, as well as high inflation that increased construction costs. In addition, sub-contractors requested termination of their contracts in the 2023/2024 financial year due to increased material costs, leading to termination of sub-contracts in consultation with the State Department of Public Works.

Management however reported that the chamber section of the project is now complete, furnished, and equipped, and is ready for use, while works on the office section are still ongoing.

Management provided supporting documents including;

- i. Letter from the Clerk of the Marsabit County Assembly to the Principal Secretary, State Department for Public Works referenced MBT/COU/ASS/W/42018/19 and related correspondence between the County Assembly and the Commission on Revenue Allocation referenced MBT/COU/ASS/W/42018/19/2 and CRA/C/24/Vol.1 MBT/COU/ASS/W/42018/19/3.
- ii. Senate Standing Committee on Finance and Budget report tabled on 28 April 2020.
- iii. Termination of contract for auxiliary works.



Committee Observations

The Committee observed that

1. The County Assembly Chambers project, with a contract sum of Kshs. 344,205,660, has experienced significant delays, having exceeded the original completion period of 70 weeks and remaining incomplete at the time of audit, despite expenditure of Kshs. 20,028,611 under work-in-progress.
2. No evidence was provided to substantiate claims of approval for extension of time, the timing and effect of the expenditure ceiling, security challenges, or completion and furnishing of the chamber section, thereby leaving value for money on the project unconfirmed contrary to section 149(1)(b) of the Public Finance Management Act, 2012 which requires that public resources be used in an effective, efficient, economical, and transparent manner.

Committee Recommendations

The Committee recommends that;

1. The Clerk of the County Assembly submits, within 90 days of adoption of this

report, a comprehensive project status report to the Senate and Auditor General project detailing approved contract variations, extensions of time (if any), and current level of completion.

- 2. The County Assembly Service Board (CASB) establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, within 90 Days from the date of adoption of this report.**
- 3. The Speaker as the Chairperson of the County Assembly Service Board (CASB) undertakes firm administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012, and provides a status report to the Senate and Auditor General within 90 days from the adoption of this report.**
- 4. The Auditor-General keeps the project under review in the subsequent audit cycle to confirm completion, proper valuation, and value for money.**

5.2 Office Extension

The statement of financial position and Note 26 to the financial statements reflect property, plant and equipment balance of Kshs. 622,657,341, which includes Kshs. 527,711,317 in respect of work in progress. The work-in-progress in turn includes Kshs. 40,919,947 paid to a local contractor for the construction of office extension at a contract sum of Kshs. 64,993,106. The contract was entered in 4 July, 2024 and was to take thirty-six (36) weeks or 9 months ending in April, 2025. However, review of the project file and physical inspection conducted in the month of June, 2025 revealed that the project was incomplete with only the superstructure done and was behind the schedule by (2) months.

In the circumstances, value for money in the construction of the office extension could not be confirmed.

Management Response

The construction and completion of the Office Extension Block commenced immediately after signing of the contract agreement on 4 July 2024. The project experienced delays at the foundation stage due to extended geotechnical testing and the nature of the soil conditions on site.

The contractor was granted an extension of time up to 22 August 2025.

As at the time of this response, the Office Extension Block has been completed, furnished, and is ready for use. Supporting correspondence on the approved extension were provided.



Committee Observations

The Committee observed that

1. The Office Extension Block, with a contract sum of Kshs. 64,993,106, was behind

schedule at the time of audit, with delays attributed to geotechnical tests and soil conditions. An extension of time was granted up to 22 August 2025.

2. No independent verification was provided to confirm the stated completion status at the time of audit.

Committee Recommendations

The Committee recommends that;

1. **The County Assembly Service Board (CASB) establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, within 90 Days from the date of adoption of this report.**
2. **The Speaker as the Chairperson of the County Assembly Service Board (CASB) undertakes firm administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012, and provides a status report to the Senate and Auditor General within 90 days from the adoption of this report.**
3. **The Auditor-General keeps the project under review in the subsequent audit cycle to confirm completion, proper valuation, proper asset recognition, and value for money.**

6.0 Exceeding Expenditure Threshold in the Construction of the Speaker's Residence

Review of project documents revealed that the County Assembly of Marsabit incurred a total expenditure of Kshs. 76,845,679 on the construction of the Speaker's residence, which was completed in June 2025. However, as at the time of audit, the Speaker had had not

occupied the residence. Further, the expenditure exceeded the approved limit of Kshs. 35,000,000 by approximately 219% with no justification or approval were provided for the cost's overruns, contrary to Salaries and Remuneration Commission Circular with Ref No.SRC/TS/CGOVT/3/61/VOL.V(44) dated 14 August, 2020, which sets the ceiling for the construction cost of an official Speaker's residence.

In addition, during the year under review, the Assembly paid Kshs. 960,000 to the Speaker as rental allowance, contrary to the Kenya Gazette Notice of 27 July, 2022, Volume CXXIV No.145, issued by the Salaries and Remuneration Commission (SRC), which required that the Speaker of a County Assembly be provided with an official residence.

In the circumstances, Management was in breach of law.

Management Response

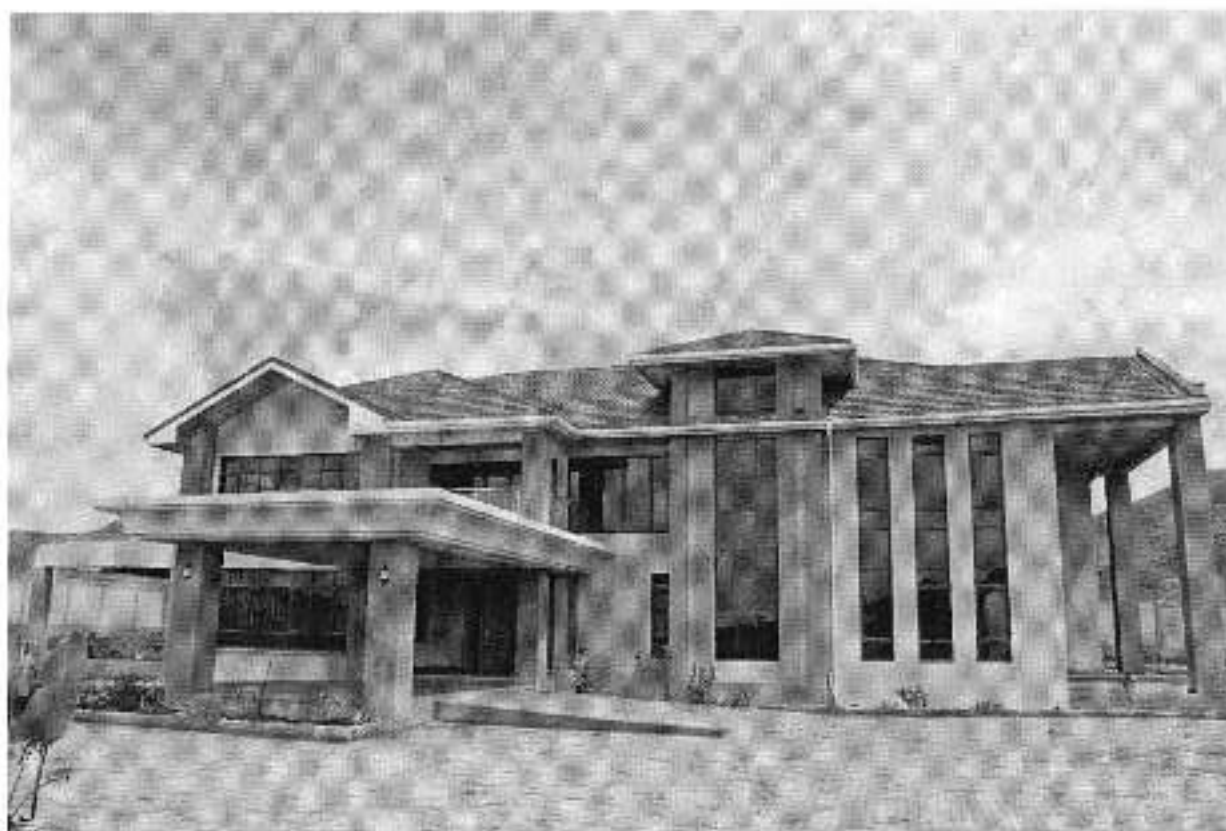
The Speaker's residence was budgeted for in phases across different financial years, with separate provisions made for completion of the perimeter fence and auxiliary works, including the guard house, entrance canopy, underground water tank, painting, and decoration of the perimeter wall. These auxiliary works were not initially included within the expenditure limit for the main residence.

The Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, through letter reference QD 103/10319A/VOL.1/40 addressed to the Clerk of the Marsabit County Assembly, clarified the revised expenditure limit for the Speaker's residence at Kshs. 49,106,627, which was stated to include the auxiliary works.

An engineer's estimate for the construction of the Speaker's residence was also provided by the Works Secretary.

The breakdown of the various works and associated costs relating to the Speaker's residence is provided in the table below.

Description	Amount (Kshs)
Construction and Completion of Speaker's residence	49,998,899
Construction of 50 cubic meters concrete underground water tank	4,980,000
Construction of guard house and entrance canopy	2,999,000
Erection and completion of perimeter fence (perimeter wall, razor wire and electric fence)	14,774,300
Construction of power house & painting and decoration of perimeter wall	4,093,480
Total	76,845,679



Committee Observations

The Committee observed that

1. The County Assembly incurred Kshs. 76,845,679 on the Speaker's residence against an approved ceiling of Kshs. 35,000,000, resulting in an excess expenditure of Kshs. 41,845,679 without justification or approval for the cost overruns, contrary to Salaries and Remuneration Commission Circular Ref No.SRC/TS/CGOVT/3/61/VOL.V(44) dated 14 August 2020.
2. Although Management cited a revised ceiling of Kshs. 49,106,627 and attributed the variance to auxiliary works, the expenditure still exceeded the approved limit without clear evidence of prior authorization, constituting unauthorized expenditure under section 149(1) of the Public Finance Management Act, 2012.
3. The residence, though reported as complete, had not been occupied by the Speaker, while Kshs. 960,000 was paid in rental allowance during the period under review, contrary to the Kenya Gazette Notice of 27 July 2022, Volume CXXIV No.145, issued by the Salaries and Remuneration Commission.

Committee Recommendations

The Committee recommends that:

1. **The Ethics and Anti-Corruption Commission (EACC) investigate the Accounting Officer with a view to recommending prosecution for the unauthorized expenditure of Kshs. 41,845,679, and submit a report to the Senate and Auditor General within 90 days of adoption of this report.**
2. **The Accounting Officer be surcharged Kshs. 960,000 and held personally liable under section 203 of the Public Finance Management Act, 2012 for the loss of public funds arising from payment of rental allowance to the Speaker after the residence was officially reported as complete, as such payment constitutes**

irregular expenditure contrary to section 197 of the Public Finance Management Act, 2012.

7.0 Failure to Disclose Contingent Liabilities

Note 44 to the financial statements reflects Nil contingent liabilities. However, review of the Legal Status Update by the Legal Department revealed that the County Assembly had four (4) ongoing court cases but Management did not disclose any contingent liabilities of potential court awards arising from these cases, in the financial statements.

In the circumstances, the financial statements do not conform to the requirements and format issued by the Public Sector Accounting Standards Board (PSASB).

Management Response

Management stated that the Public Sector Accounting Standards Board requires disclosure of contingent liabilities in the financial statements where outflow of economic resources can be reliably estimated. They further stated that as at the reporting date, there were no court orders issued against the County Assembly requiring payment of costs or damages. In addition, they indicated that the pending cases commenced towards the end of the financial year and no fee notes had been raised by external advocates; hence, no reliable estimate of financial exposure was available at the time of preparation of the financial statements or audit.

Committee Observations

The Committee observed that The County Assembly failed to disclose four active court cases as contingent liabilities, reporting a "Nil" balance despite legal records confirming pending litigation. This omission violates PSASB guidelines and Section 81(3) of the PFM Act, 2012, as the reporting template requires disclosure of potential financial exposure.

Committee Recommendations

The Committee recommends that the County Assembly should make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1.0 Unapproved Appointment of the Head of Internal Audit

Review of the appointment letter for the head of internal audit unit of the County Assembly revealed that the audit committee did not approve the appointment which was done by the Clerk of the County Assembly on 18 July, 2022. This was contrary to Section 3.3.5(g) of the Gazette Notice Vol. CXVIII-No 40 of 2016 by the Public Sector Accounting Standards Board that requires the audit committee to approve appointment and or termination of appointment of the head of internal audit unit.

In the circumstances, the effectiveness of internal controls and governance on appointment could not be confirmed.

Management Response

The Management explained that although Section 3.3.5(g) of Gazette Notice Vol. CXVIII–No. 40 of 2016 requires Audit Committee approval for the appointment of the Head of Internal Audit, the appointment made on 18 July 2022 by the Clerk of the County Assembly was undertaken in accordance with the provisions of the Public Finance Management Act, 2012 and its attendant regulations. Management further reported that the appointment preceded the constitution of the current Audit Committee and therefore could not have been subjected to its approval at the time. It was also noted that a functional working relationship

exists between the Audit Committee and the Internal Audit Unit, which supports the effective discharge of oversight responsibilities.

However, Management acknowledged the requirement for compliance with PSASB guidelines and committed to ensuring that future appointments and related processes fully adhere to the applicable legal and regulatory framework.

Committee Observations

The Committee observed that the appointment of the Head of Internal Audit was not approved by the Audit Committee as required under Section 3.3.5(g) of the Gazette Notice Vol. CXVIII-No 40 of 2016 by the Public Sector Accounting Standards Board, which requires the audit committee to approve appointment and/or termination of appointment of the head of internal audit unit. This reflects non-compliance with the prescribed appointment procedures and weak adherence to governance requirements.

Committee Recommendations

The Committee recommends that;

- 1. The Audit Committee formally reviews the qualifications and appointment of the current Head of Internal Audit within ninety (90) days of adoption of this report and issues a Resolution of Approval or Disapproval to regularize the appointment in accordance with PSASB Gazette Notice No. 40 of 2016, failing which the appointment shall be deemed irregular.**
- 2. The County Assembly Service Board (CASB) adopts and implements an Internal Audit Charter that clearly defines the mandate of the Audit Committee regarding the appointment, evaluation, and termination of the Head of Internal Audit, as required under Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015.**
- 3. The County Assembly Service Board (CASB) strictly complies with section 155 of the Public Finance Management Act, 2012, and PSASB guidelines. Any**

future appointments of the Head of Internal Audit made without the formal approval of the Audit Committee shall be deemed null and void and the related expenditures declared irregular under section 197 of the Public Finance Management Act, 2012.

- 4. The Auditor-General keeps the matter under review in subsequent audit cycles to ensure full implementation of these recommendations.**

2.0 Failure to hold Audit Committee Meetings

The County Assembly Audit Committee members were appointed on 1 August, 2024 and at the time of audit in June, 2025, the Committee had been in place for ten (10) months. However, the minutes of the Committee meetings were not provided for review to ascertain that the committee held meetings at least once in every three months as required by Section 5.5 of the Gazette Notice Vol. CXVIII-No 40 of 2016 by the Public Sector Accounting Standards Board that requires that meetings of the Audit Committee should be conducted on a formal basis and be minuted by the secretary to record the proceedings and any decisions made.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

Management Response

Management acknowledged that Audit Committee meetings were not held regularly in the previous financial year. However, it was reported that the challenges experienced during the 2024/2025 financial year have since been addressed, and that the Audit Committee is now fully functional and capable of discharging its oversight and governance responsibilities effectively.

Committee Observations

The Committee observed that the Audit Committee did not hold regular meetings and no minutes were provided for audit review, contrary to Section 5.5 of Gazette Notice Vol. CXVIII-No 40 of 2016 by the Public Sector Accounting Standards Board which requires that meetings of the Audit Committee be conducted on a formal basis and be minuted by the secretary to record the proceedings and any decisions made, thereby undermining effective oversight of internal controls and governance.

Committee Recommendations

The Committee Recommends that;

- 1. The Clerk of the County Assembly ensures that the Audit Committee strictly complies with the statutory requirement of holding at least one (1) meeting every quarter (four times annually), and maintains proper records of all proceedings and decisions in accordance with section 155 of the Public Finance Management Act, 2012 and Regulation 172(1) of the Public Finance Management (County Governments) Regulations, 2015.**
- 2. The County Assembly Service Board undertakes a performance evaluation of Audit Committee members within 90 days of adoption of this report. Where the Committee fails to meet its statutory obligations, the Board shall initiate the revocation of appointments and constitute a new, fully functional Audit Committee to restore effective oversight.**
- 3. The Auditor-General keeps the matter under review in subsequent audit cycles to confirm full compliance with statutory requirements on Audit Committee operations and effectiveness.**

3.0 Lack of Risk Management Policy, Information and Communications Technology (ICT) Policy and Disaster Recovery Plan

Review of records and information provided by Management revealed that the County Assembly lacked an approved risk management policy, Information and Communications

Technology (ICT) Policy and a disaster recovery plan. Further, Management did not carry out risk assessment during the year under review. This was contrary to the Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires Accounting Officer to develop risk management strategies which include fraud prevention mechanisms and internal control that builds robust business operation.

In the circumstances, it was not possible to confirm whether the internal controls built within the financial and operational system were functional as intended.

Management Response

The County Assembly has developed Risk Management, Information and communications technology (ICT) policies. These policies have since been ratified by the County Assembly Service Board for implementation.

Contained in appendix 8 are copies of Risk Management, Information and communications technology (ICT) policies for your review.

Committee Observations

The Committee observed that the County Assembly lacked approved Risk Management, ICT, and Disaster Recovery policies at the time of audit, and no evidence of risk assessment was provided during the year under review, contrary to Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies which include fraud prevention mechanisms and internal control that builds robust business operation.

Committee Recommendations

The Committee recommends that;

- 1. The Clerk of the County Assembly develops and tables a Risk Management Policy to institutionalize risk identification, assessment, and mitigation; an ICT**

Policy to govern the use, security, and management of ICT systems and data; and a Disaster Recovery Plan to ensure business continuity and protection of critical records to the County Assembly within 90 days of adoption of this report.

- 2. The County Assembly Service Board(CASB) conducts a comprehensive risk assessment in compliance with Regulation 158(1)(b) of the Public Finance Management (County Governments) Regulations, including risk identification, risk rating, and development of fraud prevention mechanisms, and submit a status report to the Senate and the Auditor-General within 90 days of adoption of this report.**
- 3. The Auditor-General to keep the matter under review in subsequent audit cycles to confirm full implementation and effectiveness of the risk management framework.**

CHAPTER TWO

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF WAJIR COUNTY ASSEMBLY FOR FINANCIAL YEAR 2024/2025

The Speaker of Wajir County Assembly, Hon. Abdille Yussuf and the Clerk Mr. Shalle Sheikh appeared before the Committee on Monday 16th March, 2026 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Wajir County Assembly for the Financial Year 2024/2025.

1.0 Overpayment of Mileage Allowances to Members of the County Assembly

The statement of financial performance reflects employee costs of Kshs. 639,865,947 which includes personal allowances of Kshs. 275,256,695 and mileage allowances to MCAs totalling Kshs. 111,520,140.

Review of claims revealed distances indicated from Wajir town to respective wards were at variance with actual distances provided by the Ministry of Transport and Infrastructure MCAs received payments above allowable amounts by Kshs. 52,290,590.

In addition, the Assembly applied a mileage rate of Kshs. 109 per kilometre instead of the approved rate of Kshs. 77.35 per kilometre, contrary to SRC Circular Vol. CXXV—No. 177 dated 9 August 2023.

Management Response

Management adhered to the set maximum/ceiling in the initial months of the financial year as per SRC Circulars of 27th July 2022 and 9th August 2023.

In later months, MCAs filed a case at the Garissa High Court and were granted a conservatory order stopping the implementation of SRC circular Vol. CXXV-No. 177 dated 9th August 2023 pending hearing and determination of the application interparty.

Management had to implement the conservatory orders by reverting to the earlier rate and distance of claimable mileage. The County Assembly relied on distances provided by the County Roads Engineer, who is responsible in the County. The Ministry of Transport and Infrastructure does not consider the several villages that form part of the Ward.

Internal controls over mileage computation and verification of distances have been strengthened.

Committee Observations

The Committee observed that the County Assembly applied an unapproved mileage rate of Kshs. 109 per kilometre instead of the SRC-prescribed Kshs. 77.35, resulting in irregular expenditure of Kshs. 52,290,590, contrary to SRC Circular Vol. CXXV-No. 177 dated 9 August 2023 and section 162 of the Public Finance Management Act, 2012 which requires public officers to ensure resources are used in a lawful and authorized manner.

Committee Recommendations

The Committee recommends that

- 1) The Clerk of the County Assembly initiate recovery proceeding from the affected Members of the County Assembly (MCAs) to recoup the overpaid amount of Kshs. 52,290,590 in accordance with Section 203 of the PFM Act, and submit a status report to the Senate and Auditor General within 90 days of adoption of this report.**
- 2) The Clerk of the County Assembly ensures strict adherence to all SRC advisories and circulars, and any future payments exceeding set limits shall be treated as personal liabilities for the authorizing officer, pursuant to section 197 of the Public Finance Management Act, 2012 and Regulation 156 of the Public Finance Management (County Governments) Regulations, 2015.**

Other Matter

1.0 Unresolved Prior Year Matters

Several prior year audit issues remained unresolved during the 2024/2025 audit, including; Over-Payment of Mileage Allowance; Unsupported Procurement for Advertisement Services; Irregular Cash Payments in IFMIS; Late Exchequer Releases; Long Outstanding Pending Bills; Non-Compliance with Staffing Level Ceiling; Non-Adherence to Ethnic Composition Balance; Staff Receiving Net Salary Below a Third of Basic Salary; Non-Compliance with Ward Partisan Staffing Level; Irregular Payment to the County Assembly Forum and Clerks Society; Non-adherence to Fiscal Responsibility Principle; Processing of Salary by Use of Manual Payroll; Failure by the County Assembly to Deliberate Audit Report; Effectiveness of the Internal Audit and Audit Committee.

Management Response

Management of the County Assembly of Wajir confirms that it has formally responded to all audit issues raised during the audit of Financial Year 2023/2024.

The responses, together with supporting documentation and action plans, were duly submitted to the Office of the Auditor-General – Garissa Hub, as well as to the Senate County Public Accounts Committee (CPAC) for review and consideration.

Management remains committed to engaging with oversight bodies to ensure all matters are addressed conclusively and within the applicable legal and regulatory framework.

Committee Observations

The Committee observed that multiple prior year audit issues remained unresolved despite Management submitting responses and action plans to the Office of the Auditor-General and the Senate CPAC.

Committee Recommendations

The Committee recommends that;

- 1. The County Assembly Service Board (CASB) implements the Senate recommendations in the Auditor General's report for the Financial Year**

2023/2024 adopted by the Senate, as required under Article 229(8) of the Constitution.

2. **The County Assembly Service Board (CASB) complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 90 days of the adoption of this report.**
3. **The County Assembly Service Board (CASB) engages with the Office of the Auditor-General to address and resolve any outstanding matters, and the Auditor-General lists any unresolved audit paragraphs in the report of the subsequent financial year as required under International Standards of Supreme Audit Institutions (ISSAI).**

2.0 Late Exchequer Remittance

The County Assembly received Exchequer releases amounting to Kshs. 98,048,922 on diverse dates in June and July 2025.

This was contrary to Section 17(6) of the Public Finance Management Act, 2012, which requires the National Treasury to disburse monies at the beginning of every quarter, not later than the fifteenth day.

Failure to disburse funds within stipulated timelines may have negatively affected the operations of the County Assembly.

Management Response

Management acknowledged that exchequer releases amounting to Kshs. 98,048,922 were received on various dates in June and July 2025, contrary to Section 17(6) of the Public Finance Management Act, 2012.

They stated that the delays were beyond the control of both the County Executive and the County Assembly, as disbursements are undertaken by the National Treasury.

Management further indicated that measures had been put in place to mitigate the impact of such delays, including prioritization of essential expenditures, strengthening cash flow planning and commitment controls, and enhancing coordination with the County Executive to improve cash flow forecasting.

Committee Observations

The Committee observed that:

1. The Committee observed that the County Assembly received Kshs. 98,048,922 after the close of the financial year on 30 June 2025, contrary to section 17(6) of the Public Finance Management Act, 2012 which mandates timely quarterly disbursements not later than the fifteenth day from the commencement of each quarter.
2. The delayed release of funds adversely affected the Assembly's cash flow, disrupted planned operations, and contributed to the accumulation of pending bills, undermining the fiscal responsibility principle requiring prudent cash management under Regulation 83(1) of the Public Finance Management (County Governments) Regulations, 2015.

Committee Recommendations

The Committee recommends that:

1. **The National Treasury strictly complies with its constitutional and statutory mandate by ensuring timely and predictable release of funds to county governments in line with the cash disbursement schedules approved by the Senate, pursuant to Article 219 of the Constitution and section 17(6) of the Public Finance Management Act, 2012.**
2. **The County Executive puts in place measures to enhance its own-generated revenue in order to meet its revenue target and address revenue shortfalls, as authorized under Article 209(3) of the Constitution, and submits a revenue enhancement plan to the Senate within 90 days.**

3. The County Assembly exercises its powers as outlined in Article 201 of the Constitution to ensure budgets are realistic and espouse people's aspirations through effective public participation as required under Article 196 of the Constitution.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

1.0 Non-Compliance with Ward Partisan Staffing Levels

The Assembly employed 257 partisan staff for the wards against the recommended limit of 134 for the 45 elected and nominated MCAs.

This contravened Commission on Revenue Allocation Circular Number CRA/CSO/CMG/9/VOL V/59 dated 21 October 2020, which recommends a maximum of three staff per MCA.

The Assembly also paid a monthly salary ranging from Kshs. 8,000 to Kshs. 68,000 instead of the minimum of Kshs. 30,341 recommended by the Commission on Revenue Allocation.

Management Response

Management noted the matter and indicated that it would be deliberated and addressed by the County Assembly Service Board.

Committee Observations

The Committee observed that the County Assembly employed 257 ward partisan staff against the recommended limit of 134, and paid salaries ranging from Kshs. 8,000 to Kshs. 68,000, contrary to the Commission on Revenue Allocation guidelines Circular Number CRA/CSO/CMG/9/VOL V/59 dated 21 October 2020, which recommends a maximum of three staff per MCA and a minimum salary of Kshs. 30,341, contravening the fiscal

responsibility principle requiring sustainable personnel emoluments under Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015.

Committee Recommendations

The Committee recommends that;

- 1) The County Assembly complies with the Commission on Revenue Allocation Circular No. CRA/CSO/CMG/9/VOL. V/59 dated 21 October 2020, which prescribes a maximum of three staff per Member of County Assembly (elected and nominated), each earning a minimum salary of Kshs. 30,341, and submit a status report to the Senate and Auditor General within 90 days of adoption of this report.**
- 2) The Auditor-General to keep the matter under review in subsequent audit cycles to confirm compliance.**

2.0 Irregular Payments to the County Assembly Forum

During the year under review, the Assembly paid Kshs. 500,000 to the County Assemblies Forum in respect of subscriptions.

However, the entity is not established by law and management did not provide justifiable explanation for authorizing the payment.

The regularity of the payment to the Forum could not be confirmed.

Management Response

This is noted. The County Assemblies Forum (CAF) is a coordinating body that brings together County Assemblies to promote shared interests, inter-county collaboration, and institutional strengthening.

The CAF is in the process of being anchored in law. It has been instrumental in advocating for the interest of Hon MCAs and County Assembly staff, and facilitates capacity building programs, trainings, and benchmarking initiatives.

Committee Observations

The Committee observed that the County Assembly paid Kshs. 500,000 to the County Assemblies Forum as subscription fees, despite the entity lacking a clear legal framework, contrary to Section 149(1) of the Public Finance Management Act, 2012 which requires a public officer to ensure that resources are used in a way that is lawful and authorized.

Committee Recommendations

The Committee recommends that:

- 1. The irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped immediately until a legislative framework is developed.**
- 2. The County Assembly Service Board (CASB) complies with the principle that public funds shall only be expended for purposes authorized by law, as enshrined in Article 201(d) of the Constitution.**
- 3. The Committee noted that, in its view, CAF and SOCATT play a key role in advancing and articulating the collective interests of Speakers and Clerks of County Assemblies, including promoting collaboration, sharing best practices, and strengthening institutional capacity. However, the Committee further observed that the two bodies are not legally recognized entities under the current legal framework and recommended the two bodies to come up with a legal framework and engage the Senate within 30 days after adoption of this report.**

3.0 Non-Compliance with Staffing Ceiling for County Assemblies

The Assembly's Human Resource Information System (HRIS) revealed 179 employees, surpassing the Commission on Revenue Allocation limit of 100 employees under the applicable circular.

The Assembly therefore exceeded the set limit of 100 employees by 79 employees.

This contravened the Commission on Revenue Allocation Circular Number CRA/FA/01 VOL 11 (22) dated 28 June 2018.

Management Response

The First Wajir County Assembly Service Board (WCASB) acknowledges recruiting more staff than the CRA threshold.

The current CASB has made attempts to reduce employee numbers. When established in October 2022, the Assembly had 196 employees. Through contractual terminations, resignations and retirements, the total was reduced to 179 as at June 2025.

All new recruitments have been frozen. Vacancies arising from retirement, death, or other circumstances will be filled internally except for special circumstances.

The County Assembly Service Board is engaging an HR firm to advise on how to meet the threshold without violating the Employment Act and Labour Relations Act.

Committee Observations

The Committee observed that the County Assembly had 179 staff, exceeding the prescribed ceiling of 100, contrary to the Commission on Revenue Allocation Circular Number CRA/FA/01 VOL 11 (22) dated 28 June 2018, and the non-compliance persists, contravening Regulation 25(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which requires the County Executive Committee Member with the approval of the County Assembly to set a limit on the county government's expenditure on wages and benefits.

Committee Recommendations

The Committee recommends that:

- 1. The Clerk of the County Assembly ensures that all future personal emolument budgets strictly comply with CRA Circular Number CRA/FA/01 VOL 11 (22), which prescribes a maximum staffing limit of 100 employees. Any budget prepared or implemented in excess of this ceiling shall be treated as irregular expenditure, for which the Accounting Officer shall be held personally liable under section 197 of the Public Finance Management Act, 2012.**
- 2. The County Assembly Service Board submits a comprehensive staff rationalization plan to the Senate within 90 days of adoption of this report, detailing the measures to achieve compliance with the staffing ceiling without violating the Employment Act, 2007 and Labor Relations Act.**

4.0 Non-Compliance with Law on Staff Ethnicity and Diversity

HRIS analysis revealed that 97% of the Assembly's 179 employees were from the dominant ethnic community, with only 3% from other ethnic communities.

This contravened Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which provides that no public establishment shall have more than one-third of its staff from the same ethnic community.

Management Response

The County Assembly Service Board advertised positions in the print media in 2014 and encouraged individuals from outside the dominant ethnic community to apply. Only two persons applied and were recruited.

At the time of hiring, all County Governments advertised vacant positions, and as such many preferred to apply at their home Counties.

Committee Observations

The Committee observed that 97% of staff were drawn from the dominant ethnic community, contrary to section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff, and that no public establishment shall have more than one third of its staff from the same ethnic community. The imbalance remains unaddressed despite Management's explanation.

Committee Recommendations

The Committee recommends that;

- 1. The County Assembly adheres to section 65(1)(c) of County Governments Act and ensures that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county; and**
- 2. The Standing Committee on National Cohesion, Equal Opportunity and Regional Integration explores the post legislative scrutiny of the attainment of the provisions of Section 7 (2) of the National Cohesion and Integration Act, (Cap. 7N) to determine the impact of its application in County Governments.**

5.0 Non-Compliance with Persons with Disabilities Act Provisions

Review of HR records revealed only 3% of staff were persons living with disabilities, below the required minimum of 5% under Section 5(1)(e) of the Persons with Disabilities Act, 2025.

Management was in breach of the law.

Management Response

Management acknowledges the audit observation. The Assembly currently has 5 staff members who are persons living with disabilities, representing approximately 3% of the total staff establishment.

Management recognizes this is below the minimum threshold of 5%. Measures are being put in place to address the current deficit of 4 positions through future recruitment processes by prioritizing qualified persons living with disabilities.

Committee Observations

The Committee observed that persons with disabilities constitute only 3% of staff, which is below the 5% statutory requirement, contrary to section 5(1)(e) of the Persons with Disabilities Act, 2025 which mandates that at least five percent of the members of the public in elective and appointive bodies are persons with disabilities, and Article 54(2) of the Constitution which requires the State to ensure the progressive implementation of this principle.

Committee Recommendations

The Committee recommends that

- 1. The County Assembly Service Board adopts affirmative action measures for all future recruitments, including advertising positions exclusively for PWDs or reserving specific slots until the 5% quota is met, as required under Article 54(2) of the Constitution and Section 68E of the County Governments Act.**
- 2. The Auditor-General keeps the matter under review in subsequent audit cycles to confirm compliance.**

6.0 Non-Adherence to One-Third of Basic Salary Rule

Audit review of the Assembly's payrolls for the year revealed that three employees received net salaries less than one-third of their respective basic salaries for various months.

This contravened Section 19(3) of the Employment Act, 2007.

Management Response

This is noted. Appropriate administrative action has been taken where the Clerk wrote to the concerned individuals, the HR department, banks and the entire staff to ensure compliance with Section 19(3) of the Employment Act, 2007.

Management has also sensitized employees on the legal requirements to prevent future occurrences.

Committee Observations

The Committee observed that three (3) employees received net salaries below one-third of their basic pay, contrary to section 19(3) of the Employment Act, 2007 which provides that the total amount of deduction of the wages of an employee shall not exceed two-thirds of such wages, and no evidence of corrective action or confirmation of compliance was provided.

Committee Recommendations

The Committee recommends that

- 1. The County Assembly Service Board, in coordination with the County Treasury, fully implements the Human Resources Information System (HRIS) to automatically lock out any loan commitments that would cause an employee's net pay to fall below the legal threshold, as required by sound internal control systems under Regulation 155 of the Public Finance Management (County Governments) Regulations, 2015.**
- 2. The Public Service Commission, in coordination with County Assembly Service Boards, reviews Section C (3) of the Human Resource Policies and Procedures Manual and proposes mechanisms to ensure compliance, reporting their findings to the Senate within 90 days.**

7.0 Failure to Appoint Accrual Transition Committee and Project Manager

Management did not provide evidence to support appointment of a cash to accrual transition committee as well as a project manager to guide the Assembly through the transition to accrual accounting.

This was contrary to paragraph 2.1.1 and 2.2.2 of the National Treasury Circular No. 03/2025, which requires accounting officers of all public entities to form a cash to accrual transition committee and appoint a project manager among the senior serving staff.

Management Response

The CASB and Management have appointed a cash to accrual transition committee as well as a project manager who will be guiding the Assembly through the transition to accrual accounting period.

The report on effectiveness of internal controls, risk management and governance (Appointment letters) is provided.

Committee Observations

The Committee observed that the County Assembly had not provided evidence during audit to support the appointment of a cash-to-accrual transition committee and a project manager, contrary to Paragraph 2.1.1 and 2.2.2 of the National Treasury Circular No. 03/2025, which requires accounting officers of all public entities to form a cash to accrual transition committee and appoint a project manager among the senior serving staff.

Committee Recommendations

The Committee recommends that:

- 1. The County Assembly operationalizes the Cash-to-Accrual Transition Committee by developing and submitting a comprehensive, time-bound transition roadmap in line with National Treasury Circular No. 03/2025 to the Senate and Auditor General within 90 days of adoption of this report.**
- 2. The Speaker as the Chairperson of the County Assembly Service Board (CASB) undertakes administrative action against the responsible officer(s)**

who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within 90 days from the adoption of this report.

3. The Auditor-General keeps the matter under review in subsequent audit cycles to confirm effective implementation of the accrual transition framework.

8.0 Failure to Deliberate on Reports of the Auditor-General for County Entities

Review of County Assembly Committees' operations revealed that the Public Accounts and Investment Committee did not deliberate on the reports of the Auditor-General for Wajir County Government entities except for two entities.

None of the reports for the period ending 30 June 2024 were discussed by the County Assembly.

The effectiveness of the County Assembly in respect to its oversight role could not be confirmed.

Management Response

All Audit Reports have been tabled on the floor of the House and committed to the Public Accounts and Investment Committee for consideration. So far, the Committee has presented 5 reports.

The County Assembly PAIC is in the process of deliberating the remaining Audit Reports and will soon table the reports.

See Annex 2 of the Assembly Order Papers and PAIC Reports as per the report on effectiveness of internal controls, risk management and governance.

Committee Observations

The Committee observed that the County Assembly failed to debate and consider the Auditor-General's reports within the mandatory three-month period required under Article 229(8) of the Constitution, which provides that within three months after receiving an audit report, Parliament or the county assembly shall debate and consider the report and take appropriate action.

Committee Recommendations

The Committee recommends that:

- 1. The Public Accounts and Investment Committee (PAIC) must, within 14 days, develop and table a time-bound action plan to deliberate on and conclude all pending Auditor-General reports for the 2023/2024 financial year and prior years.**
- 2. The County Assembly strictly adheres to Article 229(8) of the Constitution of Kenya by ensuring that all reports of the Auditor-General are debated, considered, and appropriate action taken within three (3) months of receipt.**
- 3. The Auditor-General keeps the matter under review in subsequent audit cycles to confirm implementation of these recommendations.**

CHAPTER THREE

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF MERU COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2024/2025.

The Speaker of Meru County Assembly, Hon. Ayub Bundi Solomon and the Clerk Mr. Jacob Kirari appeared before the Committee on Monday 16th March, 2026 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Meru County Assembly for the Financial Year 2024/2025.

QUALIFIED OPINION

REPORT ON THE FINANCIAL STATEMENTS

1.0 Unsupported Insurance Cover for Meru County Assembly Building.

Kshs. 673,004 paid as insurance of building housing Meru County Assembly offices and plenary without a valuation report and block number for the land.

Management Response

We confirm that the County Assembly of Meru contracted Old Mutual General Insurance Kenya Limited for insuring the building housing the Meru County Assembly Offices and plenary. To get the sum insured, we highly relied on the total amount used for renovation and reconfiguration of the chamber and offices as well as total amount used to purchase all assets in the County Assembly since its inception in 2014.

The County Assembly is in the process of acquiring the title deed for the land of the assembly premises and doing a valuation for building to ascertain the actual sum to be insured as evidenced in the documentation provided.

Committee Observation

The Committee observed that the payment was effected without a professional valuation report to establish the insurable value of the building and without the block number and/or land reference number of the parcel on which the building stands.

Committee Recommendation

The Committee recommends that the Meru County Assembly and County Treasury obtain a current professional valuation report from a registered valuer and the correct block/plot number of the land parcel, and regularise the insurance cover for the current and subsequent financial years.

EMPHASIS OF MATTER.

2.0 Budgetary Control and Performance.

Under funding of Kshs. 110,266,970 or 10% of the final receipt budget and under-utilization of Kshs. 823,287.

Management Response

We agree with Audit findings that at the close of F/y 2024/2025 there was under-funding of **Kshs 110,266,970**. The Said Amount Comprise of **Kshs 89,134,159** for Installation of a Hansard System, **Kshs 19,132,811** for Construction of Official Residence for the County Assembly Speaker and Kshs 2 Million for Equipping of Committee room and Creache. Although, we were unable to absorb the aforesaid amounts as the project were on going but due to procurement procedures, we rolled over the entire amount in the current I/y 2025/2026. (Annexed, an extract of Approved Budget for I/y 2025/2026).

Committee Observation

The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of the delay in exchequer releases by the National Treasury.

Committee Recommendation

The Committee recommends that the National Treasury should ensure timely release of funds to county Governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012.

3.PRIOR YEAR MATTERS

Issues on unsupported legal services, non-compliance with two-thirds gender rule, late remittance of PAYE deductions and Lack of effective audit committee, were raised in the previous year but Management has not provided an explanation of how the issues were addressed.

Management Response

Unsupported Legal Services

It is alleged that the County Assembly, during the period under review, undertook direct procurement of private law firms contrary to the provisions of Section 103 of the Public Procurement and Asset Disposal Act, 2015. On the contrary, this is untrue since the relevant provision of the Public Procurement and Asset Disposal Act, 2015 were followed as follows: -

Muthomi & Karanja Advocates

A framework contract for the provision of legal services between the County Assembly and the firms exists. The framework agreement was entered into in line with the relevant provisions of the law, Advocates Act, Advocates Remuneration Order, 2014 and the Public Procurement and Asset Disposal Act, 2015, and subsists for a period of three (3) years from 31st October, 2022. Attached herewith is the framework contract agreement.

Non-Compliance with Two-Third Gender Rule in formation of Committees.

The County Assembly of Meru is composed of forty-five (45) elected MCAs and twenty-four (24) nominated MCAs; of which forty-six (46) are male and twenty-three (23) are female thereby adequately meeting this Constitutional requirement.

To this end it was noted that seven (7) Committees of the County Assembly of Meru did not satisfy the two-thirds gender rule in their composition during the audit process. The gender inequity in the highlighted Committees arose from the fact the memberships of the highlighted Committees, though initially gender compliant, was altered when various political parties within the County Assembly de-whipped some of their members from various Select and Sectoral Committees of the County Assembly in line with the provisions of Standing Order No. 160. Consequently, where some female members were de-whipped from some of the Committees, the gender rule requirement was affected.

The affected members have since approached the Political Parties Tribunal through various complaints to it via PPDTC E003, E004, E005 & E006 of 2024 and the decision for their discharge from the respective committees was reversed hence resolving the gender distribution of committees.

Late remittance of statutory Deductions (PAYE) to Kenya Revenue Authority

It's true that payments to Kenya Revenue Authority for the month of July, 2023 and May, 2024 were paid late due to delay in receipt of funds from the exchequer.

Lack of Functional and Effective Audit Committee

It is true the members of the audit committee did not convene the required meetings for the period under review but currently this has been corrected and members are conducting quarterly audits and advising the management accordingly.

Committee Observation

The Committee observed that several prior-year audit issues remain unresolved, contrary to Section 31(1) of the Public Audit Act, 2015 (Cap. 412B), which requires the Accounting

Officer to take action to implement the recommendations of the Auditor-General and submit a report to the relevant legislative body.

Committee Recommendations

- 1. The County Assembly Service Board (CASB) implement the Senate recommendations in the Auditor General's report for the Financial Year 2023/2024 adopted by the Senate.**
- 2. The County Assembly Service Board (CASB) complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 90 days of the adoption of this report.**
- 3. The County Assembly Service Board (CASB) engage with the Office of the Auditor-General to address and resolve any outstanding matters.**
- 4. The Auditor General should list any unresolved audit paragraphs in the report of the subsequent financial year.**

REPORT OF LAWFULNESS AND EFFECTIVNESS IN USE OF PUBLIC RESOURCES.

3.0. Non- Compliance with law on ethnic Composition.

One hundred and forty-eight (148) or 96% out of the one hundred and fifty-four (154) of the County Assembly staff belonged to the dominant ethnic community in the County.

Management Response

It's correct that 96% of Members and staff belong to the dominant ethnic community. This includes 69 elected and nominated Members (45% of employees), whose selection is determined by the electorate and political parties beyond the Assembly's control.

The one-third ethnic diversity threshold among staff is exceeded due to automatic absorption of former local authority employees, most of whom were locals, during the establishment of counties.

The National Cohesion and Integration commission (NCIC) visited the Assembly and advised on gradual correction through recruitment. In March 2022, two candidates from outside the county (Embu and Nyanza) were recruited, demonstrating commitment to diversity in addition to previously recruited from Kikuyu dialect.

The Assembly remains committed to addressing the imbalance progressively in future recruitment exercises.

Committee Observation

The committee observed that the Assembly has One hundred and forty-eight (148) or 96% out of the one hundred and fifty-four (154) of the County Assembly staff belonged to the dominant ethnic community in the County. This is contrary to the provisions of the National Cohesion and Integration Act, 2008 which stipulates that at least 30% of employees should be from communities other than the dominant one.

Committee Recommendations

The committee recommends that: -

- 1. the County Assembly adheres to section 65(1)(c) of County Governments Act and ensures that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county; and**
- 2. The Committee recommends that the Standing Committee on National Cohesion, Equal Opportunity and Regional Integration undertake a post legislative scrutiny on the application of Section 7(2) of the National Cohesion and Integration Act (Cap. 7N) to County Governments**

3.1. Non-compliance with the one - third basic salary Rule.

Net pay for twenty-six (26) employees was below a 1/3 of their basic pay

Management Response

We have confirmed that some employees are earning below the one-third net pay threshold.

This is due to newly introduced Government levies and taxes on already committed payslips. (Housing Levy, Social Health Insurance Fund (SHIF), and National Social Security Fund (NSSF).

The affected employees have been advised to restructure existing loans taken before the new deductions; this process is ongoing.

We anticipate that the implementation of the proposed 2024/25 salary structure by Salaries and Remuneration Commission (SRC) will restore compliance with the one-third net pay requirement.

Committee Observation

The Committee observed that the payment of net salaries below one-third of the basic salary for employees is a contravention of Section 19(3) of the Employment Act, 2007. This exposes the employees to financial distress and is an indicator of weaknesses in the payroll management system.

Committee Recommendations

The Committee therefore recommends that -

1. The County Public Service Board, in coordination with the County Treasury, fully implement the Human Resources Information System (HRIS) to automatically lock out any loan commitments that would cause an employee's net pay to fall below the

legal threshold, as required by sound internal control systems under Regulation 155 of the PFM (County Governments) Regulations, 2015.

2. The Committee further recommends that the Public Service Commission, in coordination with County Public Service Boards, review Section C (3) of the Human Resource Policies and Procedures Manual and propose mechanisms to ensure compliance, reporting their findings to the Senate within 90 days

3.2. Non – Compliance with the Public Procurement Capacity Building Levy Order,2023.

The County Assembly did not deduct and remit Public Procurement Capacity Building Levy.

Management Response

It is true that we did not implement the PPRA circular dated August 2023, this was due to the fact that the same module was not in the IFMIS system. We are currently collecting the levy at the rate of 0.03% and remitting the same to the Authority.

Committee Observation

The Committee observed that there was insufficient documentary evidence to confirm that the 0.03% Public Procurement Capacity Building Levy on procurement contracts was consistently deducted and remitted as required. This constitutes a breach of the Public Procurement Capacity Building Levy Order, 2023, and the accounting officer's duty under Section 149(2)(a) of the PFM Act, 2012, to ensure all expenditure is lawful.

Committee Recommendation

The Accounting Officer submits to the Auditor-General, within ninety (90) days of adoption of this report, a schedule of all contracts signed since the inception of the

2023 Order, together with IFMIS-generated receipts confirming that the 0.03% levy was deducted and remitted to the Public Procurement Regulatory Authority (PPRA).

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.

4.0. Unapproved Staff Establishment and Incomplete Staffing Levels.

The staff establishment provided for review was not approved and several positions indicated on the establishment had no staff.

Management Response

The current staff establishment was approved by the Board on 24th February, 2025. Attached are copies of the approved staff establishment and the corresponding Board minutes. Regarding the positions listed without specified staffing levels, we wish to clarify that these roles are provided for depending on the needs of the assembly.

Committee Observation

The Office of the Auditor General informed the Committee that this matter was satisfactorily addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

4.1 Lack of Annual report of Operations of the board.

The County Assembly did not provide annual report of operations of the Board for audit. There was no proof that the report was tabled in the County Assembly for eventual adoption.

Management Response

The Board notes the provisions of Section 36 of the County Assembly Services Act, 2017. To this end, the Board had prepared a Table a report for its activities in the calendar year

2024 but during the audit this file could not be traced and currently the board is compiling a report for its activities in the calendar year 2025 and will Table the same in the County Assembly on or before March, 2026 in line with the provisions of Section 36 of the County Assembly Services Act, 2017.

Committee Observation

The Committee observed with concern that there was no proof that the report was ever tabled before the County Assembly for debate and adoption. This omission effectively denied the County Assembly the opportunity to exercise its oversight role over the Board's operations and financial performance for the period in question

Committee Recommendation

The Clerk of the County Assembly institutes measure to ensure strict and timely compliance with all statutory reporting obligations, including the preparation and tabling of annual reports of the Board in every subsequent financial year.

CHAPTER FOUR

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF SIAYA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2024/2025.

The Speaker of Siaya County Assembly, Hon. George Owino Okode, MBS and the Clerk Mr. Eric Odhiambo Ogenga appeared before the Committee on Monday 16th March, 2026 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Siaya County Assembly for the Financial Year 2024/2025.

QUALIFIED OPINION

1. Misclassification of Expenditure

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects compensation of employees cost of Kshs. 330,320,412. The cost includes basic wages for temporary employees amounting to Kshs.37,958,700. However, review of payment records revealed that Kshs.8,845,200 relating to ward and general office operations was erroneously charged to the compensation of employees. The error has not been corrected by passing the requisite journal adjustments to correct the misclassification.

In the circumstances, the accuracy and completeness of compensation of employees cost of Kshs.330,320,412 could not be confirmed.

Management Response

The amount of Kshs. 330,320,412 was budgeted under economic item-“compensation of employees” in the FY 2024/2025 budget as stated. The expenditure in question of Kshs 8,845,200 which relates to ward office operations was charged to the compensations to employees vote in the budget. This error could not be corrected by passing requisite journal adjustments because it was carried over from the budget to the Financial Statements. The only remedy was to classify it differently in the subsequent budgets. We however noted that there is no vote in Chart of Accounts that captures ‘ward office operations’; and this led to the observed misclassification as the expenditure was reported and charged accordingly to where the funds were budgeted. We have nonetheless identified a related vote in Chart of Accounts, that is, 2211325: Constituency Office Expenses, in which we have now classified the ward office operations

Committee Observation

The Committee observed that Management provided a line item for Constituency Office Expenses – Ward Office Operations (2211325). However, the charge was identified as a compensating error.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

2.Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 15 to the financial statements reflects a balance of Kshs. 144,656,958 in respect of property, plant and equipment comprising of additions during the year of Kshs. 61,671,808 for buildings, Kshs. 6,998,544 for Solar Power Systems, Kshs. 92,000 for Furniture and Fittings, Kshs. 55,060,683 for Computers and ICT Equipment and Kshs. 18,787,765 for Work in Progress. However, review of the expenditure records and supporting documentation revealed the following unsatisfactory matters;

Management has not disclosed the depreciation policy being applied or charged depreciation on the asset balance of Kshs. 144,656,958.

Management response

The non-disclosure of depreciation policy or charging of depreciation is in line with IPSAS 33 – First-time Adoption of Accrual Basis IPSASs. This standard provides a three-year transition period for public sector entities to recognize and measure specific assets and liabilities when moving to accrual-based financial reporting. It permits first-time adopters to recognize Property, Plant and Equipment at cost or deemed cost at the date of transition, allowing time for building reliable financial data. IPSAS 33 further provides transitional reliefs where full compliance is not immediately practicable. During this transition period, the Assembly retained assets at cost while developing a depreciation policy consistent with

applicable guidelines and public sector accounting standards. We have meanwhile adopted national guidelines on depreciation.

Further, disclosure was made under Note 15 (Property, Plant and Equipment) to the financial statements, explaining the accounting approach adopted during the first-time transition to accrual accounting.

Management is in the process of preparing a compliant depreciation policy to ensure full adherence to the applicable public sector accounting standards going forward.

Management Response

Management acknowledges the audit observation regarding rightful ownership of the respective land parcels where the two Ward Office Halls were constructed.

East Yimbo office hall is constructed on a parcel of land that belongs to the County Government of Siaya (see title deed attached in the appendix III). A request was made to Chief Officer- Lands for Assembly's purpose to put up office hall, which was duly granted

South Uyoma ward office hall is equally constructed on government land which hosts other administrative offices. Permission to construct assembly premises was granted by existing government tenants as proven by the attached correspondences.

Therefore, as much as there are no direct ownership documents, the halls are built on public land with due procedures followed and on record

Management discussion and Analysis on key projects implemented/ongoing and compliance with statutory requirements were not documented as prescribed in the Financial Reporting Template

Management acknowledges the observation and wishes to clarify that the required information was adequately disclosed in the financial statements for the year under review.

However, it was erroneously presented on pages 7 and 8 instead of pages xlv to xlvii as prescribed.

The Assembly recognizes the importance of strict adherence to the Financial Reporting Template issued by the Public Sector Accounting Standards Board in conjunction with the National Treasury. Accordingly, the Assembly commits fully comply with the prescribed format in future reporting periods.

Committee Observations

- 1) The Committee observed that the Management failed to disclose the depreciation policy applied and did not charge any depreciation on the entire PPE balance of Kshs. 144,656,958, contrary to the requirements of International Public Sector Accounting Standard (IPSAS) 17 on Property, Plant and Equipment and the Public Sector Accounting Standards Board (PSASB) Financial Reporting Template.
- 2) The Committee further noted that the relevant land ownership documents were not produced for verification at the time of audit contrary to section 62 of the Public Audit Act.

Committee Recommendations

1. **The Accounting Officer undertakes administrative action(s) against the officer(s) who failed to provide the documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act 2012 and provide a status report to the Office of the Auditor General within ninety (90) days from the adoption of this report.**
2. **The Accounting Officer ensures that the depreciation policy is fully disclosed in the notes to the financial statements and that depreciation is charged on all qualifying PPE assets in accordance with IPSAS 17 and the PSASB template. Any necessary prior-year adjustments should be effected and reported as such in the subsequent financial year.**

3. The Office of the Auditor-General to keep the matter in view in subsequent financial years.

3. Non-Compliance with Transitional IPSAS reporting Template

Note 2 to Financial Statements on Statement of Compliance and Basis of Preparation of the financial statements, management having taken advantage of the transitional provisions under IPSAS 33 have not indicated the elements of the financial statements that have not been recognized and the steps being taken towards full compliance with IPSAS Accrual.

Management Response

The management appreciates the observation that the management took advantage of the provisions of IPSAS 33 in the preparation of Annual financial statements for the year under review.

On 14th April 2025, National Treasury sent a circular Ref: No.03/2025 guiding government institutions on transition from cash to accrual accounting. On the transition Roadmap, it was advised that for FY 2024/2025, IPSAS accrual financial statements MUST include all financial assets, liabilities. It however gave entities that may have identified some or all other assets to include and disclose the same. Since we had not fully identified or valued all of our prior year assets, we did not recognize them on the face of statement of financial position. However, we did disclose the elements we have not recognized in Appendix III of the Financial Statements.

We intend to undertake assets valuation which, upon completion, will enable us fully comply with IPSAS accrual.

Committee Observation:

The Committee observes that the Accounting Officer failed to adhere to the financial reporting formats prescribed by the Public Sector Accounting Standards Board (PSASB). The failure to properly disclose the elements not recognized and the steps towards full compliance undermines the transparency and comparability of financial statements required by Section 194 of the PFM Act.

Committee Recommendation:

The Accounting Officer to present the financial statements for FY 2025/2026 strictly in the format prescribed by PSASB. A detailed analysis of the elements of the financial statement not yet recognized, and a clear timeline for full compliance with IPSAS Accrual, must be appended to the next financial statements as required by IPSAS 33 and good accounting practice.

4. Variances in Transfer of Funds between County Revenue fund and County Assembly.

The statement of financial performance reflects an amount of Kshs. 928,422,195 in respect of transfers from County Revenue Fund. However, review of the County Revenue Fund statement of financial performance reflect an amount of Kshs. 952,156,207.24 resulting to unexplained and unreconciled variance of Kshs. 23,734,012.24

Management Response

The management noted the observation and wish to state that in the County Assembly financial statements, Transfers from the County Revenue Fund are recognized based on the total requisitions made during the year as supported by the Form C's. Each requisition represented by approved Form C shows funds received or receivable, once the conditions attached to their use is satisfied which is consistent with IPSAS 23-Revenue recognition.

In the FY 2024/2025, our actual transfers from CRF as supported by our Exchequer disbursement schedule was Ksh 928,422,195. From the audit observation, however, the statement from CRF statement shows our total disbursement as Ksh 952,156,207.24

It should be noted that the Assembly does not prepare or receive CRF statements and therefore we are not appraised of its contents. The variance can therefore be best addressed by CRF operatives from the executive.

This notwithstanding, a statement from the executive on the same audit question (attached) is explained by some revenue sharing ratio of 88% to 12% between the executive and assembly respectively. They explain that the figure of Ksh 952,156,207.24 due to the Assembly is not derived from CRF statement but from the computation of the two ratios.

We have meanwhile attached our exchequer disbursement summary showing a total disbursement of ksh 928,422,195.

Committee Observation

The Office of the Auditor General informed the Committee that this matter was satisfactorily addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

5. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amount of Kshs.1,028,110,490 and Kshs.928,442,195 respectively resulting in underfunding of Kshs.99,668,295 or 10% of the budget. Similarly, the Assembly expended Kshs.928,420,680 against the approved budget of Kshs.1,028,110,490 resulting to an under expenditure of Kshs.99,689,810 or 10% of the total approved budget.

The underfunding and under absorption affected the planned activities and may have impacted negatively on service delivery to the public

Management Response

The noted underfunding of Kshs. 99,668,295(10%) was as a result of awarded projects yet to be fully completed thus were rolled over to the following financial year 2025/2026 and late submission of invoices which were reported as pending bills as evidenced in Appendix VI (a, b)

The pending bills have so far been paid while the projects rolled over are in different stages of implementation

Committee Observation

The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of the delay in exchequer releases by the National Treasury.

Committee Recommendation

The Committee recommends that the National Treasury should ensure timely release of funds to county Governments in line with the cash disbursement schedules

approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012.

6. Unresolved Prior Year Matters

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Control, Risk management and Governance respectively. Review of the status during the audit of the Assembly in 2024/2025 revealed the following matters remained unresolved:

	Financial Year	Audit Issue
1	2023/2024	Misclassification of expenditure
2	2023/2024	Unsupported Legal Services
3	2023/2024	Budgetary control and performance
4	2023/2024	Irregularities under Framework Contract for the Supply of fuel, oil and lubricants
5	2023/2024	Stalled and failure to report Termination of construction works contracts
6	2023/2024	Non adherence to ethnic balance
7	2023/2024	Non-compliance with a third rule on Basic Salary
8	2023/2024	Staff on acting capacity beyond six (6) Months
9	2023/2024	Delayed settlement of pending bills
10	2023/2024	Failure to establish a county Assembly Fund

11	2023/2024	Lack of remittance of statutory deductions
12	2023/2024	Non adherence to ICT steering Committee meetings threshold
13	2023/2024	Effectiveness in internal audit function

Management Response

The prior year's matters listed were responded to by the management and the responses are on record. The responses were sent to the Clerk of the Senate for onward transmission to Senate Public Accounts Committee for consideration as evidenced by the attached forwarding letter. This notwithstanding, the management in its responses to the issues raised above, has outlined its actions towards resolving the matters. We have attached a copy of such responses for further consideration.

Committee Observations

The Committee observed that several prior-year audit issues remain unresolved, contrary to Section 31(1) of the Public Audit Act, 2015 (Cap. 412B), which requires the Accounting Officer to take action to implement the recommendations of the Auditor-General and submit a report to the relevant legislative body.

Committee Recommendations

- 1. The County Assembly Service Board (CASB) implement the Senate recommendations in the Auditor General's report for the Financial Year 2023/2024 adopted by the Senate.**
- 2. The County Assembly Service Board (CASB) complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 90 days of the adoption of this report.**

3. **The County Assembly Service Board (CASB) engage with the Office of the Auditor-General to address and resolve any outstanding matters.**
4. **The Auditor General should list any unresolved audit paragraphs in the report of the subsequent financial year.**

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

1.Non-Adherence to Ethnic Diversity on Employment

Review of the staff bio data for the year under review, revealed that the Assembly had two hundred and sixty-eight (268) members of staff out of which two hundred and fifty(250) or 93.3% are from the dominant community in the County. This is contrary to Article 232(b) of the Constitution of Kenya, 2010 which require representation of Kenya's diverse communities and affording adequate and equal opportunities for appointment, training and advancement, at all levels of the public service, of men and women; and the members of all ethnic groups and persons with disabilities.

In the circumstances, Management was in breach of the law.

Management response

The reported 268 members of County Assembly "Staff members" include; 1 Speaker, 2 external Board members, 42 Hon. Members of County Assembly, and 87 Permanent staff, 136 ward staff. It is understandable that the 136 ward staff at the grass root ward level are people from the dominant community. The Speaker and Hon Honorable members are elected leaders. Additionally, the 87 members of staff of the County Assembly were on-boarded vide two ways, that is, those who were from the defunct local authority and those who were competitively recruited by the Board. of the 26 staff members who transited from the local authority, 23 or 88% were from the dominant community.

The County Assembly Service Board, in its advertisements for any vacant positions encourages applications from diverse backgrounds and has over time recruited competitively 64 members of staff. On boarding has been on application and merit. See attached copy of newspaper advertisement.

Committee Observations

The committee observed that the that the Assembly has two hundred and sixty-eight (268) members of staff out of which two hundred and fifty (250) or 93.3% are from the dominant community in the County. This is contrary to the provisions of the National Cohesion and Integration Act, 2008 which stipulates that at least 30% of employees should be from communities other than the dominant one.

Committee Recommendations

The committee recommends that: -

- 1. the County Assembly adheres to section 65(1)(e) of County Governments Act and ensures that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county; and**
- 2. The Committee recommends that the Standing Committee on National Cohesion, Equal Opportunity and Regional Integration undertake a post legislative scrutiny on the application of Section 7(2) of the National Cohesion and Integration Act (Cap. 7N) to County Governments**

2.Non-Compliance with a Third Rule on Basic Salary

Review of the Assembly payroll records revealed that July 2024 to June 2025 various officers were earning less than a third of their basic pay contrary to Section C.1(3) of the County Assembly Human Resource Manual states that, "Public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries and Heads of Human Resource Units should ensure compliance." This is also contrary to Section 19(3) of the Employment Act, 2007, which states that the total amount of deduction of the wages of an employee shall not exceed two-thirds (2/3) of such wages.

In the circumstances, Management was in breach of the law.

Management Response

The staff members whose salaries fell below the one-third rule were primarily affected by increased statutory deductions, notably contributions to the National Social Security Fund (NSSF), the National Housing Levy, and the Social Health Insurance Fund (SHIF). These officers already had financial obligations that were close to the permissible limit. Consequently, the additional mandatory deductions pushed their net pay below the prescribed one-third threshold.

Management further notes that the Integrated Personnel and Payroll Database (IPPD) system was not fully configured to automatically prevent such occurrences. However, it is anticipated that, going forward, the new Integrated Human Resource System (IHRS) will be enhanced to ensure that no officer's net salary falls below the statutory requirement.

In the interim, management has advised the affected staff members to progressively restructure their existing loan obligations in order to restore compliance with the one-third rule.

Committee Observation

The Committee observed that the payment of net salaries below one-third of the basic salary for employees is a contravention of Section 19(3) of the Employment Act, 2007. This exposes the employees to financial distress and is an indicator of weaknesses in the payroll management system.

Committee Recommendations

The Committee therefore recommends that -

1. The County Public Service Board, in coordination with the County Treasury, fully implement the Human Resources Information System (HRIS) to automatically lock out any loan commitments that would cause an employee's net pay to fall below the legal threshold, as required by sound internal control systems under Regulation 155 of the PFM (County Governments) Regulations, 2015.

2. The Committee further recommends that the Public Service Commission, in coordination with County Public Service Boards, review Section C (3) of the Human Resource Policies and Procedures Manual and propose mechanisms to ensure compliance, reporting their findings to the Senate within 90 day

3. Non-Compliance with Law on Representation of People with Disabilities

During the year under review, the total number of employees on the Assembly's payroll were 268 out of which only 4 or 1.49 % were people with disabilities. Further, review of recruitments done during the year revealed that out of five (5) new appointments, there was no representation of persons with disabilities contrary to section 21 (2) (a) which states that every employer shall where an employer has at least twenty employees, reserve at least five per cent direct employment opportunities for persons with disabilities to secure employment.

In the circumstances, Management was in breach of the law.

Management Response

The management acknowledges the observation of the auditor and notes that the said Act was gazetted on 13th May 2025. The assembly has not carried out any recruitment since that time. However, compliance with this requirement is work in progress, and should be achieved in the long run.

We further note that the principle of inclusivity has always been embraced by the Board in recruitments, by encouraging persons with disabilities to apply.

For instance, in the last recruitment where five new appointments were made, no person with disability applied. The vacancy advertisement had a statement encouraging persons with disabilities to apply. See copy of the advert and long list attached for verification.

Committee Observation

The Committee observed that the county Assembly's employment rate of Persons with Disabilities (PWDs) at 1.49% is significantly below the constitutional threshold. This is a breach of Article 54(2) of the Constitution and Section 21(2)(a) of the Persons with Disabilities Act, 2025, which mandates that at least 5% of members of the public in elective and appointive bodies be persons with disabilities.

Committee Recommendation

The Committee recommends that the County Public Service Board must, within its mandate under Article 235 of the Constitution, develop and implement an affirmative action scheme, including targeted recruitment and accessible advertisement, to progressively realize the 5% constitutional requirement for PWDs.

4. Non-Compliance with the Training Needs Assessment Policy

Review of the Human resource records reveal that Management carried out a training needs assessment for the period covering 2022 — 2027, which is five (5) year period, contrary to section 7.2 of the County Assembly “Human Resource Policies and Procedures Manual” which provides for conducting Training Needs Assessment after every two (2) years.

In the circumstances, Management was in breach of the law

Management response

We concur that Section 7.2 of the County Assembly “Human Resource Policies and Procedures Manual” provides for conducting Training Needs Assessment after every two years. A comprehensive training needs assessment was done in 2022 covering up to 2027 (see attached report). More so, during annual performance appraisal process, training needs are normally assessed by an individual officer and verified by the supervisor. This informs approval of training requests by individual officers during the budget implementation period.

This implies that apart from the comprehensive TNA conducted, annual TNA is normally done to address possible changing training requirements.

The two-year period stated in the Human Resource Policies and Procedures Manual” is marked for amendment to allow for a duration that is convenient taking cognizance of limited financial resources and also to take cognizance of the annual appraisal TNA.

Committee Observation

The Office of the Auditor General informed the Committee that this matter was satisfactorily addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

5. Non-Compliance with the Public Procurement Capacity Building Levy Order, 2023

During the year under review, it was noted that the Assembly failed to deduct, remit and file returns as per the requirements of the Public Procurement Capacity Building Levy Order, 2023 (Legal Notice No. 206 of 6th November 2023).

In the circumstance, Management was in breach of the law.

Management Response

Initially there were challenges in the system because of which the deductions were not going through. However, from 1st July 2025 the Integrated Financial Management System(IFMIS) has been configured and we have since been deducting the levy in compliance with the law.

Committee Observation

The Committee observed that there was insufficient documentary evidence to confirm that the 0.03% Public Procurement Capacity Building Levy on procurement contracts was consistently deducted and remitted as required. This constitutes a breach of the Public Procurement Capacity Building Levy Order, 2023, and the accounting officer's duty under Section 149(2)(a) of the PFM Act, 2012, to ensure all expenditure is lawful.

Committee Recommendation

The Accounting Officer submits to the Auditor-General, within ninety (90) days of adoption of this report, a schedule of all contracts signed since the inception of the 2023 Order, together with IFMIS-generated receipts confirming that the 0.03% levy was deducted and remitted to the Public Procurement Regulatory Authority (PPRA)

6. Non-Compliance in Stores Management

Review of the stores records and a physical verification revealed that no half yearly reports were provided by the officer in charge of stores of any obsolete and unserviceable stores. Further, the stores were not labelled and kept properly in an organized manner to enable access. In addition, the items were kept in a small room not well ventilated according to the procurement standards of a store contrary to the Regulation 172 (a) , (b) and (c) of the Public Procurement and Asset Disposal Regulations, 2020 which require that the officer in charge of stores of a procuring entity shall ensure that the store-rooms are kept clean, properly ventilated and in good condition and that the stores are well arranged and easy to access and inspect the store-rooms regularly and report to the head of the procurement function in case of any loss, leakage, damage or deterioration and report half-yearly in writing to the head of the procurement function of any obsolete or unserviceable stores.

In the circumstances, Management was in breach of the law.

Management Response

Management acknowledges the audit observation. We note that the current space being used for storage is inadequate resulting into crowding of stores items. Due to the crowding, the standard stores management practices remain a challenge. Management commits to make arrangements for extra storage space.

Regarding the half-yearly reports on obsolete and unserviceable stores, management notes that the said report was not yet finalized as at the time of audit. However, it is now available and is attached in the appendix XII.

Committee Observations

1. The Committee observed that the officer in charge of stores failed to provide half-yearly reports on obsolete and unserviceable stores. This is a direct violation of the reporting cycles intended to facilitate timely asset disposal and prevent value depreciation.
2. The Committee noted that the stores were not labelled and were kept in a disorganized manner. This is a direct contravention of Regulation 172 of the Public Procurement and Asset Disposal Regulations, 2020 which mandates that stores be well arranged and easy

to access.

Committee Recommendation

The Accounting Officer ensure that the officer in charge of stores complies with the provisions of Regulation 172 of the Public Procurement and Asset Disposal Regulations, 2020.

7. Lack of a Register for Repairs and Maintenance and Replacement

During the year under review, it was observed that there is no register kept for maintenance, repairs and replacement in respect of each motor vehicle, plant and equipment contrary to Regulation 174(3) of the Public Procurement and Asset Disposal Regulations, 2020 which require that the officer in charge of matters relating to transport in the procuring entity shall prepare a record of maintenance, repairs and replacement in respect of each motor vehicle, plant and equipment which shall be submitted to the accounting officer in a format to be provided by the Authority. In the circumstances, Management was in breach of the law.

Management Response

The management acknowledges the audit observation of lack of prescribed form of keeping records of maintenance, repairs and service of motor vehicles and other equipment. The information on such is however available in individual files of each motor vehicle and the generator.

The data in the files have now been summarized in a format that shows the details of the vehicle and maintenance records (attached).

Committee Observation

The Office of the Auditor General informed the Committee that this matter was satisfactorily addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

CHAPTER FIVE

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF BUSIA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2024/2025 .

The Speaker, Hon.Fredrick Wafula Odilo and the Clerk, Allan Mabuka of Busia County Assembly appeared before the Committee on Friday, 13th March, 2026 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Busia County Assembly for the Financial Year 2024/2025.

Qualified Opinion

Basis for Qualified Opinion

1.0 Unexplained Variance on Employee Payables Balance

The statement of financial position reflects a balance of Kshs.333,929,626 in respect of trade and other payables which, as disclosed in Note 13 to the financial statements includes employee payable balance of Kshs.130,337,903. However, recalculation of the balance based on employee cost of Kshs.451,010,757 as reflected in the statement of financial performance, opening employee payables balance as at 1 July, 2024 of Kshs. 80,216,292 as disclosed in Note 13 to the financial statements, and employees' costs paid during the year of Kshs. 383,683,392 as reflected in the statement of cash flows and Note 7(a) to the financial statements amounts to employee payable balance of Kshs.147,543,657 resulting in unexplained variance Kshs.17,205,754.

In the circumstances, the accuracy and completeness of employee payables balance of Kshs.130,337,903 could not be confirmed.

Management Response

The variance of Kshs. 17,205,754 arose from the settlement of pending employee payables amounting to Kshs. 16,205,476, which were erroneously recognized as expenses in the Statement of Financial Performance during the year under review, and Kshs. 1,000,278

resulting from an overstatement of employee payables that led to a reduction in the opening balance in the Statement of Changes in Net Assets.

The error will be corrected through prior year adjustments in the FY 2025/2026 financial statements.

Committee Observations

1. The Committee observed that the Busia County Assembly had outstanding trade and other payables totaling Kshs. 333,929,606 as at the reporting date. Of significant concern is that Kshs. 41.28 million of this amount has remained unpaid for over two years. This persistent failure to settle valid obligations within a reasonable period is a contravention of the fiscal responsibility principles set out in Section 107(2)(f) of the PFM Act, which requires that fiscal risks be managed prudently. It also undermines the principle of prudent and responsible use of public money as enshrined in Article 201(d) of the Constitution.
2. The Committee acknowledges the management's reported progress in settling employee-related arrears. However, the Committee expresses concern that the remaining debt of Kshs. 38,000,551 continues to impact staff welfare and constitutes a significant liability. Furthermore, the allocation of Kshs. 25 million in the FY 2025–2026 budget appears insufficient to clear this balance, raising doubts about the adequacy of the measures taken to fully discharge this obligation, contrary to the Accounting Officer's duty under Section 149(1) of the PFM Act.
3. The Committee notes that a comprehensive and independently verified aging analysis of pending bills was not provided to the auditors in a timely manner. Relying solely on internal validation, without independent verification, compromised the objectivity and completeness of the process. This failure impairs the ability of the Assembly to present a true and fair view of its financial position, a fundamental requirement under Regulation 22(1)(c) of the PFM (County Governments) Regulations, 2015.
4. While the Committee acknowledges the formulation of a debt management strategy, the lack of a detailed, time-bound implementation plan with clear accountability mechanisms

renders it ineffective. A strategy without binding targets and oversight is merely theoretical and fails to address the systemic issue of recurrent accumulation of payables, which is a breach of the Accounting Officer's duty to ensure effective, efficient, and economical use of resources under Section 149(1) of the PFM Act.

Committee Recommendations

The Committee therefore recommends that: -

- 1. The Accounting Officer must ensure full reconciliation of opening balances in future financial statements with the prior year's audited closing balances, providing a clear audit trail for any adjustments. This must be in line with the accounting standards prescribed by the Public Sector Accounting Standards Board (PSASB) under Section 194 of the PFM Act, and Regulation 103 of the PFM (County Governments) Regulations, 2015.**
- 2. The Accounting Officer must treat trade payables due for more than 365 days as an indicator of poor financial management. They must provide an actionable payment plan to the Senate and the Controller of Budget within ninety (90) days of the adoption of this report, in compliance with Regulation 41(2) of the PFM (County Governments) Regulations, 2015, which requires debt service payments to be a first charge on the County Revenue Fund.**
- 3. The Accounting Officer prioritizes the settlement of all verified payables due to staff, statutory deductions, and pension contributions. These shall be treated as a first charge on the County Revenue Fund, as required by Regulation 41(2) of the PFM (County Governments) Regulations, 2015.**
- 4. The Ethics and Anti-Corruption Commission (EACC) investigates the historical accumulation of pending bills, particularly those owed to staff and for statutory deductions, to establish whether any funds were misappropriated or misapplied, contrary to Chapter Six of the Constitution on Leadership and Integrity, with a view to recommending prosecution of any persons found liable.**

5. **The Controller of Budget (CoB) is urged to consider the Assembly's efforts to clear pending bills when approving future exchequer releases, in line with the principle of supporting fiscal responsibility as provided for in Article 228 of the Constitution.**

2.0 Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.57,520,995 in respect of property, plant and equipment as disclosed in Note 12 to the financial statements. Included in Note 12 to the financial statements in respect of additions of property, plant and equipment during the year, is an amount of Kshs.8,390,000 relating to the acquisition of thirty-five (35) iPads. Although the iPads had been recognized as additional assets during the year, the invoice and delivery note provided for audit were dated 19 September, 2025, hence not meeting the criteria of recognition as assets as the possession and ownership had not been passed to the Assembly as at 30 June, 2025.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.57,520,995 could not be confirmed.

Management Response

Management concurs with the auditor's observation and wishes to clarify that the invoice and delivery note initially submitted were incorrectly dated. Management has since provided the correct invoice and delivery note bearing the appropriate date and has updated the asset register in the current financial year to reflect the actual 13 units that were delivered.

Committee Observations

1. The Committee notes with grave concern that public funds amounting to Kshs. 8,390,000 were recognized as an asset for thirty-five (35) iPads in the financial statements for the year ended 30th June 2025, despite the fact that the Assembly did not have possession or

ownership of the goods as at that date. The supporting documents, including the invoice and delivery note, were dated after the close of the financial year (19th September 2025). This action constitutes a fundamental breach of the accounting principle that assets should only be recognised when the entity obtains control of the resources and the risks and rewards of ownership have passed, as required by the accrual basis of accounting. It also contravenes the requirement for a true and fair view of the entity's financial position under Regulation 22(1)(c) of the PFM (County Governments) Regulations, 2015.

2. The Committee observes that by approving these financial statements, the Accounting Officer failed in their personal constitutional and statutory obligation, as imposed by Article 226(2) of the Constitution and Section 149(1) of the PFM Act, to ensure that the resources of the entity are used in a lawful and transparent manner and that the financial reports present a true and fair view.
3. The Committee's greatest concern is the admission that the invoice and delivery note initially provided to the Auditor-General were "incorrectly dated" and were subsequently replaced with corrected versions. This raises a material question: were the documents genuinely corrected or were they recreated to mislead the audit process? This action casts doubt on the integrity of public records and suggests a potential attempt to distort the Assembly's financial position, which could constitute a violation of Section 197 of the PFM Act on offences of financial misconduct.
4. Furthermore, management has acknowledged that only thirteen (13) units were actually delivered, and the asset register has now been "updated" to reflect this. This indicates that the original entry for thirty-five (35) iPads was not only premature but also materially overstated the quantity of assets by twenty-two (22) units. The Assembly paid for thirty-five units but received only thirteen. The whereabouts of the remaining twenty-two (22) iPads, valued at approximately Kshs. 5,277,143, and the authority under which full payment was made prior to delivery, remain unexplained and represent a prima facie case of loss of public funds.

Committee Recommendations

The Committee recommends that: -

- 1. The Speaker of the County Assembly as the Chairperson of County Assembly Service Board (CASB), immediately firm undertake administrative action against the responsible officer(s) who certified and approved the payment and recognition of assets before delivery and who failed to provide authentic documents to the auditors at the time of audit, in accordance with Section 156 of the Public Finance Management Act, and their obligations under Chapter Six of the Constitution.**
- 2. The Ethics and Anti-Corruption Commission (EACC) conduct an immediate and thorough investigation of all involved officers to trace and recover the twenty-two (22) missing iPads or their equivalent value. A report on the recovery efforts and any disciplinary measures taken must be submitted to the Senate and the Office of the Auditor-General within sixty (60) days.**
- 3. The County Assembly Service Board (CASB), in line with its functions under Section 11 of the County Assembly Services Act, must ensure that the Clerk and other accounting staff adhere to strict procurement and asset management controls, prohibiting payment for goods before delivery and verification, to prevent future occurrences.**

Emphasis of Matter

3.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects approved final receipts budget and actual on comparable basis of Kshs.846,454,206 and Kshs.846,262,218 respectively resulting to an under-funding of Kshs.191,988 of the budget. Similarly, the Assembly spent Kshs.852,325,847 against actual receipts of Kshs.846,262,218 resulting to an over-expenditure of Kshs.6,063,629. There was no documentary evidence provided for

audit review indicating that the over-expenditure of Kshs.6,063,629 was approved by the County Assembly.

Management Response

- **Underfunding of Kshs. 191,968 of the budgets.**

Management wishes to state that the variance of Kshs. 191,968 relates to the development budget, where the budgeted amount was Kshs. 42,200,000 while the actual receipts amounted to Kshs. 42,008,032, which was equivalent to the actual project cost incurred.

- **Over expenditure of Kshs. 6,063,629**

Management acknowledges the auditor's observation regarding the reported over-expenditure of **Kshs. 6,063,629**. During the year under review, the County Assembly experienced **budget adjustments following austerity measures issued by the President**, which resulted in **budget cuts amounting to Kshs. 87,443,921**.

Committee Observations

1. The Committee observed that the Assembly recorded an unauthorised over-expenditure of Kshs. 6,063,629, having spent Kshs. 852,325,847 against actual receipts of Kshs. 846,262,218. This contravenes Section 164(2)(a)(iv) of the PFM Act, which requires the Accounting Officer to include in the financial statements a statement explaining any variations between actual expenditure and the sums voted. No such statement was provided, and critically, no evidence was presented to demonstrate that this over-expenditure was approved by the County Assembly through a supplementary budget, as required by Section 135 of the PFM Act.
2. The Committee further notes that while management attributed a funding shortfall in the development budget to austerity measures, this explanation was provided only as a reactive

response to the audit query. It was not proactively disclosed in the financial statements as mandated. This reactive approach to financial reporting is unacceptable and undermines public confidence in the county's financial management systems, contrary to the principle of transparency in Article 201(a) of the Constitution.

Committee Recommendations

The Committee recommends as follows:-

- 1. The Accounting Officer must immediately develop and operationalise a budget execution and monitoring framework that provides for real-time tracking of expenditure against approved votes. This framework must include mandatory escalation protocols when expenditure approaches 90% of any budget line to prevent future over-expenditure, fulfilling the duty of effective budgetary control under Regulation 42 of the PFM (County Governments) Regulations, 2015.**
- 2. The County Assembly Service Board (CASB), in line with its functions under Section 11 of the County Assembly Services Act, must ensure that any future budget adjustments arising from austerity directives or revenue shortfalls are formally processed through a supplementary budget and duly approved by the County Assembly before any consequential expenditure commitments are entered into, in strict accordance with Section 135 of the PFM Act.**
- 3. The County Assembly Service Board (CASB), in line with its functions under Section 11 of the County Assembly Services Act must ensure the County Assembly's Internal Audit Unit operates independently as per Regulation 155 of the PFM (County Governments) Regulations, 2015, to enable it conduct a dedicated review of all expenditure commitments made during the austerity period and report its findings to the Senate and Office of Auditor General within ninety (90) days.**

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

4.0 Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved several issues or given any explanation for the delay in resolving the issues as at 30 June, 2025 as detailed below.

Unresolved Prior Year Audit Issues

The following issues from 2023/2024 remain unresolved:

1. Unconfirmed Transfers to Other Government Entities
2. Pending Accounts Payable and Staff Payables
3. Irregular Use of Direct Procurement Method
4. Supply, Installation, Testing and Commissioning of E-Assembly Management Software for Committee Rooms and General Offices
5. Supply, Installation, Customization Configuration and Training of Paperless E-Assembly Multimedia System - Phase 1
6. Failure to Observe Ethnic Diversity in Recruitment
7. High Wage Bill Above Allowed Threshold
8. Non-Adherence to the One-third Basic Salary Rule
9. Late Receipts of Exchequer Issues from The National Treasury

10. Unauthorized Expenditure on Legal Expenses
11. Lack of Updated Non-Current Assets Register
12. Lack of Lockable Storage Facility, Cabinets and Computers
13. Lack of Performance Appraisal of the Internal Audit

Management Response

Management wishes to state that significant progress has been made in addressing a number of issues raised by the Office of the Auditor-General in relation to the FY 2023/2024.

Committee Observations

The Committee observed that the County Assembly has failed to fully implement recommendations on thirteen (13) prior-year audit matters. This persistent failure by the Accounting Officer to take concrete steps to implement the recommendations of the Auditor-General and the Senate undermines the oversight function of Parliament and contravenes the duty to ensure accountability and transparency in the use of public resources. This is a direct violation of the Accounting Officer's responsibility under Section 68(1)(b) of the PFM Act, to ensure resources are used effectively, efficiently, economically, and transparently.

Committee Recommendations.

- 1. The Accounting Officer is directed to comply fully with Section 53 of the Public Audit Act, 2015, by taking concrete steps to implement all outstanding recommendations from the Senate's report on the FY 2023/2024 financial statements.**
- 2. A comprehensive action plan, with clear timelines, for resolving the remaining issues, specifically "Non-Compliance with Law on Ethnicity" and "Non-Compliance with the Law on Fiscal Responsibility" , must be submitted to the Senate and the Auditor-General within ninety (90) days of the adoption of this report.**

3. **The Auditor-General to explicitly list any unresolved prior-year matters in the subsequent financial year's audit report to ensure continued oversight.**

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

Basis for Conclusion

5.0 Non-Compliance with Law on Personnel Emoluments Ceiling

The statement of financial performance reflects employee costs amounting to Kshs.451,010,757 as disclosed in Note 7 to the financial statements. This represents 53% of the total revenues of Kshs.846,262,218, which exceeds ceiling prescribed under Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

Further, the staff establishment exceeds the recommended ceiling by 36 employees, against the Salaries and Remuneration Commission (SRC) advisory of 100. The Assembly currently has 122 permanent and pensionable staff, and 14 contract staff, totaling 136 employees.

In the circumstances, Management was in breach of law.

Management Response

Management wishes to clarify that the capping of staff levels by the Commission on Revenue Allocation (CRA) was effected after the Board had already undertaken recruitment. Additionally, in 2014, the County Assembly inherited thirty-two (32) staff from the defunct local authorities Busia County Council, Nambale Town Council, Port Victoria Town Council, Malaha Town Council, and Busia Municipal Council which

contributed to the Assembly exceeding the recommended 35% personnel emoluments threshold.

Committee Observations

1. The Committee observed that employee costs of Kshs. 451,010,757 constituted approximately 53% of the county's total receipts, significantly exceeding the 35% statutory limit. This is a direct and serious breach of Regulation 25(1)(b) of the PFM (County Governments) Regulations, 2015, which mandates that the county government's expenditure on wages and benefits shall not exceed 35% of its total revenue.
2. While the Committee acknowledges that the Assembly inherited 32 staff from defunct local authorities, this does not absolve the current management of its responsibility to ensure a sustainable wage bill. The persistent breach of this fiscal responsibility principle, as outlined in Section 107(2) of the PFM Act, threatens the county's long-term financial sustainability and its ability to allocate sufficient resources to development expenditure as required by Section 107(2)(a) of the PFM Act.

Committee Recommendation

The Committee recommends that:-

1. **The Management should provide to the Auditor General and the Senate the measures it will put in place to contain the high wage bill within ninety (90) days of the adoption of this report;**
2. **The Management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (County Government) Regulations, 2015 which stipulate that the county wage bill should not exceed 35 per cent of the county total revenue; and**
3. **The County Assembly puts in place measures to enhance its own source revenue collection in order to address the wage bill gap.**

4. That pursuant to the High Court orders issued in *Matindi v Salaries and Remuneration Commission & another [2026] KEHC 755 (KLR)*, the Salaries and Remuneration Commission submits to the Committee a copy of the court ordered affidavit detailing the following—
- (i) time-bound strategies it has developed and is implementing to achieve a 35% public wage bill to revenue ratio;
 - (ii) collaborative measures being jointly implemented in conjunction with the County Governments; and
 - (iii) advisories and/or directives issued to curb abuse in payment of allowances to State and public officers, percentages of reduction of wage to revenue ratio and savings being made per every year arising from the strategies and interventions it has put in place and implemented.
5. The Auditor General should continue monitoring the issue in subsequent financial years.

6.0 Non-Adherence to Climate Change and Financing Policies

During the year under review, the County Assembly did not allocate any budgetary provisions to address climate related issues. Further, there was no evidence that a committee had been established to oversee climate initiatives, nor were any reports on climate matters submitted as required by directives from The National Treasury, vide National Treasury Circular No.13/2020 on Climate Change Financing which requires all Accounting Officers to make quarterly reports in a prescribed format.

In the circumstances, Management was in breach of the law.

Management Response

A committee, to oversee climate initiatives and submit quarterly progress reports, was established on 5th January 2026 and held its first meeting on 12th February 2026.

Management further commits to incorporating climate-related provisions in future budgets in compliance with National Treasury Circular No. 13/2020 on Climate Change Financing.

Committee Observations

The Committee noted that during the financial year under review, the County Assembly failed to allocate any budgetary provisions for climate-related initiatives and had not established a committee to oversee climate action. This constitutes a breach of the State's constitutional obligation under **Article 69(1) of the Constitution**, which requires the State to ensure sustainable exploitation, utilisation, management and conservation of the environment. It also contravenes the reporting requirements mandated by The National Treasury Circular No.13/2020 on Climate Change Financing, issued under the broad framework of public finance management.

Committee Recommendations

The Committee recommends that:-

- 1. The County Assembly Service Board (CASB) must ensure the County Assembly fully and adequately integrate climate change considerations into all departmental strategies and programmes, in compliance with the Climate Change Act, 2016. A status update on implementation shall be submitted to the Senate and the Office of the Auditor-General within ninety (90) days.**
- 2. The Office of the Auditor-General to undertake a special audit on the implementation of climate action financing across all counties, to assess compliance with Article 69 of the Constitution and value for money, with a report to be submitted to the Senate within one year.**

7.0 Delayed Occupation of the Speaker's Official Residence

Review of the County Assembly's records revealed that, the construction of the Speaker's official residence was completed and officially commissioned on 16 June, 2022 at a contract sum of Kshs.27,000,000. However, physical inspection conducted in the month of June, 2025 established that the residence remained unoccupied thirty-seven (37) months after its official opening.

In the circumstances, the intended benefits of the project have not been realized, and value for money spent on the project has not been achieved.

Management Response

Due to budgetary constraints, the County Assembly was unable to provide essential amenities such as servants' quarters, clean water, ablution blocks, and electricity connectivity, which are necessary to render the residence habitable.

However, the Board has proposed a budget allocation of Kshs. 15,000,000 in the Fiscal Strategy Paper for FY 2026/2027 to facilitate the provision of these amenities with the intention of ensuring full occupation of the residence during FY 2026/2027.

Committee Observations

1. The Committee observed that the official residence of the Speaker, completed in June 2022 at a cost of Kshs. 27 million, has remained unoccupied for thirty-seven (37) months due to the absence of essential amenities. This failure to complete and utilise a public asset constitutes an inefficient and uneconomical use of public resources, contravening the principles set out in Article 201(d) of the Constitution, which requires that public money be used in a prudent and responsible way.
2. The prolonged idleness of a completed public investment reflects gaps in project planning, budgeting, and intergovernmental coordination. This situation raises serious concerns

regarding adherence to the principles of Section 149(1) of the PFM Act which requires the Accounting Officer to ensure that resources are used in a manner that is lawful, effective, efficient, economical, and transparent.

Committee Recommendations

- 1. The County Assembly Service Board (CASB) must prioritise the inclusion of the required funds (Kshs. 15 million) in the 2026-2027 budget to facilitate the immediate completion of the outstanding amenities and ensure the residence is occupied without further delay, in line with the duty to ensure value for money under Regulation 132 of the PFM (County Governments) Regulations, 2015.**
- 2. The County Assembly Service Board (CASB), as the body responsible for the welfare of members under Section 11 of the County Assembly Services Act, must resolve any internal funding bottlenecks to ensure the timely release of allocated funds for the project.**
- 3. The County Assembly Service Board (CASB) must ensure that all future construction or rehabilitation projects undergo a comprehensive needs assessment and costing to guarantee that essential components are included in the initial design and budget, preventing incomplete projects and wastage of public funds, as required by prudent financial management principles.**

8.0 Non-Compliance with Minimum Employment Threshold for Persons with Disabilities (PWDs)

Analysis of the Human Resource Information System (HRIS) records for Busia County Assembly for the year ended 30 June, 2025 revealed that a total of three hundred and forty-one (341) employees' salaries were processed and paid through the payroll system. Out of this number, only three (3) members of staff were categorized as persons with disabilities (PWDs), with one of the individuals identified as a PWD being a Member of the County Assembly, not subject to regular staff employment policies and another one engaged on a

short-term contract, and may not be considered part of the substantive staff establishment. This effectively translates to 0.9% representation of PWDs within the Assembly's active payroll, which is way below the statutory minimum threshold of 5% as required under Section 13 of the Persons with Disabilities Act, 2003.

In the circumstances, Management was in breach of the law.

Management Response

Management agrees with the auditor's observation and undertakes to ensure that future recruitment exercises comply with Section 13 of the Persons with Disabilities Act, 2003.

Committee Observations

1. The Committee observed that out of a total of three hundred and forty-one (341) employees, only three (3) were identified as persons with disabilities (PWDs), representing a mere 0.9% of the workforce. This underrepresentation constitutes a direct contravention of Article 54(2) of the Constitution, which obligates the State to ensure the progressive implementation of the principle that at least five percent of members of the public in elective and appointive bodies are persons with disabilities.
2. This failure further violates Article 232(1)(i) of the Constitution, which mandates the affording of adequate and equal opportunities for appointment, training, and advancement to all persons. It is inconsistent with the national values of inclusiveness and non-discrimination enshrined in Article 10 of the Constitution.

Committee Recommendations

The Committee recommends that:-

1. **The County Assembly Service Board (CASB) as a matter of urgency, must develop and implement a targeted affirmative action plan, as envisioned by Article 27(6) of the Constitution, to attain the 5% employment reservation for Persons with Disabilities. The plan must set specific, measurable targets for the next recruitment cycle.**
2. **The implementation of this plan must be a key performance indicator for the Clerk and the Board, and progress must be detailed in the Board's annual report to the county assembly as required by Section 36 of the County Assembly Services Act.**

9.0 Lack of Land Ownership Documents

Review of the fixed asset register revealed that the County Assembly offices sits on a parcel of land (with undisclosed acreage) where the Assembly headquarter is situated. However, no title deed was provided for audit verification to confirm its legal ownership.

Further, it was observed that the County Assembly planned to procure twenty-two (22) parcels of land, each budgeted at a cost of Kshs.1,000,000, intended for Ward offices. For the twenty-two (22) parcels, a total of Kshs.21,787,000 was transferred to the law firm as escrow funds, out of which, all the parcels of land had been fully paid for, but pending issuance of title deeds.

In the circumstances, ownership status of the County Assembly's parcels of land could not be confirmed, and value for money spent on acquisition of the parcels of land amounting to Kshs.21,787,000 may not have been realized.

Management Response

Management has initiated the process of securing the title through the Department of Lands, Housing and Urban Development.

Management further states that the processing of title deeds for the twenty-two (22) parcels of land designated for ward offices is ongoing. All other acquisition procedures were duly completed, and the Assembly is currently following up on the finalization of the title documentation.

Committee Observations

1. The Committee observed that public funds amounting to Kshs. 21.7million were disbursed for the purchase of twenty-two (22) parcels of land, for which title deeds remain pending. The practice of effecting full payment to vendors before the transfer of title is irregular, exposes public funds to significant risk, and contravenes the principles of prudent financial management under Article 201(d) of the Constitution.
2. The Committee finds that the County Assembly Service Board (CASB) failed to secure proper documentation before payment constitutes a breach of Section 149(1) of the PFM Act. . The absence of title deeds for acquired assets undermines ownership clarity and places the Assembly's investment in a precarious legal position.
3. The Committee is alarmed by the reported appearance of MCA names on land documents. This raises serious questions regarding potential conflicts of interest, contrary to the principles of leadership and integrity in Chapter Six of the Constitution and the Conflict of Interest Act 2025. It points to significant procedural and accountability lapses with serious legal and governance implications.

Committee Recommendations

1. **The County Assembly Service Board (CASB) must take urgent action, in coordination with the appointed legal firm, to ensure the processing and registration of title deeds for all twenty-two (22) land parcels is concluded within a strict timeframe. A progress report must be submitted to the Senate and Office of the Auditor-General within sixty (60) days.**
2. **The Ethics and Anti-Corruption Commission (EACC) must conduct a formal inquiry to establish the individuals who authorised the full payment for land parcels prior to**

the transfer of title and to investigate the appearance of MCA names on land documents for any potential conflict of interest, in line with the Conflict of Interest Act. The findings, including any recommendations for disciplinary or legal action, must be submitted to the Senate and the Office of the Auditor General within 60 days.

3. **The Accounting Officer must immediately review and strengthen procurement and payment controls to prohibit the practice of paying vendors in full before all legal documents, including title deeds, are verified and transferred. This must comply with the principles of a fair, equitable, transparent, and cost-effective procurement system as per Article 227 of the Constitution.**

10.0 Failure to Register with Data Protection Commissioner

Audit review of the County Assembly records revealed that the County 0 was holding and processing sensitive employee information including names, dates of birth, ages, national identification numbers, and bank account details. However, no evidence was provided for audit indicating that the County Assembly had registered with the Office of the Data Protection Commissioner as a data controller and processor contrary to Section 18(1) of the Data protection Act, 2019 which requires that no person shall act as a data controller or data processor unless registered with the Data Commissioner.

Management Response

Management hereby confirms that it has finalized the process of registration with the Office of the Data Protection Commissioner awaiting registration certificate.

Committee Observations

The Committee observed that the County Assembly holds sensitive employee data but has failed to register with the Office of the Data Protection Commissioner as a data controller

and processor. This failure contravenes Section 18(1) of the Data Protection Act, 2019 and undermines the constitutional right to privacy under Article 31 of the Constitution, reflecting a lapse in the Assembly's data governance obligations.

Committee Recommendations

- 1. The County Assembly Service Board (CASB) must fast-track the acquisition of the registration certificate and ensure full compliance with the Data Protection Act, 2019, treating this as a matter of urgent administrative priority.**

11.0 Failure to Close Dormant Bank Account

The statement of financial position as at June 30, 2025 reflects a negative cash and cash equivalents balance of Kshs.11,911,496 as disclosed in Note 10(a) to the financial statements. Included in this, is a Nil balance for one of the County Assembly's bank accounts, which has remained dormant for more than three (3) years. No explanations were provided on why the bank account has remained dormant for a long period without being closed. This was contrary to Regulation 88(2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the County Assembly Committee Member may suspend operations of any county government bank account if he or she believes that the purpose of that account no longer exist.

Management Response

Management wishes to clarify that the dormant bank account is in the process of being activated.

Committee Observations

1. The Committee noted that a county government bank account has remained dormant for over three years. Management attributed this dormancy to the impracticality of staff travelling to Kisumu for small withdrawals.
2. The Committee notes with concern the financial risk associated with maintaining a dormant account. This situation directly engages Regulation 88(2) of the PFM (County Governments) Regulations, 2015, which empowers the County Executive Committee Member for Finance to suspend operations of any county government bank account if it is determined that the purpose for which the account was opened no longer exists. The continued existence of this dormant account exposes the County Assembly to unnecessary financial and operational risk and contravenes the principles of prudent cash management under Regulation 83 of the PFM (County Governments) Regulations, 2015.

Committee Recommendations

1. **Committee directs the Accounting Officer take immediate steps to regularise the status of the dormant account. Within one week, Management must either:**
 - (i) **Deposit sufficient funds to activate the account and demonstrate its operational necessity; or**
 - (ii) **Initiate the formal closure of the account in accordance with the set procedures under Regulation 88 of the PFM (County Governments) Regulations, 2015.**

12.0 Failure to Observe Ethnic Diversity in Recruitment

Review of records maintained by Management revealed that the County Assembly had 136 employees as at 30 June, 2025. However, it was noted that 99 members of staff or 73% were from one (1) dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no

public institution shall have more than one third of its staff establishment from the same ethnic community.

Management Response

Management concurs with the Auditor's observation and wishes to report that progress has been made in recent recruitment efforts.

Committee Observations

1. The Committee observed a lack of ethnic diversity among the County Assembly employees, with approximately 73% from the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which requires that no public institution shall have more than one third of its staff from the same ethnic community.
2. The Committee also notes that Section 65(1)(e) of the County Governments Act mandates county public service boards, in selecting candidates, to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community. This provision must be adhered to.

Committee Recommendations

The Committee recommends that: -

1. **The County Assembly Service Board (CASB) must strictly adhere to Section 65(1)(e) of the County Governments Act and ensure that at least thirty percent of all new recruits are from communities other than the dominant ethnic community in the county.**
2. **The Standing Committee on National Cohesion and Equal Opportunity should undertake a legislative impact assessment to evaluate the practicality of applying the**

one-third ethnic diversity rule at the county level, given the demographic composition of many counties, and report its findings to the Senate.

13.0 Long Outstanding Trade and Other Payables

The statement of financial position reflects a balance of Kshs.333,929,626 in respect of trade and other payables. Included in this balance are payables totalling Kshs.41,028,395 which have been outstanding for more than two years. No satisfactory explanations were provided on the failure to settle the debts. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which states debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

In the circumstances, Management was in breach of the law.

Management Response

The accumulation of debts resulted from underfunding and non-remittance of the full approved budgetary allocations in prior financial years.

Committee Observations

The Committee is deeply concerned by the exponential increase in pending bills to Kshs. 333,929,626, with Kshs. 41,028,395 outstanding for more than two years. This is a serious indicator of fiscal distress and a direct contravention of **Regulation 41(2) of the PFM (County Governments) Regulations, 2015**, which states that debt service payments, including the settlement of verified payables, shall be a first charge on the County Revenue Fund. The accumulation of these debts threatens the delivery of services and the county's financial sustainability, in violation of the principles of prudent and responsible financial management under **Article 201(d) of the Constitution**.

Committee Recommendations

The Committee therefore recommends that:-

- 1. The County Assembly Service Board (CASB) must, within ninety (90) days of the adoption of this report, prepare and submit to the Controller of Budget and the Senate a comprehensive, actionable payment plan for clearing all verified outstanding payables. This plan must prioritise payments as a first charge on the County Revenue Fund, in accordance with Regulation 41(2) of the PFM (County Governments) Regulations, 2015.**
- 2. The Ethics and Anti-Corruption Commission (EACC) to investigate the circumstances leading to the accumulation of these long-outstanding payables, to establish whether any funds were misappropriated, and to recommend prosecution for any persons found liable for financial misconduct under Section 197 of the PFM Act.**
- 3. The Controller of Budget (CoB) is urged to consider the county's adherence to its payment plan when approving future exchequer releases, and to apply sanctions, including withholding of disbursements, if the plan is not honoured, as part of its oversight role under Article 228 of the Constitution.**

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

Basis for Conclusion

14.0 Lack of Performance Appraisal of the Internal Audit Function

Review of the records and reports revealed that, the Audit Committee did not carry out annual review of the independence, performance and competency of the internal audit unit and comment on their effectiveness in the annual report. In addition, the internal audit unit did not undergo a professional assessment on its effectiveness done by a professional body or recognized institution which should be done once every three (3) years but not more than five (5) years. This has never been done since 2013 when the County Assembly came in to effect, under the Constitution of Kenya, 2010. This was contrary to Regulation 159(1)(2) and (3) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the effectiveness of internal audit function could not be confirmed.

Management Response

The review of the independence, performance, and competency of the Internal Audit Unit by the Audit Committee has been done.

Management shall endeavor to engage the external quality assurance reviewer in the course of the next financial year.

Committee Observations

The Committee observed that the Audit Committee failed to execute its primary mandate. There was no evidence of an independent review of the financial statements or of the effectiveness of internal controls. This is a direct violation of **Section 155 of the PFM Act**, which requires every public entity to establish an audit committee, and of **Regulation**

159(2) of the PFM (County Governments) Regulations, 2015, which requires the Audit Committee to carry out an annual review of the internal audit unit's performance.

Committee Recommendations

The Committee recommends that:-

- 1. The County Assembly Service Board (CASB) must ensure that all members of the Audit Committee provide valid evidence of meeting the requirements of Chapter Six of the Constitution and any relevant professional body standards (e.g., a Letter of Good Standing from ICPAK) within ninety (90) days, failing which their appointments should be revoked, as per the qualification requirements in Regulation 167 of the PFM (County Governments) Regulations, 2015.**
- 2. The Management must realign the Internal Audit Directorate to report functionally to the Audit Committee and administratively to the Accounting Officer, ensuring its operational independence as mandated by Regulation 155 of the PFM (County Governments) Regulations, 2015.**

15.0 Failure to Adhere to the Cash-to-Accrual Accounting Transition Requirements

Review of the implementation status of the transition from cash basis to accrual basis of accounting at the County Assembly as prescribed by The National Treasury and Economic Planning Circular Ref. Treasury Circular No.3/2025 of 14 April, 2025 revealed the assembly had not developed a comprehensive roadmap outlining key milestones and timelines at the entity level had not been developed, contrary to the requirements of the transition framework.

In the circumstances, the effectiveness of transition from cash to accrual accounting could not be confirmed.

Management Response

A Cash-to-Accrual Transition Committee has been duly constituted to spearhead the migration process. The Committee has prepared a comprehensive roadmap outlining key milestones, timelines, and activities necessary for the successful transition from cash-based to accrual-based accounting.

Committee Observations

The Committee observes that the absence of a fully operational Steering Committee and a designated Project Manager for the transition to accrual accounting represents a failure of leadership and coordination. This delay risks non-achievement of key milestones and could lead to inaccurate financial reporting in future years, in contravention of the principles of effective financial management under Article 201 of the Constitution and the directives issued by the National Treasury.

Committee Recommendations

The Committee directs that:-

- 1. The Accounting Officer must fully operationalise the appointed Steering Committee and Project Manager immediately. They shall hold regular meetings and submit quarterly progress reports to the County Assembly Committee and the County Treasury, with copies to the OAG, as required by the national transition framework.**
- 2. The Auditor-General is instructed to follow up on the activities and effectiveness of these transition bodies in the next audit and to report on any non-compliance with the transition requirements.**

CHAPTER SIX

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF MURANG'A COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2024/2025 .

The Speaker, Hon. Johnson Mukuha Mwangi (PMP) and the Clerk, Annie Ngatha Macharia of Murang'a County Assembly appeared before the Committee on Thursday, 12th March, 2026 to respond (under oath to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Muranga County Assembly for the Financial Year 2024/2025.

Qualified Opinion

Basis for Qualified Opinion

1.0 Expenditures Incurred After the End of the Financial Year

The statement of financial performance reflects expenditure balance of Kshs.815,340,925 for the year ended 30 June, 2025. Included in the balance are expenditure of Kshs.147,444,957 incurred after 30 June, 2025. The expenditure was backdated in the records of the County Assembly as incurred on 30 June, 2025. This was contrary Regulation 97(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the accounts of the County Government entities shall record transactions which take place during a financial year running from the 1 July to 30 June.

In addition, Regulation 97(4), requires that an actual cash transaction taking place after the 30 June, shall not, however, be treated as pertaining to the previous financial year even though the accounts for that year may be open for the purposes referred to in paragraphs (2) and (3) of this Regulation.

In the circumstances, the propriety and accuracy of the expenditure amounting to Kshs.815,340,925 could not be confirmed. In addition, the Management was in breach of the law.

Management Response

The Assembly received its final exchequer release for the financial year 2024/2025 amounting to Ksh71,706,325.30 for the recurrent account and Ksh.17,781,200 for the development account, totaling Ksh.89,487,525.30, which was disbursed in July 2025. The balance brought forward as at 30th June 2025 totaling to Ksh.57,957,431 and the amount disbursed in July 2025 of Ksh. 89,487,525.30 totaling to Ksh.147,444,957 was utilized in July 2025.

Although the Assembly has transitioned to the accrual method of financial reporting, exchequer releases are recognized as revenue for the financial year to which they relate, in line with the cash-basis treatment prescribed for government funding. This approach ensures that both the related revenue and corresponding expenditures are matched within the same financial year and that unspent balances are promptly returned to the Consolidated Revenue Fund (CRF) as required under the Public Finance Management Act.

Committee Observation

The Committee observed that the accounting treatment of exchequer releases received in July 2025 as revenue for the financial year ended 30 June 2025, and the corresponding backdating of expenditures, is inconsistent with the legal framework for public financial management.

- (a) **Regulation 97(1)** of the PFM (County Governments) Regulations, 2015, mandates that accounts shall record transactions within the financial year from 1 July to 30 June
- (b) **Regulation 97(4)** explicitly prohibits treating actual cash transactions occurring after 30 June as pertaining to the previous financial year.
- (c) The County Assembly's justification of "matching revenue and expenditure" is incompatible with the cash basis of accounting that remains the legal foundation for budgeting and exchequer operations. The **National Treasury Guidelines on Transition to Accrual (Circular No. 03/2025)** acknowledge that budgets will continue to be prepared on a cash basis during the transition, and financial statements must reconcile accrual information to the cash-basis budget. The Assembly's approach contravenes this principle.
- (d) Furthermore, the failure to return unspent balances to the County Revenue Fund, as required by **section 136(2) of the PFM Act**, results in unauthorized retention of public funds outside the County Exchequer Account. The late release of funds, while a factor, does not provide a legal basis for this contravention.

Committee Recommendation

1. **The Committee recommends that the National Treasury, in accordance with Article 228 of the Constitution, ensure the timely release of funds to county governments as per the cash disbursement schedules approved by the Senate to mitigate cash flow challenges.**
2. **The National Treasury amends Regulation 97 of the PFM (County Governments) Regulations, 2015, to conform to IPSAS accrual accounting, which requires recognition of revenue in the financial year in which they are actually earned and not the year they are received**
3. **The Committee recommends that the County Executive develops and implements a robust strategy to enhance own-source revenue, thereby reducing dependency on**

national exchequer releases and ensuring budget sustainability, as part of its fiscal responsibility under Article 201 of the Constitution.

2.0 Lack of Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.507,879,955 as at 30 June, 2025 as disclosed in Note 26 to the financial statements. The balance includes land and buildings valued at Kshs.127,000,000 and Kshs.297,584,169 respectively which were inherited from the defunct Murang'a County Council. However, there was no evidence of transfer of ownership documents to the County Assembly.

In the circumstances, the ownership and completeness of property, plant and equipment balance of Kshs.507,879,955 could not be confirmed.

Management Response

The Assembly is in the process of acquiring ownership documents from the County Executive.

Committee Observation

The Committee observed that the County Assembly holds land and buildings valued at Kshs. 424,584,169 without proof of legal ownership, inherited from the defunct Murang'a County Council. This situation constitutes a fundamental failure of asset stewardship and exposes public property to significant legal and financial risk.

- (a) This practice undermines the constitutional principles of Article 201(a), which mandates openness and accountability in financial matters, and Article 201(c), which requires the prudent and responsible use of public money.
- (b) It contravenes the PFM Act, which assigns to the Accounting Officer the responsibility for the proper custody and management of the entity's assets
- (c) The lack of ownership documents also violates the principles of the National Land Commission Act and Article 60 of the Constitution, which require security of land rights and transparent land administration.

Committee Recommendation

- 1. The Committee directs the County Assembly Service Board (CASB), in collaboration with the County Executive and the National Land Commission, to immediately initiate and expedite the formal process of acquiring title deeds or registered leases for all land under its occupation.**
- 2. A detailed status report on this process, including steps taken, challenges encountered and expected timelines for completion, must be submitted to the Senate County Public Accounts Committee within ninety (90) days of the adoption of this report.**
- 3. The Committee recommends that the Auditor-General, in future audits, specifically assess and report on the status of ownership documents for all public assets, particularly land and buildings.**

Emphasis of Matter

3.0 Late Exchequer Releases

The statement of financial performance reflects transfers from County Revenue Fund in form of exchequer releases amounting to Kshs.853,123,458. Review of revenue records

provided for audit revealed that exchequer releases amounting to Kshs.89,487,525 were received during the month of July, 2025.

In the circumstances, the late disbursement of exchequer releases by The National Treasury may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matters.

Management Response

The occasional monthly delays in disbursements by the National Treasury have adversely affected the Assembly's cash flow planning and its ability to meet planned obligations within the financial year, thereby impacting service delivery to the public. The management is optimistic that with the implementation of the amended County Public Finance Laws, 2025, exchequer disbursements will be timelier, enabling smoother operations and improved service delivery going forward.

Committee Observation

The Committee observed that: -

- 1) The county entities did not receive exchequer releases from the National Treasury on time.
- 2) The Committee noted that the County Assembly did not meet their own source revenue collection targets. This challenge hampered budget implementation in the affected county entities.
- 3) Most Counties fail to undertake public participation on supplementary budgets that exceed 10% of the budget contrary to Section 135 (7) of the PFM Act and Regulation 39(9) of the PFM (County Government) Regulations, 2015.

Committee Recommendation

The Committee recommends that: -

- 1. The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.**
- 2. the County Executive puts in place measures to enhance its own generated revenue in order to meet its revenue target and address revenue shortfalls.**
- 3. County Assemblies to exercise their powers as outlined in Article 201 of the Constitution to ensure budgets are realistic and espouse people's aspirations.**

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the basis for Qualified Opinion, I have determined that there were no key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, seven (7) issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Assembly in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Variance between the Financial Statements and Integrated Financial Management System (IFMIS) Reports.
2	2023/2024	Receipts and Payments after the Cut-off Date.
3	2023/2024	Budgetary Control and Performance
4	2023/2024	Non-Implementation of Audit Recommendations and Lack of Parliamentary Recommendations
5	2023/2024	Staff Ethnic Diversity
6	2023/2024	Debt Payment not Considered for First Charge
7	2023/2024	Inadequate Environmental Control Measures on Computer Systems.

Other Information

The Management is responsible for the other information set out on page iii to xxxiv which comprise of Key Entity Information and Management, Governance Statement, Foreword by the Clerk of the County Assembly, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting Management Discussion and Analysis and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Assembly's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit

or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

Management Response

The Assembly has implemented the recommendations of the Auditor General for the year ended 30 June 2024. A tabulated copy of the identified issues and their implementation status is attached.

Committee Observation

The Committee observed that issues raised by the Auditor General in previous financial years, including those for the year ended June 30, 2024, had not been fully resolved, although the Assembly is progressively implementing the recommendations.

Committee Recommendations

The Committee Recommends that:-

- 1. the County Executive implements the recommendations of the Committee in its report on the Report of the Auditor General on Financial Statements for for the Financial Year 2023/2024 as adopted by the Senate and reports to the committee within sixty (60) days of the adoption of this report;**
- 2. the account officer complies with section 53 of the Public Audit Act by taking the relevant steps to implement the recommendations of the Senate on the report of**

- the Auditor-General and submits a report to the Senate within ninety (90) days of the adoption of this report;**
- 3. the County Executive engages with the Office of the Auditor General to address and resolve any outstanding matters; and**
 - 4. the Auditor General lists any unresolved audit issues in the report of the subsequent financial year.**

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

Basis for Conclusion

4.0 Improper Management of Travel Expenses

Review of records and documents relating to domestic travel and subsistence allowances revealed imprest issued to various officers to perform official duties. However, the following weaknesses were noted in the Management of travel expenses.

- i. Officers were paid per diems and travel allowances directly to their bank accounts without the use of imprest warrants which contradicts Regulation 93(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that an imprest shall be issued for a specific purpose, and any payments made from it, shall be only for the purposes specified in the imprest warrant.
- ii. Section 6.5.2 of the National Treasury Accounting and Financial Reporting Manual for County Governments requires that staff to use an imprest surrender form (F022) for travel and accommodation which shall form the basis of posting the specific expenditure category to the general ledger. However, Payment vouchers documents provided for audit were not supported by way of financial order Form 22.
- iii. The Management did not maintain individual imprest ledgers, imprest register and memorandum cash books.

In the circumstances, Management was in breach of the law.

Management Response

Use of Imprest Warrants

Per diems and travel allowances were paid directly to officers' bank accounts as travel reimbursements after travel due to lack of funds at the time of authorization and travel. Measures have been put in place in line with Regulation 93(1) of the Public Finance Management (County Governments) Regulations, 2015, all payments for official travel are currently supported by duly authorized imprest warrants.

Use of Imprest Surrender Forms (Form F022)

Most imprests were not approved in advance due to cash flow constraints, and as a result, travel-related claims were processed on a reimbursement basis. Timely release of exchequer funds will facilitate prompt imprest issuance and reduce reliance on reimbursement arrangements. The management will continuously enforce strict adherence to Section 6.5.2 of the National Treasury Accounting and Financial Reporting Manual by ensuring that all staff use Form F022 for surrendering travel and accommodation imprests. This measure will promote consistency in documentation and ensure proper classification of expenditure in the general ledger in accordance with public sector financial management standards

Maintenance of Imprest Records

Individual imprest ledgers, registers, and memorandum cash books have now been put in place, and designated officers have been assigned responsibility for maintaining them.

Committee Observation

The Committee observed that the management of travel expenses and imprest is in contravention of the legal framework governing public finance.

- (a) The payment of per diems and travel allowances without the use of imprest warrants violates Regulation 93(1) of the PFM (County Governments) Regulations, 2015, which mandates that imprests be issued for specific purposes and accounted for accordingly.
- (b) The failure to maintain individual imprest ledgers, registers, and memorandum cash books contravenes Regulation 93(14) and represents a critical weakness in internal controls, compromising the ability to account for and reconcile public funds.
- (c) The presence of substantial outstanding imprest balances at the close of the financial year is a direct breach of Regulation 93(5), which requires temporary imprests to be accounted for within seven days of return to duty station. This practice creates opportunities for the misuse of public resources.

Committee Recommendation

1. **The Committee directs the Accounting Officer to fully implement and enforce Regulation 93 of the PFM (County Governments) Regulations, 2015, by using imprest warrants for all official travel and maintaining proper imprest ledgers and memorandum cashbooks.**
2. **The Committee recommends that the Accounting Officer immediately recover all outstanding imprests, with interest at the prevailing Central Bank Rate, as provided for under Regulation 93(6) of the PFM (County Governments) Regulations, 2015.**
3. **The Committee further recommends that the Speaker of the County Assembly as the Chairperson, CASB take a firm administrative action against the Accounting Officer**

and any staff who failed to recover outstanding imprests in accordance with the law, as envisioned by Regulation 93(7).

5.0 Irregular Payments to the County Assembly Forums

The statement of financial performance reflects under Note 10, payments totaling to Kshs.381,406,734 relating to use of goods and services. Included in this amount are other operating expenses totaling to Kshs.32,958,422 out of which Kshs.2,400,000 was paid out as subscription fees to the County Assemblies Forum (CAF) and the Society of Clerks-at-the Table (SOCATT). However, at the time of the audit exercise in the month of September 2025, neither the enabling legislation establishing these bodies nor policies and guidelines for such payments had been enacted and the County Assembly therefore had no basis for making the payments.

In the circumstances, Management was in breach of the law.

Management Response

The Assembly had adopted a policy guideline on membership to professional bodies and associations that have a direct impact on the conduct and professional development of Members and staff, under which annual subscription fees were paid. Management recognizes the need for stronger legal backing to guide such subscriptions. The relevant bodies are currently engaging with Parliament to consider amendments to existing legislation to anchor CAF and SOCATT in law. This will provide a clear and consistent legal framework for County Assemblies to remit membership subscriptions in compliance with statutory and governance requirements.

Committee Observation

The Committee observed that the County Assembly made payments totaling Kshs. 2,400,000 to the County Assemblies Forum (CAF) and the Society of Clerks-at-the-Table (SOCATT) without a clear legal or policy foundation. This violates the principle of lawfulness in the use of public resources.

- (a) Article 201(a) of the Constitution requires openness and accountability, which necessitates a legal basis for all expenditures.
- (b) Article 226(1)(a) mandates that public funds be used in a lawful and authorized manner. The absence of enabling legislation or a county assembly-approved policy means the payments were made without proper authorization.

Committee Recommendation

- 1. The irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped immediately until a legislative framework is developed.**
- 2. The County Assembly Service Board (CASB) complies with the principle that public funds only be expended for purposes authorized by law, as enshrined in Article 201(d) of the Constitution and section 149(1) of the Public Finance Management Act.**
- 3. The Committee noted that, in its view, CAF and SOCATT play a key role in advancing and articulating the collective interests of Speakers and Clerks of County Assemblies, including promoting collaboration, sharing best practices, and strengthening institutional capacity. However, the Committee further observed that the two bodies are not legally recognized entities under the current legal framework and recommended the two bodies to come up with a legal framework and engage the Senate within 30 days after adoption of this report.**

6.0 Non-Compliance with the Law on Ethnic Diversity

Review of the payrolls for the year under review revealed that the County Assembly had eighty-eight (88) employees out of whom eighty-one (81) or 92% were from the dominant ethnic community in the County. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

In the circumstances, Management was in breach of the law.

Management Response

The Assembly recruits its officers through a competitive process that involves advertising vacancies in national newspapers and on the Assembly's website to attract qualified applicants from across the country. However, in practice, majority of the applicants are often from the dominant ethnic community within the County, which limits diversity in the applicant pool.

To improve compliance with the constitutional and statutory requirement on inclusivity, the Assembly will endeavor to encourage other ethnic communities to apply whenever adverts are placed on the newspapers and the website.

Committee Observation

The Committee observed that the County Assembly's workforce (92% from the dominant ethnic community) is in serious breach of the constitutional and statutory framework for public service diversity.

- (a) Article 232(1)(h) of the Constitution mandates that the public service shall be broadly representative of Kenya's diverse communities.

- (b) This failure directly contravenes the principles of non-discrimination and inclusiveness enshrined in Articles 10 and 27 of the Constitution.

Committee Recommendations

The Committee recommends that: -

- 1. The Committee directs the County Assembly Service Board to strictly enforce Section 65(1)(e) of the County Governments Act by implementing affirmative measures in the recruitment process to attract and appoint candidates from outside the dominant ethnic community.**
- 2. The Committee recommends that the Standing Committee on National Cohesion, Equal Opportunity and Regional Integration undertakes a legislative impact assessment on Section 7(2) of the National Cohesion and Integration Act. This assessment should evaluate its practicality for counties and propose amendments to align with the constitutional requirement for a broadly representative public service as stipulated in Article 232(1)(h).**

7.0 Succession Planning

During the audit exercise in the month of September, 2025, it was observed that only two out of the twenty employees at the Assembly were below thirty-five years of age in top management or job group P and above in comparison to eight who were above 50 years of age hence Succession planning may not be successful. This was contrary to Regulation 20(1) Public Service Commission Regulations, 2020 which states that 'The Commission or other lawful authority vested with the function of making the decision to promote a public officer shall enhance succession management by making the decision in anticipation of the concerned public office falling vacant at least six months before the vacancy occurs'.

In the circumstances, Management is in breach of the law.

Management Response

The Assembly is in the process of formulating a comprehensive succession planning policy. The policy will provide for structured mentorship, leadership development programs, and deliberate inclusion of youth in leadership pipelines, in line with the Constitution of Kenya 2010 and best human resource management practices. Management will also incorporate succession planning into the broader Human Resource Strategy to ensure continuity, institutional memory, and sustainable leadership transition.

Committee Observation

1. The Committee observed that the age distribution in top management (2 employees under 35 years, 8 over 50 years) poses a significant risk to institutional continuity and violates the principles of sound human resource management.
2. Regulation 20(1) of the Public Service Commission Regulations, 2020 requires that promotion decisions be made in anticipation of a vacancy, at least six months before it occurs, to enhance succession management. The lack of a formal plan to address the upcoming retirements is a direct breach of this requirement. This failure undermines the constitutional principle of good governance under Article 10 and the objectives of effective public service delivery as outlined in Article 232 of the Constitution.

Committee Recommendation

1. **The Committee recommends that the County Assembly Service Board (CASB) prioritize and expedite the development of a comprehensive succession planning policy.**
2. **This policy must provide for structured mentorship, leadership development programs, and the deliberate inclusion of youth in leadership pipelines to ensure**

institutional memory and sustainable leadership transitions. A progress report on the policy's development must be submitted to the Senate within six (6) months of the adoption of this report.

8.0 Non compliance to Persons with the Disability Act 2003

Review of staff records revealed that the County Assembly had only two personnel with disability out of eighty-eight (88) or 2% of permanent staff. This was contrary Section 13 of the Persons with Disability Act, 2003 which states that the Council shall endeavour to secure the reservation of five percent of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities.

In the circumstances, Management was in breach of the law.

Management Response

Recruitment of officers is conducted through a competitive process that involves advertising vacancies in national newspapers and on the Assembly's website to ensure wide outreach and equal opportunity. However, in the recruitment cycles reviewed, no applications were received from persons with disabilities. To improve compliance with the constitutional and statutory requirement on inclusivity, the Assembly will endeavor to encourage persons with disabilities to apply whenever adverts are placed on the newspapers and the website.

Committee Observation

The Committee observed that the County Assembly employs only 2% of its staff from among Persons with Disabilities (PWDs), falling far short of the legal minimum of 5%.

1. This constitutes a violation of Article 54(2) of the Constitution, which mandates that the State shall ensure the progressive implementation of the principle that at least five percent of the members of the public in elective and appointive bodies are persons with disabilities
2. It also contravenes Section 13 of the Persons with Disabilities Act, 2003, which requires the reservation of five percent of positions for PWDs.
3. The County Assembly Service Board (CASB) has a clear mandate under Article 235 of the Constitution and Section 59 of the County Governments Act, to establish inclusive public service practices.

Committee Recommendation

1. **The Committee directs the County Assembly Service Board (CASB), within its legal mandate, develop and implement an affirmative action scheme to achieve the 5% constitutional requirement for PWDs.**
2. **This scheme must include targeted recruitment strategies, accessible advertisement of positions, and a clear plan for progressive realization, with an implementation report to be submitted to the Senate County Public Accounts Committee within six (6) months of the adoption of this report.**

9.0 Officers Earning Below a Third of Their Basic Pay

Review of the monthly payroll indicated that thirteen (13) members of staff were earning a net salary that was below a third of basic pay. This was contrary to Employment Act, 2007 section 19(3), which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all the deductions which under the provisions of subsection(1), may be made by the employer from the wages of his employee at any one time shall not exceed two thirds of such wages

or such additional or any other amount as may be prescribed by the Minister either generally or in relation to specified employer or employee or class of employers or employees or any trade or industry.

In the circumstances, Management was in breach of the law.

Management Response

The cases of staff earning a net salary below one-third of basic pay were mainly occasioned by the introduction of statutory deductions including the Housing Levy and the Social Health Insurance Fund contributions. These additional deductions affected compliance with the one-third basic pay rule.

Committee Observation

1. The Committee observed that thirteen employees had net pay below two-thirds of their basic salary, a clear violation of **Section 19(3) of the Employment Act, 2007**.
2. While statutory deductions are a factor, the Accounting Officer bears the ultimate responsibility for ensuring that payroll management does not contravene the law. This situation reflects a systemic weakness in internal controls over payroll processing, contrary to the requirement for sound internal controls under **Article 226 of the Constitution** and **Section 73 of the PFM Act**.
3. A fully implemented and properly configured Human Resources Information System (HRIS) should have the functionality to prevent such unlawful payroll outcomes.

Committee Recommendation

1. **The Committee directs the County Assembly Service Board (CASB), in coordination with the County Treasury, to expedite the full implementation of the Human Resources Information System (HRIS) with automated controls that prevent any loan commitment or deduction from reducing an employee's net pay below the statutory threshold of two-thirds of basic pay.**
2. **The Committee recommends that the Public Service Commission, in collaboration with County Assembly Service Board (CASB)s, undertake a review of Section C(3) of the Human Resource Policies and Procedures Manual and propose amendments to ensure that payroll practices across the public service consistently comply with Section 19(3) of the Employment Act, 2007.**

10.0 Non-Compliance with the Reporting Template

The financial statements presented for audit did not comply with the reporting template in the following areas.

1. The cover page of the financial statements indicated that the financial statements were Transitional IPSAS financial statements / prepared in accordance with the accrual basis of accounting method under the International Public Sector Accounting Standards (IPSAS) instead of indicating one option that was adopted.
2. Note 2 to the financial statements under the statement of compliance and basis of preparation of financial statements did not indicate that these were transitional financial statements.
3. The statement of management responsibilities did not indicate that these are transitional financial statements.

In the circumstances, the financial statements did not comply with the reporting template as prescribed by the Public Sector Accounting Standards Board.

Management Response

- I. The cover page of the financial statements indicated that the financial statements were transitional financial statements under the International Public Sector Accounting Standards (IPSAS).
- II. Note 2 to the financial statements under the statement of compliance and basis of preparation of financial statements now indicate that these were transitional financial statements.
- III. The statement of management responsibilities now indicate that these are transitional financial statements.

Committee Observation

The Committee observed that the County Assembly's financial statements cited two contradictory accounting frameworks ("Transitional IPSAS" and "full accrual IPSAS") on their cover page, creating ambiguity and misleading users.

- a) This is a violation of the requirement to present financial information in a clear and understandable manner, as required by Article 201(a) of the Constitution and the Public Sector Accounting Standards Board Act.
- b) The Accounting Officer's responsibility to ensure that financial statements comply with prescribed standards is a fundamental tenet of accountability under Section 149 of the PFM Act.
- c) The existence of such a basic error in documents presented for audit indicates a failure in the pre-audit review process for which the Accounting Officer is responsible.

Committee Recommendation

- I. The Committee directs the Accounting Officer to ensure that all future financial statements are prepared in strict conformity with the reporting template prescribed by the Public Sector Accounting Standards Board (PSASB).**

2. **The Accounting Officer must ensure that the entity's current IPSAS adoption status (e.g., "Transitional IPSAS") is unambiguously declared on the cover page, in the Statement of Management Responsibilities, and wherever else the template requires.**
3. **The Committee recommends that the Accounting Officer strengthen the pre-audit review of financial statements to prevent the submission of documents with such material inconsistencies. Compliance with these directives is a prerequisite for the submission of financial statements for audit.**

CHAPTER SEVEN

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF BARINGO FOR THE FINANCIAL YEAR 2024/25.

The Speaker of Baringo County Assembly Hon. Vincent Kemboi together with the Clerk Ms Winnie J Chemase, appeared before the Committee on Monday 16th March, 2025, to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Baringo County Assembly for the Financial Year 2024/2025.

Basis of Qualified Opinion

1. Non-Compliance with IPSAS Reporting Template

The cover page to the annual report and financial statements indicates “Transitional IPSAS financial statements/Prepared in accordance with accrual basis of accounting method under International Public Sector Accounting Standards (IPSAS). This is indicative of management failure to choose the method adopted to prepare the financial statements. Further, under note 2 to the financial statements, Management having taken advantage of the transitional provisions under IPSAS 33 have not indicated the elements of the financial statements that have not been recognized and the steps being taken towards full compliance with IPSAS Accrual.

In the circumstances, the financial statements as prepared and presented are not in compliance with IPSAS reporting framework.

Management Response

The management responded that the cover page to the to the annual report and financial statements had been amended to indicate “Transitional financial statements Prepared in accordance with accrual basis of accounting method under International Public Sector Accounting Standards (IPSAS).”The management indicated the elements and steps

towards full compliance with IPSAS Accrual reporting template in note 2 to the Financial Statements.

Committee Observation

The Committee observed that the cover page to the annual report and financial statements was amended to indicate "Transitional IPSAS financial statements/Prepared in accordance with accrual basis of accounting method under International Public Sector Accounting Standards (IPSAS)," and the management indicated the elements and steps towards full compliance with IPSAS Accrual reporting template in note 2 to the Financial Statements. The OAG informed the committee that the matter had been addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

2. Non-Disclosure of Prior Balances of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Ksh. 27,004,466 as disclosed in Note 13 to financial statements. Review of previous year 2023/2024 audited financial statements revealed non-current assets balance of Kshs. 374,446,294 as disclosures in Annex 2 to the financial statements. However, this balance was not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.27,004,466 as at 30 June,2025 could not be confirmed.

Management Response

The management responded that this being a transition period of reporting financial statements from cash basis to accrual basis of accounting the management is in the process

of identifying, valuing, and depreciating its assets with a view to including them in the subsequent financial statements. Further, the management has provided a list of assets with the balance of Kshs.374,446,294.

Committee Observations

The Committee observed that the accuracy and completeness of the property, plant and equipment balance of Ksh. 27,004,466 as at 30 June 2025 could not be confirmed due to inconsistencies with the prior year balance of Kshs. 374,446,294 disclosed in Annex 2 of the 2023/2024 audited financial statements, which was not reflected in the current year financial statements, contrary to the requirement under IPSAS 33 for first-time adoption of accrual basis IPSAS which requires reconciliation of opening balances.

Committee Recommendations

The Committee recommends that:

- 1. The County Executive expedites the finalization and approval of the Asset Management and Depreciation Policy, and ensures full implementation by the start of FY 2025/2026. A progress report must be submitted to the Auditor-General and the Senate within 90 days.**
- 2. The Office of the Auditor-General keeps the matter in view in subsequent financial years to ensure proper recognition and disclosure of all property, plant and equipment in accordance with IPSAS.**

3. Unsupported Trade and Other Payables Balances.

The statement of financial position reflects trade and other payables balance of Kshs.48,956,364 as disclosed in Note 14 to the financial statements which includes trade payables balance of Kshs. 29,893,156. However, review of the supporting schedule revealed that the balance the of Kshs. 29,893,156 was misclassified as they relate to employee costs. Further, Management did not provide invoices ,delivery notes, creditors control account and requisition files to support the balances.

In the circumstances, the accuracy and completeness of the trade and other payables balance the of Kshs. 29,893,156 as at 30th June,2025 could not be confirmed.

Management Response.

The management noted the misclassified employee costs of Kshs. 29,893,156 and has amended the financial statements to correct the misclassification. Accordingly, the management has provided supporting schedules of Kshs. 29,893,156, and Kshs. 48,956,364. An annex was attached.

Committee Observations

The Committee observed that the accuracy and completeness of the trade and other payables balance of Kshs. 48,956,364, and specifically the trade payables component of Kshs. 29,893,156, could not be confirmed as the amount was misclassified and relates to employee costs, while supporting documentation including invoices, delivery notes, creditors control account, and requisition files were not provided by management, contrary to section 149(1)(a) of the Public Finance Management Act, 2012.

Committee Recommendations

The Committee recommends that:

- 1. Trade payables due for more than 365 days be considered indicative of poor financial management and that the County Assembly Service Board (CASB) provides actionable payment plans to the Controller of Budget (CoB) within ninety (90) days of the adoption of this report, failure to which the subsequent quarter budget releases will not be effected.**
- 2. The County Assembly Service Board (CASB) pays all payables due to staff within ninety (90) days of the payables becoming due, failure to which the subsequent quarter budget releases will not be effected.**

3. **The County Assembly Service Board (CASB) pays all statutory deductions to the relevant agencies within the statutory deadlines, failure to which the subsequent quarter budget releases will not be effected.**
4. **The County Assembly Service Board (CASB) pays all pension deductions to the relevant funds within ninety (90) days of the deductions becoming due, failure to which the subsequent quarter budget releases will not be effected.**
5. **The Ethics and Anti-Corruption Commission investigates the pending bills owed to staff, statutory deductions and pensions to establish whether any funds due to staff were retrieved from the County Revenue Fund, and if so, how the funds were utilised, with a view to recommending the prosecution of persons determined liable for misdirecting the funds.**
6. **All County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2026/2027.**

The Committee further recommends that:

- i. **Pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done.**
- ii. **The Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases.**
- iii. **County Governments only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50(2) & (3) of the Public Finance Management (County Governments) Regulations.**

- iv. **Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates.**
- v. **County governments, in consultation with the Controller of Budget, provide a budget for completion of all existing projects and cease initiation of new projects until completion of existing projects.**
- vi. **County governments conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.**

4. Unsupported Refundable Deposits from Customers

The statements of financial position reflects balance of Kshs.449,668 in respect of refundable deposits from customers as disclosed in Note 15 to the financial statements. However, Management did not provide supporting documents including ledger schedules, Kenya Revenue Authority pin copies of depositors, contract form, tender bid, deposit register or schedule and bank deposit receipt or acknowledgement notes to support the transactions.

In the circumstances, the accuracy, existence, occurrence, and regularity of the refundable deposit from customers balance of Kshs. 449,668 could not be confirmed.

Management Response.

The management provided supporting documents including certificate of practical completion, certificate of handing over, ledger schedules, contract form, KRA pin copy of depositors and bank statements to support refundable deposits from the contractor of Kshs.449,668. An annex was attached.

Committee Observation

The OAG informed the committee that the matter had been addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

7. Inaccuracies in Financial statements

Review of statement of financial position reflects property plant and equipment balance of Kshs.27,004,446 as disclosed in Note 13 to the financial statements. The amount is composed of furniture and fittings balance of Kshs. 3,820,000 and computers & ICT equipment of Kshs. 23,184,466. However, depreciation for the year was not charged on these despite the property plant and equipment schedule showing depreciation rates of 12.5% and 33% for furniture and fittings and computers & ICT equipment respectively. This was contrary to significant accounting policy on property plant and equipment which are stated at costs less accumulated depreciation and impairment of losses.

Further, the statement of cash flows reflects net cash flows from operating activities balance of Kshs.27,453,524. However, this balance has not been reconciled by working capital adjustments (increase in receivables and payables) as required by the reporting template 2024-25 requirements.

In the circumstances, the accuracy and completeness of the financial statements as prepared and presented could not be confirmed.

Management Response

Management responded that during the period under review the assets acquired were new and not yet in use i.e furniture and fittings, computers and ICT equipment. Hence, could not be depreciated at the time. However, the management is in the process of developing an asset and liabilities management policy to guide on the depreciation and valuation of property, plant and equipment.

Further the statement of cash flows has been amended and reconciled by working capital adjustments (increase in receivables and payables) as required by the reporting template 2024-25 requirements.

Committee Observations

The Committee observed that depreciation for the year was not charged on furniture and fittings and computers & ICT equipment despite the property plant and equipment schedule showing depreciation rates of 12.5% and 33% respectively, contrary to the significant accounting policy on property plant and equipment which are stated at costs less accumulated depreciation and impairment losses. The OAG informed the committee that the matter had been addressed.

Committee Recommendations

The Committee recommends that the matter be marked as resolved and the OAG keeps the matter in view in the next audit cycle. OAG to keep the matter in view the next audit cycle.

Key Audit matters

Other Matter	Management response	Resolved /Not resolved
1. Inaccuracies in Financial statements	The manage-ment has noted the issue and is working	Work in progress- IFMIS integration from cash basis of reporting to accrual basis of accounting method under IPSAS

	towards resolving it	
2. Transaction After Closure of the Accounting Period	The issue has been sorted in the financial statements since the receipts and payments relate to the current financial year	Resolved
3. Unsupported Borrowings and Transfer of Funds to Related parties	The issue has been resolved with the provision of supporting documentation and approvals. However, during the period under review the management did not borrow funds	Resolved

<p>4. Non-Compliance with County Assembly Staffing Regulations</p>	<p>The management has noted the issue and is working towards resolving it.</p>	<p>Work in progress</p>
<p>5. Non-Compliance with the Law on Ethnic Composition</p>	<p>The management has noted the issue and is working towards resolving it</p>	<p>Work in progress</p>
<p>6. Failure to Procure Using E-Procurement System.</p>	<p>The management has noted the issue and is working towards resolving it.</p>	<p>Work in progress we are embracing E-GP for procuring of goods, works and services.</p>

Other Information

1. Non-Compliance with County Assembly Staffing Regulations on Staffing ceilings

The management stated that it has one hundred and twenty-four (124) staff members, which exceeds the approved staff establishment ceiling of one hundred (100) employees by twenty-four (24) staff members. This overstaffing not only contravenes regulatory requirements but also indicates a lack of adherence to proper personnel management

practices within the Assembly. This was contrary to the guidelines set by the Commissioner of Revenue Allocation (CRA) in letter Ref CRA/FA/01 Vol II (22) dated 28 June, 2018.

In the circumstances, Management was in breach of law.

Management Response

The management stated that it is working towards meeting established ceilings to be in line with guidelines set forth by the Commission of Revenue Allocation (CRA) in letter Ref CRA/FA/01 Vol II (22) dated 28 June 2018 for example, through utilization of the available human resource whenever there are staff exits from service e.g. through retirement, natural attrition, other employment opportunities e.t.c to attain the required thresh-hold.

Committee Observations

The Committee observed that the County Assembly management contravened the Commissioner of Revenue Allocation guidelines (Ref CRA/FA/01 Vol II (22) dated 28 June 2018) by maintaining a staff complement of one hundred and twenty-four (124) employees, thereby exceeding the approved establishment ceiling of one hundred (100) employees by twenty-four (24) staff members, reflecting non-adherence to proper personnel management practices and contravening Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015.

Committee Recommendations

The Committee recommends that:

- 1. The County Assembly Service Board submits a comprehensive staff rationalization plan to the Senate within 90 days of adoption of this report, detailing the measures to achieve compliance with the staffing ceiling without violating the Employment Act, 2007 and Labour Relations Act.**
- 2. The Clerk of the County Assembly ensures that all future personal emolument budgets strictly comply with CRA Circular Number CRA/FA/01 VOL 11 (22), which prescribes a maximum staffing limit of 100 employees.**

2. Non-Compliance with the Law on Ethnic Composition

Review of the County Assembly's personnel records for the months July, 2024 to June, 2025 revealed that out of the one hundred and twenty-four (124) employees of the Assembly, one hundred and two (102) staff or 82% were from one ethnic community. This was contrary to Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008 which stipulate that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

In the circumstances, Management was in breach of law.

Management Response.

At the establishment of the County Assembly in 2013, a number of employees were inherited from the defunct local authorities, while others transferred their services and were seconded from the National Government. The County Assembly Service Board endeavors to ensure that 30% of future vacant posts are filled by candidates who are not from the dominant ethnic community in the County.

Committee Observations

The Committee observed that the review of personnel records for the period July 2024 to June 2025 revealed that 102 out of 124 employees (82%) of the County Assembly were from one ethnic community, contrary to section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that no public institution shall have more than one third of its staff establishment from the same ethnic community, thereby placing Management in breach of the law.

Committee Recommendations

The Committee recommends that:

1. **The County Assembly Service Board (CASB) adheres to section 65(1)(e) of the County Governments Act and ensures that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.**

The Standing Committee on National Cohesion, Equal Opportunity and Regional Integration explores post-legislative scrutiny of the attainment of the provisions of Section 7(2) of the National Cohesion and Integration Act (Cap. 7N) to determine the impact of its application in County Governments.

3. Non-Compliance with the Law on Persons with Disabilities

Review of the payroll data for the year under review, revealed that out of the one hundred and twenty four (124) employees, there were only two (2) persons with disabilities translating to 1% of the establishment. This was contrary to Section 13 of the Persons with Disabilities Act, 2003 which states that the Council shall endeavor to secure the reservation of five percent of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities.

In the circumstances, the Management was in breach of the law.

Management Response

The management responded that it noted the issue and will endeavour to comply Section 13 of the Persons with Disabilities Act, 2003 in future employments and opportunities.

Committee Observations

The Committee observed that the County Assembly management contravened section 13 of the Persons with Disabilities Act, 2003 by having only two (2) persons with disabilities out of a total of one hundred and twenty-four (124) employees, representing a mere 1% of the establishment, against the mandatory requirement to reserve five percent of employment positions for persons with disabilities, as reinforced by Article 54(2) of the Constitution.

Committee Recommendations

The Committee recommends that:

1. **The County Assembly Service Board (CASB) is directed to strictly comply with the 5% statutory quota for persons with disabilities as provided for in Article 54(2) of the Constitution in all future recruitment exercises.**
2. **The County Assembly Service Board (CASB) must, as required by section 68F of the County Governments Act, include in its annual report a detailed description of the specific affirmative action measures taken during the reporting period to implement employment equity for PWDs and the results achieved.**

4. Staff Earning Net pay Less a Third Rule of Basic Salaries

Review of the County Assembly payroll records for the month of June 2025 revealed that one hundred and twenty-five (125) employees had statutory and voluntary deductions which exceeded the one-third (1/3) threshold of their basic salary. This is contrary to Section C (c.1.3) of the Human Resource Policies and Procedures Manual for the Public Service, 2016.

In the circumstances, the Management was in breach of the policy.

Management Response

The management responded that the employees earning less than one third pay was occasioned by the following reason; during the period under review there were increased statutory deductions which include NSSF rates, SHIF rates and introduction of affordable Housing Levy which required each employee to contribute 1.5% of gross pay which impacted on employees payslips. The management endeavor's to comply with the third rule on basic pay by complying with Section C (c.1.3) of the Human Resource Policies and Procedures Manual for the Public Service, 2016.

Committee Observation

The committee observed that 125 employees had total deductions exceeding one-third of their basic salary, in violation of Section C (c.1.3) of the Human Resource Policies and Procedures Manual for the Public Service, 2016. This reflects non-compliance with the policy, and Management was therefore in breach.

Committee Recommendations

The Committee recommends that;

- 1. The County Public Service Board (CASB), in coordination with the County Treasury, fully implement the Human Resources Information System (HRIS) to automatically lock out any loan commitments that would cause an employee's net pay to fall below the legal threshold, as required by sound internal control systems under Regulation 155 of the PFM (County Governments) Regulations, 2015.**
- 2. The Public Service Commission, in coordination with County Public Service Boards (CASB), review Section C (3) of the Human Resource Policies and Procedures Manual and propose mechanisms to ensure compliance, reporting their findings to the Senate within 90 days.**

5. Payroll Processed Outside Integrated Payroll System

Review of the monthly payrolls of the Baringo County Assembly revealed that payments totalling to Kshs.6,320,419 were paid as wages and benefits to officers within the County Assembly outside the Integrated Personnel Payroll Data (IPPD) payrolls system. Further review revealed that gross salaries totalling to Kshs.19,748.886 were paid to ward staff outside the payroll from July 2024 to December 2024. No explanation was provided for the same. This is contrary to the National Treasury Circular No.13/2019 dated 28 August, 2019 which states that the allocation of personnel emoluments must be supported by Integrated Personnel Payroll Data (IPPD) and each MDA will be required to provide this information to support personnel requirements.

In the circumstance, the County Assembly management were in breach of the circular.

Management Response.

The management responded that it has since ensured that all emoluments paid to employees of the assembly are processed through the Integrated Personnel Payroll Data (IPPD) payrolls system, since January 2025 to date as per attached Payroll list of employees. An annex was attached.

Committee Observations

The Committee observed that the County Assembly management contravened the National Treasury Circular No.13/2019 by making irregular wage payments totaling Kshs.26,069,305 (comprising Kshs.6,320,419 in wages and benefits to officers and Kshs.19,748,886 in gross salaries to ward staff) outside the Integrated Personnel Payroll Data (IPPD) system between July 2024 and December 2024, without any explanation, contrary to section 1.5.1 of The National Treasury Financial Accounting Recording and Reporting Manual which requires salaries, allowances or arrears of County Government employees to be processed through Integrated Payroll and Personnel Database (IPPD).

Committee Recommendations

The Committee recommends that:

- 1. The County Assembly Service Board (CASB), in coordination with the County Treasury, fully implements the Human Resources Information System (HRIS) to ensure that all emoluments paid to employees are processed through the approved payroll system, as required by sound internal control systems under Regulation 155 of the Public Finance Management (County Governments) Regulations, 2015.**
- 2. The Committee further recommends that the Public Service Commission, in coordination with County Assembly Service Board (CASB)s, reviews Section C (3) of the Human Resource Policies and Procedures Manual and proposes mechanisms to ensure compliance, reporting their findings to the Senate within 90 days.**

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

1. Lack of Assets Register and List of Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.27,004,466 as disclosed in Note 13 to the financial statements. Included in the balance is furniture and fittings balance of Kshs.3,820,000 and computer & ICT equipment of Kshs.23,184,466. However, management did not provide a list of assets that have been included in the financial statements in their control or use . Further, ownership documents of the assets were not provided for audit review.

In the circumstances, the effectiveness of internal controls on management of assets could not be confirmed.

Management Response.

The management provided list of assets that have been included in the financial statements of Kshs. 27,004,466. An annex was attached.

Committee Observation

The OAG informed the committee that the matter had been addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

2. Weak ICT Internal Controls

Review of the information systems revealed that some computers lacked Antivirus while others have Antivirus but are not regularly scanned to resolve the reported security threats

reported by the Antivirus. Further review noted that the ICT department did not carry out regular maintenance and audit of their system information infrastructure or devices to detect rising security gaps both in their systems and among staff in terms of knowledge gaps.

In the circumstances, the management has failed to comply with the National Cybersecurity Strategy 2022–2027 and lack of adherence to ISO/IEC 27001 (Information Security Management Systems).

Management Response.

The management responded that all computers have been installed with anti-virus software to comply with the National Cybersecurity Strategy 2022–2027 and adhere to ISO/IEC 27001 (Information Security Management Systems). Further, the management has since carried out regular maintenances and updated Anti-virus software in all the computers and Laptops as per attached sample list of computers. An annex was attached.

Committee Observation

The OAG informed the committee that the matter had been addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

3. Unauthorized Use of Non-Official Emails

Review of the official communication and correspondences revealed that the Baringo County Assembly’s staff have been using personal emails in official communications as opposed to their official emails. This is contrary to the Public Service Commission Human Resource Manual that requires public servants to strictly use their official emails in official communications. In the circumstances, the management has breached the law.

Management Response

The management noted the auditor's recommendation and has ensured that the Baringo County Assembly's staff are using official email for official communications. An annex was attached.

Committee Observation

The OAG informed the committee that the matter had been addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

CHAPTER EIGHT

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF KAKAMEGA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2024/2025.

The Speaker, Hon. James Amatsi and the clerk Dr. Donald Manyala of Kakamega County Assembly appeared before the Committee on Thursday, 12th March , 2026 to respond (under oath) to audit queries raised in the Report of the Auditor General on County Assembly of Kakamega County for the Financial Year 2024/2025.

The Committee, acknowledges that the Kakamega County Assembly County Public Accounts Committee had already considered the Auditor General's report on the county assembly's financial statements for the Financial Year 2024/2025. The committee therefore resolved to adopt the (Kakamega County Assembly CPAC) report and to consider its implementation 90 days after the adoption of this report.

CHAPTER NINE

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF MAKUENI COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2024/2025.

The Speaker, Hon. Douglas Mbilu and the Clerk Mr. Kevin Mutuku appeared before the Committee on Friday 13th March 2026 to respond (under oath) to audit queries raised in the Report of the Auditor General on County Assembly of Makueni County for the Financial Year 2024/2025.

The Committee, acknowledges that the Makueni County Assembly County Public Accounts Committee had already considered the Auditor General's report on the county assembly's financial statements for the Financial Year 2024/2025. The committee therefore resolved to adopt the (Makueni County Assembly CPAC) report and to consider its implementation 90 days after the adoption of this report.

CHAPTER TEN

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NYERI COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2024/2025

Basis for Qualified Opinion

1. Inaccuracies of Balances and Disclosures in the Financial Statements

Review of the balances and disclosures in the financial statements revealed the following anomalies.

- i. The statement of financial position on the comparative column reflects balances of opening statement as at 1 July, 2024. However, the opening statement as at 1 July, 2024 omits the recognition of the financial liability of Kshs.67,585,241 in respect of payables (pending bills) as a liability and adjustments to accumulated reserves disclosed in the prior year audited financial statements contrary to approved transition guidelines from cash to accrual accounting as per the National Treasury circular No.03/2025 which requires that the financial assets and liabilities should be reported in the first transition year.
- ii. The statement of budget and actual amount reflects inaccurate balance Kshs.298,421,925 or 69% in respect of budget utilization difference of total receipts instead of the correct balance of Kshs.139,284,579 of 83% budget utilization difference resulting to overstated balance of Kshs.159,137,346.
- iii. The statement of budget and actual amount includes a reconciliation table. However, the reconciliation discloses inaccurate figures for actual surplus amounts as per the statement of budget and closing cash and cash equivalent as per the statement of cash flows as shown below;

Description	Amount as per reconciliation table (Kshs.)	Correct amount as per the statements (Kshs.)	variance (Kshs.)
Actual Surplus Amounts as per the statement of Budget	796,625,715	112,323	796,513,392
closing cash and cash equivalent as per the statement of cash flows	656,470,775	2,770,321	653,700,454

- iv. The Note reference on the face of the financial statement differs with the Note references indicated in the Note to the financial statements as shown below;

Description	Notes Reference as per face of the Financial Statement	Notes Reference as per note to the Financial Statement
Cash and cash equivalents	20	21
Receivables from non-exchange transactions	22	23
Property, plant and equipment	25	26
Trade and other payables	31	32
Refundable deposits and prepayments	32	33

- v. Note 41 to the financial statement does not disclose details of receivables from non-exchange transactions relating to credit risk and details of payables in regards to liquidity risk management, capital risk management relating to the Fund management in compliance with the financial reporting template as prescribed by Public Sector Accounting Standards Board.
- vi. The financial statement under appendices does not disclose the annexure on fixed asset register as prescribed in the annual financial reporting templates by the Public Sector Accounting Standard Board

In the circumstances, the accuracy and completeness of financial statement balances and disclosures could not be confirmed.

Management Response

In the amended Financial Statement, all errors indicated above have been corrected and correct balances posted accordingly (See Amended Financial Statements)

Committee observation

Review of the financial statements revealed several errors and inconsistencies, including:

- i. Failure to recognize pending bills amounting to Kshs. 67,585,241 in the opening balances, contrary to transition guidelines on accrual accounting.**
- ii. Overstatement of budget utilization variance by Kshs. 159,137,346 due to incorrect computation.**

iii. Material discrepancies between figures in the reconciliation table and those in the main financial statements, affecting surplus and cash balances.

iv. Inconsistencies in note references between the face of the financial statements and the supporting notes.

v. Omission of required disclosures on financial risk management, contrary to guidelines issued by the Public Sector Accounting Standards Board.

vi. Failure to include the fixed asset register in the appendices as required.

These weaknesses indicate poor financial reporting controls and undermine the accuracy and completeness of the financial statements.

Committee Recommendations

The Committee recommends that-

- 1) The Accounting Officer, in conjunction with the National Treasury, must identify training needs and initiate a capacity-building program for finance department staff on financial reporting standards, as guided by Regulation 5 of the PFM (County Governments) Regulations, 2015.**
- 2) The Accounting Officer undertakes administrative action against the officer(s) responsible for failure to undertake reconciliation of financial statements within the stipulated timelines and submit a report to the Office of the Auditor General within 90 days of adoption of this report**

2. Trade and Other Payables

The statement of financial position reflects Kshs.90,400,484 in respect of trade and other payables as disclosed in Note 32 to the financial statements. The balance includes payables to various vendors and employees which have been outstanding for more than one year. Further, the documentary evidence and analysis supporting payables was not provided for audit review.

In addition, Note 32 to the financial statement in the comparative column reflects opening balance of payables of Kshs.67,685,241. However, documentary evidence supporting the opening balance of payables, analysis schedule showing the date, amount paid, budget item charged and outstanding balances for the opening payables was not provided for audit review.

In the circumstances, the validity, accuracy and completeness of trade and other payables could not be confirmed.

Management Response

The ledgers detailing outstanding payables for all suppliers were provided and remain available for review. Additionally, supporting documentation related to the opening balances of payables including payment vouchers and fund requisition analyses submitted to the Controller of Budget were availed. These documents indicate the respective dates and the economic items to which the expenditures were charged

Committee observations

The committee observed that the Statement of Financial Position reflects Kshs. 90,400,484 in respect of trade and other payables. Review of the balance revealed that:

- i. A significant portion of the payables relates to amounts outstanding for more than one year, indicating delays in settlement of obligations.
- ii. Supporting documents and detailed analysis for the payables balance were not provided for audit review.
- iii. The comparative opening balance of Kshs. 67,685,241 lacked adequate supporting documentation, including schedules showing dates, amounts, and outstanding balances.

Committee recommendations

- 1. That trade payables due for more than 365 days be considered indicative of poor financial management and that the County Executive provides actionable payment plans within ninety (90) days of the adoption of this report, failure to which the subsequent quarter budget releases will not be effected;**
- 2. The accounting officer undertakes administrative actions against the officers who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 90 days from the adoption of this report**

3. Disclosure of Contingent Liabilities

Note 44 to the financial statements reflects Kshs.17,500,000 in respect of contingent liabilities. The balance includes Kshs.2,000,000 in respect of disputed water bill

by Assembly however, the water bill statement provided for audit reflects Kshs.1,656,426 resulting to overstatement of Kshs.343,574. In addition, no documentary evidence was provided to confirm the existence of contingent liabilities relating to court cases against the County Assembly of Nyeri of Kshs.5,000,000, compensation to employees of Kshs.500,000 and KRA tax demand of Kshs.10,000,000.

In the circumstances, the validity, accuracy and completeness of contingent liabilities of Kshs,17,500,000 could not be confirmed.

Management Response:

Management acknowledges the disclosure of contingent liabilities in Note 44 of the Financial Statements. We wish to clarify that the amounts indicated are not actual liabilities, but rather estimated figures based on the probability of future occurrences. These are contingent in nature and do not represent current financial obligations. No funds have been set aside specifically for these items; however, should any of the contingencies materialize, appropriate provisions will be made through the budgetary process at that time.

Committee observations

The committee observed that:

- i. The amount of Kshs. 2,000,000 for a disputed water bill differs from the supporting statement of Kshs. 1,656,426, resulting in an overstatement of Kshs. 343,574.**
- ii. No supporting documentation was provided to confirm the existence of other contingent liabilities, including court cases, employee compensation, and tax demands.**

Committee recommendations

- 1. The Accounting officer undertakes administrative action against officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 section 62 of the Public Audit Act and provides a status report to the Committee within ninety (90) days from the adoption of this report; and**
- 2. The County Assembly to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015.**

Emphasis of Matter

Budgetary Performance and Control

The statement of comparison of budget and actual amounts reflects final revenue budget and actual amount of Kshs.796,625,715 and Kshs.657,341,136 respectively, resulting to budget underfunding of Kshs.139,284,579 or 17%% of the approved budget.

The underfunding of the approved budget affects the planned activities and may have negatively impacted service delivery to the public and increased trade and other payables.

Committee observation

The Committee noted that the statement of comparison of budget and actual amounts reflects a final revenue budget of Kshs. 796,625,715 against actual collections of Kshs. 657,341,136, resulting in an underfunding of Kshs. 139,284,579, equivalent to 17% of the approved budget.

The Committee observed that such budget shortfalls can adversely affect the execution of planned activities, potentially compromise service delivery to the public, and contribute to the accumulation of trade and other payables.

Committee Recommendations

The Committee therefore recommends that the National Treasury should ensure timely release of funds to county Governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for failure to act on the recommendations.

Committee observation

The Committee noted that several issues raised in the previous year's audit report including matters related to financial statements, lawfulness and effectiveness in the use of public resources, and the effectiveness of internal controls, risk management, and governance remain unresolved. Management has neither provided explanations for the failure to address these issues nor taken corrective actions.

The Committee observed that failure to act on prior audit recommendations undermines accountability, weakens governance, and increases the risk of recurrence of similar issues in the current and future financial periods

Committee recommendations

The Committee recommends that the County Assembly complies with Section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General for review within ninety (90) days of the adoption of this report

Basis for Conclusion

1. Compensation of Employees and Other Staff Matters

1.1 Payments of Salaries Outside Payroll System

The statements of receipts and payments and as disclosed under Note 4 to financial statements reflects compensation of employee amount of Kshs.244,657,117 which include Kshs.29,623,460 paid outside the payroll system contrary to the National Treasury Circular No.13/2019 which requires the allocation of personnel emoluments be supported by Integrated Personnel Payroll Data (IPPD) systems.

In the circumstances, the legality of payments could not be confirmed.

Management Response

Management wishes to clarify that the three (3) staff per ward are temporary employees engaged directly by the respective Honorable Members on short-term contracts. These staff members perform essential support functions in the ward offices, including duties as messengers, secretaries, and watchmen.

Due to the nature of their assignments and the decentralized operational structure, there has historically been a high turnover rate among these officers. Consequently, the Assembly initially utilized an offshore payroll system to manage their payments and

streamline the recruitment cycle.

However, beginning with the current financial year (FY 2025/2026), all ward-based temporary staff have been fully incorporated into the Government's central payroll system namely, the Human Resource Information System (HRIS). This integration is in line with the government's directives on unified payroll management and aims to enhance transparency, accountability, and compliance with public financial management regulations.

Management Commitment:

Management is committed to ensuring full compliance with the Auditor-General's recommendations and will continue to strengthen controls around staff recruitment, payroll processing, and documentation in line with the Public Finance Management Act and other relevant regulations.

Committee observation

The Committee observed that the County Assembly spent Kshs. 29.6 million on salaries that were processed through a manual, private system instead of the official government payroll (IPPD). By doing this, the Assembly ignored clear National Treasury rules that require all staff pay to be tracked centrally.

While the Assembly explains that these payments were for temporary ward staff (like messengers and watchmen) who frequently quit and are hard to manage, the Committee finds this excuse insufficient. Using an "offshore" or manual payroll makes it nearly impossible to prove that the money actually went to real employees and raises the risk of "ghost workers" on the books.

The Committee notes that the Assembly has finally moved these workers to the official system for the current year (FY 2025/2026). However, this does not change the fact that the payments made during the audit period were technically illegal because they bypassed the required oversight.

Committee recommendations

- 1. The Senate notes that the process of issuance of Personal File numbers is inefficient in counties and therefore directs the National Government (State Department of Public Service) in conjunction in the Council of Governors (CoG) to prescribe and design an efficient human resource management system to be used by counties.**

2. the Auditor General to monitor the matter in the subsequent audit cycle.

1.2 Non-Compliance to the Law on Affirmative Action

Review of Human Resource records revealed that during the year under review, the County Assembly had sixty-five (65) members of staff out of whom, sixty one (61) or 94% were from the dominant ethnic community of the County contrary to section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, “all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community”.

Further, the County Assembly did not allocate 5% of employment opportunities to persons with disability contrary to Section 21 of persons with disability Act, 2025.

In the circumstances, Management was in breach of the law.

Management Response

The Assembly is an equal opportunity employer and all appointments are made on the basis of merit, irrespective of ethnicity. However, it is important to note that during the transition period, the majority of employees were absorbed from the defunct Local Authorities. These entities primarily comprised individuals from the dominant communities within their respective localities.

Since the commencement of its operations in 2013, the County Assembly Service Board has conducted recruitment exercises on three occasions—October 2013, June 2020, and May 2024. It is worth noting that during these recruitment drives, no qualified candidates living with disabilities applied for the positions advertised and subsequently filled.

Nonetheless, the Assembly consistently includes affirmative encouragement in all job advertisements, explicitly inviting applications from Persons Living With Disabilities (PWDs).

Going forward, the Assembly reaffirms its commitment to upholding the principles of affirmative action and promoting ethnic diversity in all future recruitment processes.

Committee observations

The Committee noted that the County Assembly had sixty-five (65) members of staff, out of whom sixty-one (61) or 94% were drawn from the dominant ethnic community within

the County. This is in contravention of Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that public institutions reflect the diversity of the people of Kenya and limits representation from a single ethnic community to not more than one-third of the staff establishment.

Further, the Committee observed that the County Assembly did not meet the statutory requirement of reserving at least five percent (5%) of employment opportunities for persons with disabilities, contrary to Section 21 of the Persons with Disabilities Act, 2025.

While Management attributed the imbalance to legacy staff absorbed from defunct local authorities and lack of applications from persons with disabilities, the Committee notes that these factors do not absolve the Assembly from complying with the law and proactively instituting measures to ensure inclusivity and equity in staffing.

In the circumstances, the Committee concludes that the County Assembly is in breach of statutory provisions on affirmative action and diversity in public service

Committee recommendations

The committee recommends that: -

- 1. the County Executive adheres to section 65(1)(e) of County Governments Act and ensures that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county; and**
- 2. The Committee recommends that the Standing Committee on National Cohesion, Equal Opportunity and Regional Integration undertake a post legislative scrutiny on the application of Section 7(2) of the National Cohesion and Integration Act (Cap. 7N) to County Governments**

1.3 Non-Compliance to One Third of Basic Salary Rule

Review of the monthly payroll records revealed that twelve (12) employees' salary deductions fell below the one-third (1/3) of the basic salary contrary to Section 19(3) of the Employment Act, 2007 which requires that deductions made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages. No explanation was provided by Management for enabling the employee earnings go below the statutory minimum.

In the circumstances, Management was in breach of the law.

Management Response

We acknowledge that certain staff have breached the two-thirds salary rule. This is attributable to the fact that, prior to the implementation of deductions for the Affordable Housing Levy, Social Health Authority, and NSSF, some employees had already committed their payslips up to the prescribed limit. The introduction of these deductions subsequently caused the breach.

Committee observations

The Committee noted that review of the monthly payroll records revealed that twelve (12) employees had net salaries falling below one-third (1/3) of their basic salary. This is in contravention of Section 19(3) of the Employment Act, 2007 which provides that total deductions from an employee's wages at any one time shall not exceed two-thirds of such wages.

The Committee further observed that Management did not provide adequate justification for allowing the deductions to exceed the statutory threshold. While Management attributed the breach to the introduction of statutory deductions such as the Affordable Housing Levy, Social Health Authority (SHA) contributions, and enhanced NSSF contributions after employees had already committed their salaries, the Committee notes that employers have a legal obligation to ensure continuous compliance with the law regardless of emerging statutory obligations.

Failure to regulate and rationalize deductions exposes employees to financial distress and is a breach of labour laws governing protection of wages.

Committee Recommendations

The Committee therefore recommends that:

- 1) The county assembly should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and**
- 2) The Auditor General should continue monitoring the issue in subsequent audit cycles.**

2. Management and Implementation of Contracts.

2.1 Lack of Valid Contracts for the Framework Agreements

The tender documents for provision of hotel services and conference facilities revealed framework agreements for the financial years 2023-2025 for Tender No. CAN/OT/08/2023-2025. Section II on tender data sheet on the provisions in the instructions to tenderers (ITT)ATT2.2 revealed that the intended completion date is 30th September 2025.

However, the contract agreements signed between Nyeri County Assembly Service Board and suppliers of hotel services and conference services provided for audit revealed that the contract were for a period of on year effective 12 October 2023 to 11 October 2024 which had at the time of audit in May 2025. There was no evidence of valid contracts for the financial year 2024-2025 despite continuance use of their service contrary to section 135(3) of the Public Procurement and Disposal Act, 2015.

In the circumstances, Management was in breach of the law

Management Response

We would like to confirm that the advert and the tender document for the Framework Agreements for Provision of Hotel Services and Conference Services read a running period of two years; that is 2023-2025. (Annexure 1

Committee observations

The Committee noted that the tender documents for the provision of hotel services and conference facilities under Tender No. CAN/OT/08/2023-2025 provided for framework agreements covering the period 2023 to 2025, with an intended completion date of 30th September 2025.

However, review of the contract agreements signed between the Nyeri County Assembly Service Board and the service providers revealed that the contracts were valid for only one (1) year, running from 12 October 2023 to 11 October 2024. At the time of audit in May 2025, these contracts had expired, and there was no evidence of validly executed contract agreements for the financial year 2024/2025 despite continued procurement and use of the services.

This is contrary to Section 135(3) of the Public Procurement and Asset Disposal Act, 2015 which requires that all procurement be formalized through valid and enforceable written contracts before commencement of service delivery.

While Management indicated that the framework agreements were intended to run for two years (2023–2025), the Committee observes that such intention must be supported by properly executed and valid contractual instruments. The absence of renewed or extended contracts renders the continued engagement of the service providers irregular

and exposes the Assembly to legal and financial risks.

Committee Recommendations

The Committee recommends that the Clerk of the County Assembly undertakes administrative action(s) against the responsible officer(s) who fails to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within ninety (90) days from the adoption of this report. Where such failure has led to a Adverse or Disclaimer opinion, the Committee recommends the sanctions outlined in Section 62(2) of the Public Audit Act, 2015.

2.2 Direct Procurement of Rental Assets

Note 10 to the financial statement reflects expenditure of Kshs.396,379,859 for use of goods and services. The expenditure includes Kshs.5,643,000 in respect of Ward office expenses. However, no evidence was provided for audit by the County Assembly to ascertain that the Ward office rental expenses service was procured competitively. This is contrary to guidelines on direct procurement on Section 103(2) Public Procurement and Asset Disposal Act, 2015.

In the circumstances, Management was in breach of the law.

Committee Observation

The Committee noted that Note 10 to the financial statements reflects expenditure of Kshs. 396,379,859 for use of goods and services, which includes Kshs. 5,643,000 spent on ward office rental expenses. However, no evidence was provided to confirm that the procurement of these services was conducted competitively. This is contrary to Section 103(2) of the Public Procurement and Asset Disposal Act, 2015 on the use of direct procurement.

In the absence of supporting documentation, the Committee could not confirm whether value for money was achieved, thereby exposing the Assembly to the risk of irregular expenditure.

Committee Recommendation

The Committee recommends that the County Assembly Service Board ensure all procurement processes are conducted competitively and in full compliance with

the law. Management should maintain proper documentation to support all procurement decisions and provide evidence of value for money in all expenditures.

3. Non-compliance with the Guidelines on Transition from Cash to Accrual Accounting

Review of the compliance status by the County Assembly of Nyeri in implementing the guidelines on transition from cash to accrual accounting prescribed by the National Treasury at the time of audit September, 2025 revealed that Management had not implemented the requirements in guidelines. Management did not provide any evidence of the formation of project management teams which include entity steering committee and project manager and there was no evidence that the Assembly had developed a detailed road map outlining the key milestone achieved in implementing the guidelines on transition from cash to accrual accounting contrary to para 2.1 of the National Treasury circular No.03/2025.

In the circumstances, Management was in breach of the law.

Management Response

The Assembly is in the process of constituting the committee. However, the Assembly board of management together with designated staff from all the department meet informally towards this task.

Committee Observations

The Committee noted that review of the compliance status by the County Assembly of Nyeri on the implementation of the guidelines on transition from cash to accrual accounting revealed that, as at September 2025, the Assembly had not complied with the prescribed requirements.

There was no evidence that Management had established the requisite governance and implementation structures, including a steering committee and a designated project manager, as required. Further, the Assembly had not developed a comprehensive roadmap outlining key milestones, timelines, and deliverables for the transition process.

This is contrary to Paragraph 2.1 of the National Treasury Circular No. 03/2025 on Transition to Accrual Accounting which requires entities to establish formal project management structures and develop an implementation framework to guide the transition.

While Management indicated that it is in the process of constituting the committee and has been holding informal meetings towards the transition, the Committee observes that informal arrangements do not meet the threshold of compliance as stipulated in the guidelines and undermine accountability and structured implementation.

Committee Recommendations

- 1. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.**
- 2. The Accounting Officer to operationalize the newly appointed Steering Committee and Project Manager to execute the transition roadmap within ninety (90) days of the adoption of this report.**

4. Subscription Fees Paid Without a Guiding Policy

The statement of financial performance and as disclosed under Note 5 to financial statements, reflects use of goods and services of Kshs.396,379,859 which includes other operating expenses of Kshs.52,079,388 which further includes Kshs.750,000 paid to the Society of Clerks at the Table (SOCATT) without any enabling legislation supporting the contributions to the Society.

In the circumstances, Management was in breach of the law.

Management Response

County Assembly forum is body comprising of Speakers of the County Assemblies and Members of the County Assemblies which its primary mandate, is to promote networking and synergy among the 47 County Assemblies, coordinate intergovernmental and enhance good practice in legislative development.

The Society of Clerks at the Table (SOCCAT) is a professional body for Clerks of the Assemblies duly registered with the Registrar of Societies to foster employee career and professional development and create a platform for Assemblies to interact and consult on various topical issues. It also provides a linkage with other legislative bodies such as the Senate, National Assembly, and Centre for Parliamentary Studies (CPST) and other International legislatures.

This bodies are registered with registrar of societies, in this regards the County Assemblies came up with an agreement to fund this bodies for they play a major role in growth and operations of all the Assemblies.

Committee Observations

The Committee noted that the statement of financial performance, as reflected under Note 5 to the financial statements, records total use of goods and services amounting to Kshs. 396,379,859. Within this, other operating expenses included Kshs. 750,000 paid to the Society of Clerks at the Table (SOCATT).

The Committee observed that there is no enabling legislation, policy, or formal framework authorizing the County Assembly to make subscriptions or contributions to SOCATT. While Management indicated that the Society is a professional body registered under the Registrar of Societies and facilitates professional development, networking, and intergovernmental linkages, the Committee notes that payments from public funds must be guided by a policy or legal instrument to ensure transparency, accountability, and compliance with financial management regulations.

Committee Recommendation

- 1. The irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped immediately until a legislative framework is developed.**
- 2. The County Assembly Service Board (CASB) complies with the principle that public funds only be expended for purposes authorized by law, as enshrined in Article 201(d) of the Constitution and section 149(1) of the Public Finance Management Act.**
- 3. The Committee noted that, in its view, CAF and SOCATT play a key role in advancing and articulating the collective interests of Speakers and Clerks of County Assemblies, including promoting collaboration, sharing best practices, and strengthening institutional capacity. However, the Committee further observed that the two bodies are not legally recognized entities under the current legal framework and recommended the two bodies to come up with a legal framework and engage the Senate within 30 days after adoption of this report.**
- 5. Non-compliance to Law of Imprest Management**

Note 10 to the financial statement reflects expenditure of Kshs.168,925,206 in respect of domestic travel and subsistence. However, examination of available records revealed the amounts were paid to various officers for domestic travel and subsistence allowance as claims for official duties instead of the officers being issued with temporary imprest. This is contrary to Regulation 93(3) of the Public Finance Management (County Governments) Regulations, 2015.

In addition, it was not possible to confirm that the activities actually took place because there was no adequate supporting documentation in form of work tickets, outcome reports and programme of activities.

Further, the County Assembly made reimbursement to Members of County Assembly as claims for expenditure incurred in running the ward operational costs instead of issuance of standing imprest contrary to Regulation 93(11) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, Management was in breach of the law.

Management Response

The management has availed all payment supporting documents for both foreign and local allowances, which remain available for any verification purposes. Management strictly adheres to the Public Finance Management Regulation as stipulated in the Public Finance Management Act, 2012. Travel subsistence allowances were duly approved within the budget, and all expenses incurred under this economic item fully comply with government requirements to warrant payment.

However, significant challenges have arisen due to cash flow constraints from the National Treasury, rendering it impossible to issue imprest funds to members and staff. Consequently, most activities are conducted and payments made retrospectively once funds become available.

Committee Observations

The Committee noted that expenditure of Kshs. 168,925,206 on domestic travel and subsistence was paid to officers and Members as reimbursement claims instead of through the issuance of temporary and standing imprests, contrary to Regulations 93(3) and 93(11) of the Public Finance Management (County Governments) Regulations, 2015.

The Committee further observed that supporting documentation, such as work tickets, outcome reports, and programmes of activities, was inadequate, making it difficult to confirm that the activities actually took place.

While Management attributed the practice to cash flow constraints and indicated that supporting documents were available, the Committee notes that compliance with inprast procedures and proper documentation is mandatory and should not be compromised.

Committee Recommendations

The accounting officer undertakes administrative actions against the officers who failed to provide documents to the auditors at the time of the audit in accordance with section 62 of the Public Audit Act and provides a status report to the Committee within 90 days from the adoption of this report

6. Non-Compliance to the Law of Data Protection

The statement of financial performance reflects an expenditure of Kshs.22,382,377 as disclosed in note 15 to the financial statement in respect to social benefits remitted to LAPTRUST Pension Fund. However, there was no evidence of written contract between the Assembly (data controller) and pension fund (data processor) contrary to section 42(2b) of the Data Protection Act, 2019.

The Management was in breach of law.

Management Responses

We have commenced the necessary procedures to expedite the finalization of the contract with the service provider at the earliest opportunity.

Committee observations

The Committee noted that the statement of financial performance reflects payments of Kshs. 22,382,377 to the LAPTRUST Pension Fund for social benefits, as disclosed in Note 15 to the financial statements. However, there was no evidence of a written contract between the County Assembly, as the data controller, and the pension fund, as the data processor. This is contrary to Section 42(2)(b) of the Data Protection Act, 2019

Committee Recommendations

The Committee recommends that the County Assembly Service Board expedite the finalization of a formal contract with the pension fund and ensure that all future engagements involving personal data are supported by written agreements in compliance with the Data Protection Act, 2019 and submit the status report to the Auditor General and the Senate within 90 days of adoption of this report.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK

MANAGEMENT AND GOVERNANCE

Basis for Conclusion

1. Noncompliance with Optimal Staffing Levels

The approved staff establishment of the County Assembly of Nyeri reflects optimal staffing levels of one hundred (100) staff. However, the staff in post were sixty-six (66) leading to a staff shortage of thirty-four (34). Further, the understaffing was in critical positions which includes: director legal, deputy director accounting, senior fiscal analyst, deputy director legal, senior legal counsel, deputy director internal audit, deputy director security, deputy director-committee services and senior clerk assistant.

In the circumstances, the efficiency and effectiveness of critical service delivery could not be confirmed.

Management Response

We wish to state that it is true that the Assembly faces serious staffing gaps in some departments. This is due to the fact that the Assembly operates on a tight budget noting that there are budgetary ceilings imposed by the Commission on Revenue Allocation (CRA) which has hampered various Assembly programs like recruitment of staff.

Previously, the Assembly has been subjected to legal suits while in the process of recruiting staff which also frustrated its efforts to fill the staffing gaps.

Further, the Assembly is constrained in terms of space to accommodate staff noting that we still occupy the precincts used by the defunct Nyeri County Council. However, the Assembly is making efforts to construct more offices to accommodate the envisaged number of staff.

Committee observations

The Committee noted that the approved staff establishment for the County Assembly of Nyeri is one hundred (100) positions, yet only sixty-six (66) staff were in post at the time of the audit. This represents a shortage of thirty-four (34) positions, including critical roles such as Director of Legal Services, Deputy Director Accounting, Senior Fiscal Analyst, Deputy Director Legal, Senior Legal Counsel, Deputy Director Internal Audit, Deputy Director Security, Deputy

Director–Committee Services, and Senior Clerk Assistant.

The Committee observed that the understaffing in these key positions could compromise the efficiency and effectiveness of essential service delivery. While Management cited budgetary constraints, legal challenges during recruitment, and limited office space as factors, the Committee emphasizes that prolonged understaffing in critical areas poses operational risks to the Assembly.

Committee Recommendations

The Committee recommends that the County Assembly Service Board take steps to address the staffing gaps, particularly in critical positions, to enhance service delivery. Management should implement a phased recruitment plan within available budget limits and put in place measures to overcome existing constraints such as office space and recruitment challenges.

2. Failure To Prepare Annual Work Plan

Review of records maintained by the County Assembly of Nyeri revealed that during the year under review the Assembly did not have an operational Annual work plan. Without a work plan it may not be possible to determine the objectives to be achieved in the year and the performance indicators to measure.

In the circumstances, the progress of performance against predetermined objectives could not be confirmed.

Management Response

The nature of legislatures is that the chamber activities are not always predictable save for the activities arising from the budget cycle as stipulated in the Public Finance management Act 2012 and the budget circular by the County Executive Member for Finance and Economic Planning. The rest of the activities either emanates from the County Executive or the Assembly Committees or individual Honorable Members. As such, the Assembly's planning is pegged on its 5 year Strategic Plan which states the Assembly's objectives for the period and an annual Assembly Calendar that is duly Gazetted by the Government Printer that highlights the sitting and recess days.

Committee Observations

The Committee noted that during the year under review, the County Assembly of Nyeri did not prepare an operational annual work plan. Without such a plan, it is difficult to determine the specific objectives to be achieved in the year and the performance indicators against which progress can be measured.

While Management indicated that the Assembly's planning is guided by the five-year Strategic Plan and the annual Assembly Calendar, the Committee observed that these instruments do not substitute for a detailed annual work plan that outlines activities, timelines, and responsible officers for effective monitoring and evaluation. In the absence of a work plan, the Assembly's performance against predetermined objectives could not be confirmed.

Committee recommendations

The Committee recommends that the County Assembly Service Board prepare and implement an annual work plan outlining clear objectives, activities, timelines, and responsible officers. This will enhance planning, enable effective monitoring and evaluation, and ensure accountability in the Assembly's operations

3. Lack of Business Continuity and Disaster Recovery Plans

During the period under review, Management had not established business continuity and disaster recovery plans to ensure smooth running of the County Assembly's operations in the event of a disaster or unforeseen occurrence.

In the absence of the above plans, the County Assembly's operations could be disrupted in the event of occurrence of unexpected events that may have negative impact on its operations

Committee Observation

The Committee noted that the County Assembly of Nyeri had not established business continuity and disaster recovery plans during the period under review. In the absence of these plans, the Assembly is exposed to the risk of operational disruptions in the event of disasters or unforeseen occurrences, which may negatively affect service delivery.

Committee Recommendation

The Committee recommends that the County Assembly Service Board develop and implement business continuity and disaster recovery plans to ensure continuity of operations and minimize the impact of unexpected events and give a status report to the Auditor General and Senate within 90 days from the adoption of this week.

4. Inadequate Internal Audit Function

Review of the operations of the Internal Audit functions revealed that the County Assembly had an internal audit unit in place. However, the internal audit section had only one staff member who was not able to carry out all the required internal audit functions effectively. This was contrary to Regulation 155(2) of the Public Finance Management (County Government) Regulation, 2015 which provides that an Accounting Officer should ensure that the organizational structure of internal audit unit is sufficient.

In addition, the internal audit documents and policies which includes; Audit committee service charter, audit Committee work plan, internal audit work plan for the year under review, internal audit service charter and risk management policy presented for audit were not signed or approved.

In absence of adequate and effective internal audit function, the assurance of the operational internal controls could not be confirmed.

Management Response

The County Assembly Service Board is always willing and endeavors to ensure that all departments are adequately staffed to ensure optimum service delivery. However, the issue of budget ceiling has limited the Assembly to recruit staff to the desired levels. The Assembly remains committed in making recruitments to fill all understaffed departments.

Committee Observations

The Committee noted that although the County Assembly of Nyeri has an internal audit unit, it is staffed by only one officer, which is inadequate to effectively carry out the required audit functions. This is contrary to Regulation 155(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the internal audit unit be sufficiently staffed.

The Committee further observed that key internal audit documents and policies, including the audit committee charter, work plans, and risk management policy, had not been formally approved. This weakens the effectiveness of the internal audit function and limits assurance on internal controls, risk management, and governance processes.

Committee Recommendation

The Committee recommends that the County Assembly Service Board strengthen the internal audit function by ensuring adequate staffing and formal approval of all internal audit policies and documents. This will enhance

oversight, improve internal controls, and support effective risk management and give a status report to the Auditor General and Senate within 90 days from the adoption of this week.

CHAPTER ELEVEN

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF TANA RIVER COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2024/2025

Basis for Qualified Opinion

1. Unsupported expenditure on sitting allowances.

The statement of financial performance reflects expenditure totalling Kshs.338,754,209 in respect of employee costs as disclosed in Note 9 to the financial statements. Included in the expenditure on employee costs is an amount of Kshs.135,387,010 in respect of personal allowances paid as part of salary out of which an amount of Kshs.23,464,254 was in respect of sitting allowance arrears. However, the payment of sitting allowances was not supported by members attendance registers and Hansard reports.

In the circumstances, the accuracy and completeness of expenditure on sitting allowances amounting to Kshs.23,464,254 could not be confirmed.

Management Response

The human resource information system recognizes the current year allowances as arrears when the data is entered. The assembly pays the members sitting allowances on monthly basis without delays. The payment of sitting allowances is supported with members attendance register and minutes of the meetings.

Committee Observation

The Committee noted that the matter has been satisfactorily addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

2. Use of Goods and Services

The statement of financial performance reflects expenditure on use of goods and services totalling Kshs.539,856,293 as disclosed in Note 10 to the financial statements. Review of the records revealed the following:

2.1. Unsupported expenditure on domestic travel and subsistence.

Included in the expenditure is an amount of Kshs.271,691,609 in respect of domestic travel and subsistence. Review of the supporting documents revealed that an amount of Kshs.43,134,334 was paid in respect to safari imprest to seventeen (17) officers which included expenditure totalling Kshs.26,749,834 incurred on the safari imprests that was not supported by imprest warrant, motor vehicle work ticket or bus tickets/boarding pass and attendance schedules. The payments were made in respect of discussion meetings held in a hotel in Kilifi without approval by the speaker as required. In addition, an expenditure of Kshs.11,327,434 was paid as claims without approval by the accounting officer while an amount of Kshs.15,401,000 was not supported with payment vouchers. Further, payments totalling Kshs.140,753,055 were made in respect to imprests issued to eighty-four (84) staff members of the County Assembly. However, eleven (11) employees were issued with imprest amounting to Kshs.15,422,400 which was not supported with imprest warrants and IFMIS imprest register.

Management Response

By the time of the audit the assembly had not implemented IFMIS imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached Payment voucher approved internal memo by the accounting officer.

	Name	Details	PV. No.	Amount (Kshs)	Audit Findings	Management Response
12/03/2024	Umul Kulum Aden	Per diem for officer accompanying MCA while attending jabeis and lamu cultural festivals from 24th - 28th Nov 2024 taita taveta	1201	1,071,000	The payment was not supported with imprest warrant, motor vehicle ticket or bus tickets or boarding pass, signed payment schedule and why the meetings was not held in county assembly headquarter.	By the time of the audit the assembly had not implemented ifmis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached. The meeting was organized by JABEIC in Voi and as such the county assembly had no influence on determining the venue it was to be conducted.
					The payment was not supported with imprest	By the time of the audit the assembly had not implemented ifmis imprest warrant due to staff capacity. During the

09/04/2024	Iddi Omar Uleta	Per diem for MCA while on retreat on fire and rescue services bill 2024 from 19th - 28th august 2024 Malindi.	151	1,680,000	wa rrant, motor vehicle work ticket or bus tickets or boarding pass, signed payment schedule and why the meetings was not held in county assembly headquarter.	financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is Provided The members required a conducive place where they could concentrate
3.	Payee	Details	PV. No.	Amount (Kshs)	Audit Findings	Management Response
						the day to day operations at wards and office.
		Per diem for MCA while			The payment was not supported with imprest warrant	By the time of the audit the assembly had not implemented imprest management due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached. The members required a

12/03/2024	Abubakar Godana	on retreat on unpacking county budget review and outlook paper 2024/2025 from 20th - 25th Nov 2024 in Malindi.	1207	1,120,000	rrant, motor vehicle work ticket or bus tickets or boarding pass, signed payment schedule and why the meetings was not held in county assembly headquarters.	serene place where they could concentrate away from the day to day operations at wards and office.
09/04/2024	Godana Abubakar	Per diem for MCAs while on report writing of informal settlement of lands from 22rd to 31st July 2024 in Malindi	146	1,680,000	The payment was not supported with imprest warrant, motor vehicle work ticket or bus tickets or boarding pass, signed payment schedule, attendance register and why the meetings was not held in	By the time of the audit the assembly had not implemented ifmis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule provided. Attendance register provided. The members required a serene place where they could concentrate away from the day to day operations at wards and office.

					county assembly headquarters.
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3.	Payee	Details	PV. No.	Amount (Kshs) I	Audit Findings	Management Response
09/04 /2024	Mohamed B. Musa	Per diem for MCAs while on budget retreat on report writing for fy2024/2025 from 4th - 8th July 2024 - Malindi	142	980,000		<p>By the time of the audit the assembly had not implemented ifmis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it</p> <p>The payment was not is now operational. supported with A signed payment schedule is imprest warrant, attached. motor vehicle work ticket or bus tickets or Attendance register attached. boarding pass, signed payment schedule, the members required a attendance register screne place where they could and why the meetings concentrate away from the</p>

					<p>day was not held in county to day operations at wards and assembly office headquarters.</p> <hr/>
10/07/2024	Abubakar Godana	<p>Per diem for official MCAs while on report writing on appropriation bill 2024 from 25th - 29th July 2024 at Malindi</p>	1121	980,000	<p>By the time of the audit the assembly hadnot implemented ifmis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it The payment was not is now operational. supported with A signed payment schedule is imprest warrant, attached. motor vehicle work Attendance register for the ticket or bus tickets or event is attached. boarding pass, signed payment schedule, The members required a attendance register serene place where they could and why the meetings concentrate away from the day was not held in county to day operations at wards and assembly office. headquarters.</p>

09/04 /2024	Aisha Hadia	Per diem for MCA while on report writing exercise on petition against county	pu152	910,000	The payment was not By the time of the audit the supported with assembly had not imprest warrant, implemented ifmis impres motor vehicle work warrant due to staff capacity. ticke
		blic service board from 18th - 22nd July 2024 - Malindi.			or bus tickets or During the financial year boarding pass signed 2025/2026 the county payment schedule assembly has trained its staff attendance register

3.	Payee	Details	PV. No.	Amount (Kshs) I	Audit Findings	Management Response
					and why the meetings was not held in county assembly headquarters.	on imprest management and it is now operational. A signed payment schedule is attached. The members required a serene place where they could concentrate away from the day to day operations at wards and office Attendance

					<p>register for the event is attached.</p> <p>Signed attendance register for the event is attached.</p>
		<p>Per diem for speaker /MCA while on retreat on finance bill from 11th to 15th September 2024 in Malindi</p>		<p>The payment was not supported with imprest warrant, motor vehicle work</p>	<p>By the time of the audit the assembly had not implemented ifm is imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached.</p>

10/07 /2024	David Wako Maro		1255	1,428,000	<p>ticket or bus tickets or Attendance register for the boarding pass, signed event is attached.</p> <p>payment schedule, The members required a attendance register, serene place where they could report, and why the concentrat e away from the day meetings was not held to day operations at wards and in county assembly office headquarters.</p>
12/01	Umul Khultum	<p>Per diem for MCAs while atte nding jabeic and Lam u cultural fe stivals from 24th - 30th Nov 2024 in Voi and</p>	1325	2,773,400	<p>By the time of the audit the The payment was not assembly had not supported with implemented ifmis imprest imprest warrant, warrant due to staff capacity. motor vehicle work During the financial year ticket or bus tickets or 2025/2026 the county boarding pass, signed assembly has trained its staff payment schedule, or imprest management and it attendance register, is now operational. signed report, and why A signed payment schedule is the meetings was no</p>

/2024	Aden	Lamu			attached held in county Attendance register for the assembly e vent is attached. headquarters.
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3.	Payee	Details	PV. No.	Amount (Kshs)_I -	Audit Findings	Managemen t Response
						The members required a serene place where they could concentrate away from the day to day operations at wards and office

12/01/2024	Aisha Hadi	Per diem for MCA of water and energy for report writings exercise from 10th - 19th Nov 2024 at pride inn hotel Mombasa	1315	1,820,000	The payment was not supported with imprest warrant, motor vehicle work ticket or bus tickets or boarding pass, signed payment schedule, signed report, and why the meetings was not held in county assembly headquarters.	By the time of the audit the assembly had not implemented if mis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached. Attendance register for the event is attached. The members required a serene place where they could concentrate away from the day to day
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						operations at wards and office.
6-Feb-25	Ahmed Tari Twalib	Payment for travelling allowances- Travelling allowance of speaker and his team for board meeting that was held in Mombasa as from 23 Jan to 5 Mar 2025		980,000	The payment is not supported by imprest warrants, authority to travel from the accounting officer, signed payment schedule, attendance register, invitation letter, motor vehicle work ticket or bus tickets and	By the time of the audit the assembly had not implemented ifmis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational.

					signed report	A signed payment schedule is attached. Attendance register for the event is attached. Appendix 2A
		Sub-total		15,422,400		
13/3 / 2025	Godana Abubakar	Per diem for MCAs while unpacking county supplementary budget for 2025 in Malindi-5 -9 March 2025	1296	1,120,000	The payment was not supported with imprest warrant, motor vehicle work ticket or bus tickets or boarding pass, signed payment schedule and I "" by the meetings was	By the time of the audit the assembly had not implemented if imprest warrant due to staff capacity During the financial year 2025/2026 the county assembly has trained its staff

3.						Management Response
	Payee	Details	PV. No.	Amount (Kshs)	Audit	

					Findings	
					not held in county assembly headquarters.	on imprest management and it is now operational. A signed payment schedule is attached. The members required a serene place where they could concentrate away from the day to day operations at wards and office. Payment voucher approved by the accounting officer.
09-Feb-	David Wako	Payment for travelling allowances- Travelling allowance for speaker and his			The payment is not supported by imprest warrants, authority to travel from the accounting officer, signed.	By the time of the audit the assembly had not implemented imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. Attendance register is attached.

25	Maro	team to Mombasa for official duty from 10 Dec 24 to 21 Dec 24	980,000	payment schedule, attendance register, invitation letter, motor vehicle work ticket or bus tickets and signed report	A signed payment schedule is attached. Approved invitation letter by the accounting officer is attached. Payment voucher approved by the accounting officer.
02-Mar-25	Paul Mgawa Kofa	Payment for travelling allowances- Travelling allowance of clerk office to office to Mombasa for budget retreat from 10 Jan to 20 Jan 2025	980,000	The payment is not supported by imprest warrants, authority to travel from the accounting officer, signed pa	By the time of the audit the assembly had not implemented ilmis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached. Payment voucher approved by the accounting officer. Approved invitation letter by the accounting
		Mombasa for budget retreat from 10 Jan to 20 Jan 2025	980,000	ymment schedule, attendance register, invitation letter, motor vehicle work ticket or	Payment voucher approved by the accounting officer. Approved invitation letter by the accounting

					bus tickets and signed report	officer is attached Attendance Register attached
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3.	Payee	Details	PV. No.	Amount (Kshs)	Audit Findings	Management Response
					The payment is not supported by imprest	By the time of the audit the assembly had not implemented if mis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has

19- Dec- 24	Gababo Kalme	<p>Payment for travelling allowances- Travelling allowance to Bungoma for the speaker and team for the occasion of Casa games from 10 Oct to 20 Oct 2024</p>	950,000	<p>warrants, authority to travel from the accounting officer, signed pa yment schedule, attendance register, invitation letter, motor vehicle work ticket or bus tickets and signed reports</p>	<p>trained its staff on imprest management and it is now operational. Attendance Register is attached. A signed payment schedule is attached Payment voucher approved by the accounting officer. Approved invitation letter by the accounting officer is attached.</p>
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23- Mar- 25	Paul Mgawa Kofa	Payment for travelling allowances- Travelling allowance to Nairobi for board meeting as from 3 Sep 2024 to 13 Sept 2024		950,000	The payment is not supported by imprest warrants, authority to travel from the accounting officer, signed pa yment schedule, attendance register, invitation letter, motor vehicle work ticket or bus tickets and signed report	By the time of the audit the assembly had not implemented if mis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached Payment voucher approved by the accounting officer, Approved internal memo for the travel is attached.
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3.	Payee	Details	PV. No.	Amount (Kshs) I	Audit Findings	Management Response
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12-Feb-25	Paul Mgawa Kofa	Travelling allowance to Mombasa for board meeting as from 10 Nov 24 to 21 Nov 24		920,000 1	<p>The payment is not supported by imprest warrants, authority to travel from the accounting officer, signed</p> <p>payment schedule, attendance register, invitation letter, motor vehicle work ticket or bus tickets and signed</p> <p>J.P. J. J. J.</p>	<p>By the time of the audit the assembly had not implemented ifmis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached Internal memo approved by the accounting officer is attached</p>
09/10 /2024		Travelling allowance to Nairobi for			<p>The payment is not supported by imprest warrants, authority to travel from the accounting</p>	<p>By the time of the audit the assembly had not implemented ifmis imprest warrant due to staff capacity. During the financial year 2025/2026 the county</p>

	Abdi Ibrahim Dara	the speaker team for benchmarking as from 27 Aug to 6 Sep 2024	915,000	officer, signed payment schedule, attendance register, invitation letter, motor vehicle work ticket or bus tickets and signed reports	assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached Internal memo approved by the accounting officer is attached.
09/10/2024	Gababo Hussein Kalme	Travelling allowance of speaker team to assembly friendly match to Kilifi as from 1 July 2024 to 10 July 2024	912,434	The payment is not supported by imprest warrants, authority to travel from the accounting officer, signed payment schedule, attendance register, invitation letter, motor vehicle work ticket or bus tickets and	By the time of the audit the assembly had not implemented ifmis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached Internal memo approved by the accounting officer is

					signed reports	attached.
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3.	Payee	Details	PV. No.	Amount (Ksh)	Audit Findings	Management Response
19-Dec-24	Ahmed Tari Twal	Travelling allowance of speaker team to Mombasa		900.00	The payment is not supported by imprest warrants, authority to travel from the accounting officer, signed payment schedule, attendance register, invitation letter, motor vehicle work ticket or bus tickets and signed	By the time of the audit the assembly had not implemented ifmis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached Payment voucher approved internal memo by the accounting officer is attached.

	ib	for PAC retreat as from 12 <u>Aug 24 to 22</u> Aug 24	0	ports	
6-Feb-25	Paul Mgaw a Kola	Travelling allowance of Clerks team to Mombasa for education committee re treat from 2 Jan 2025 to 12 Jan 2025	900,00 0	The payment is not supported by imprest warrants, authority to travel from the accounting officer, signed payment schedule, attendance register, invitation letter, motor vehicle work ticket or bus tickets and signed reports	By the time of the audit the assembly had not implemented if mis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff on imprest management and it is now operational. A signed payment schedule is attached Payment voucher approved internal memo by the accounting officer.

09- Feb - 2 5	Ahmed Tari Twalib	Travelling allowance for speaker team to Mombasa		900,000	The payment is not supported by imprest warrants, authority to travel from the accounting officer, signed payment schedule, attendance register, invitation letter, motor vehicle work ticket or bus tickets and signed reports	By the time of the audit the assembly had not implemented if mis imprest warrant due to staff capacity. During the financial year 2025/2026 the county assembly has trained its staff or imprest management and it is now operational. A signed payment schedule is attached. Payment voucher approved by the accounting officer.
		for Budget retreat as from 1 Dec to 11 Dec 24.				

3.						Management Response
	Payee	Details	PV. No.	Amount (Kshs)	Audit Findings	
19- Dec- 24	Jamila Abashora	Payment for travelling allowances		1,680,000		A payment voucher in support of the payment
19- Dec- 24	Felix Wario	Payment for travelling allowances				A payment voucher in support of the payment

				1,540,000		
23-Mar-25	Musa Wario Shura	Payment for travelling allowances		1,200,000		A payment voucher in support of the payment
13/3 / 2025	Godana Abubakar	Per diem for meas while unpacking county fiscal strategy paper for fy2025/2026 from 26th feb-2nd march 2025 at malindi	1203	1,050,000		A payment voucher in support of the payment
02-Mar-25	Paul Mgawa Kofa	Payment for travelling allowances		950,000		A payment voucher in support of the payment
		Sub-total		15,401,000		
		Grand-total		42,150,834		

Committee Observation

The Committee noted that the County Assembly incurred expenditure amounting to Kshs. 271,691,609 on domestic travel and subsistence, out of which significant amounts were unsupported and irregular. In particular, safari imprests totalling Kshs. 43,134,334 issued

to seventeen (17) officers included unsupported expenditure of Kshs. 26,749,834 lacking key documentation such as imprest warrants, motor vehicle work tickets, bus tickets/boarding passes, and attendance schedules.

Committee Recommendation

The Committee recommends that:

- 1. The County Assembly enforces strict compliance with financial management procedures by ensuring that all imprests and related expenditures are properly authorized, supported with complete documentation, and recorded in the appropriate systems, including IFMIS.**
- 2. The OAG to review the Matter in the next audit Cycle.**

2.2. Unsupported expenditure on routine maintenance

Included in expenditure on use of goods and services is an amount of Kshs.129,242,490 in respect of routine maintenance- refurbishment and repairs out of which, expenditure totalling Kshs.67,226,879 was paid to contractors and which is not supported by certificate of measured works, detailed inspection and acceptance reports. In addition, the procurement for these activities is not in the annual procurement plan.

In the circumstances, the accuracy and completeness of use of goods and services expenditure of Kshs.539,856,293 could not be confirmed.

The Committee noted that the matter has been satisfactorily addressed

Management Response

Routine maintenance expenditure was supported by certificate of measured works, detailed inspection and acceptance reports, the procurement of all activities undertaken by the County Assembly were captured in the annual procurement plan.

Committee Observation

The Committee noted that the matter has been satisfactorily addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

- 3. Inaccuracies in property, plant and equipment balance.**

The statement of financial position reflects additions to property, plant and equipment amounting to Kshs.69,155,115 as disclosed Note 26 to the financial statements. However, the additions to property, plant and equipment balance of Kshs.69,155,115 was not supported by a comprehensive list of assets that were acquired in the year. In addition, the expenditure incurred on buildings, construction of roads and infrastructure assets was not supported by completion certificates while the depreciation charge on the assets has not been determined.

In the circumstances, the accuracy, completeness and existence of property, plant and equipment balance of Kshs.69,155,115 could not be confirmed.

Management Response

The additions to property, Plant and equipment balance of Kshs. 69,155,115 is supported by a comprehensive list of assets acquired during the financial year 2024/2025. The comprehensive list of assets is attached in appendix 4. On depreciation of assets the management is compiling all assets and will come up with depreciation policy and will include the net book value of the assets in the financial statement during the third year when we shall be transiting to full accrual accounting

Committee Observation

The Committee noted that the matter has been satisfactorily addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

4. Inaccuracies in trade and other payables balance.

The statement of financial position reflects trade and other payables balance of Kshs.328,682,282 as disclosed in Note 32 to the financial statements. However, the supporting schedule provided had not been updated to include the invoice number and date. In addition, the aging analysis for the trade and other payables was not disclosed in the financial statements.

In the circumstances, the accuracy, completeness and existence of trade and other payables balance of Kshs.328,682,282 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Tana River

Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion

Management Response

The supporting schedule for trade and other payables was updated to include date and payment voucher number as attached. The aging analysis for the trade and other payables has been categorized into those payable under one year, one to two years, two to three years and over three years.

Committee Observation

The Committee noted that the matter has been satisfactorily addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

Other Matter

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

1. Non-Compliance with the Law on affirmative action for persons with disability.

Review of records revealed that out of the total of one hundred and twenty-four (124) employees, none was representing persons with disability. This was contrary to Section 13 of Persons with Disabilities Act, 2003 which provides that the Council shall endeavor to secure the reservation of five (5%) percent of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disability. In the circumstances, Management was in breach of the law.

Management Response

The County Assembly will comply to section 13 of Persons with Disabilities Act, 2003 which provides that the Council shall endeavor to secure the reservation of (5%) percent of all casual, emergency and contractual positions in employment in public and private sectors for persons with disability in all future recruitment engagements as the few who were in service have retired.

Committee Observation

The Committee noted that none of the County Assembly's one hundred and twenty-four (124) employees are persons with disabilities, which is contrary to Section 13 of the Persons with Disabilities Act, 2003 that requires at least five percent (5%) of employment positions to be reserved for persons with disabilities, indicating non-compliance with statutory inclusivity requirements.

Committee Recommendation

- 1. The Committee recommends that the County Assembly takes immediate steps to comply with Section 13 of the Persons with Disabilities Act, 2003 by implementing affirmative action measures to ensure at least five percent (5%) representation of persons with disabilities in its workforce and by integrating inclusive recruitment practices in all future hiring processes.**
- 2. The OAG to review the Matter in the next audit Cycle.**

2. Overstaffing of the County Assembly.

Review of human resource records revealed that the County Assembly recruited fourteen (14) ward staff in the period under review. However, the County Assembly did not develop annual recruitment plans at the beginning of financial year while the staff establishment of one hundred and twenty-four (124) was in excess of the limit of sixty-nine (69) staff allowed. This was contrary to Paragraph B 2(ii) of the revised Human Resource Manual of the County Assemblies, 2015 which requires the County Assemblies Service Board to develop annual recruitment plans at the beginning of each financial year to enable it plan to fill the vacancies and Salaries and Remuneration Commission Circular Ref CRA/CSO/CMG/9 VOL V (43) dated 3 August, 2020 which capped the number of ward staff at the County Assembly of Tana River to sixty-nine (69).

In the circumstances, Management was in breach of the law.

Management Response

The County Assembly of Tana River had in place an annual recruitment plan for the financial year 2024-2025 that was to be used in case there was need to fill the vacancies. The overstaffing was done in the initial years of the establishment of the County Assembly. The County Assembly Service Board has in place a policy of downsizing its staff to the number capped by the Salaries and Remuneration Commission Circular Ref CRA/CSO/CMG/19 VOL V (43) dated 3 August, 2020. The County Assembly is relying on natural attrition and has encouraged staff who are above fifty years to voluntary retire in order to reach the required capped number.

Committee Observation

1. The Committee noted that the County Assembly recruited fourteen (14) ward staff during the period under review without developing an annual recruitment plan at the beginning of the financial year. This is contrary to Paragraph B.2(ii) of the Revised Human Resource Manual for County Assemblies, 2015, which requires the County Assemblies Service Board to prepare annual recruitment plans to guide staffing decisions.
2. The Committee further noted that the total staff establishment of one hundred and twenty-four (124) exceeds the approved cap of sixty-nine (69) ward staff as stipulated in the Salaries and Remuneration Commission Circular Ref. CRA/CSO/CMG/19 VOL V (43) dated 3 August 2020.

Committee Recommendation

The Committee recommends that:

1. **The County Assembly should strictly adhere to the provisions of the Revised Human Resource Manual for County Assemblies, 2015 by developing and implementing annual recruitment plans to guide all hiring processes.;**
2. **The Assembly should ensure strict adherence to staffing limits established by the Salaries and Remuneration Commission by aligning its current workforce with the approved cap, and ensure that all future recruitments comply with applicable legal and regulatory frameworks and are consistent with available budgetary provisions; and**
3. **The OAG to review the Matter in the next audit Cycle.**

3. Failure to withhold public procurement capacity building levy.

Review of procurement records revealed that the County Assembly made payments amounting to Kshs.47,174,338 as from 19 December, 2024. However, the payment to suppliers were made without deducting the 0.03% public procurement capacity building levy amounting to Kshs.14,153. This was contrary to the levy Order, 2023 which provides that it shall apply to signed contracts from 1 September, 2024 and apply to contract that are long term in nature (Term Contracts) where Local Service Orders (LSOs) or Local Purchase Orders (LPOs) are raised as and when orders are made.

In the circumstances, Management was in breach of the guidelines.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Management Response

The County Assembly withholds Public Procurement Capacity Building Levy as guided by the levy Order,2023 which provides that it shall apply to signed contracts from 1st September, 2024 and apply to contract that are long term in nature where Local Service Orders (LSO) or Local Purchase Orders (LPOs) are raised as and when orders are made.

Committee Observation

The Committee observed that the County Assembly made payments amounting to Kshs. 47,174,338 from 19 December 2024 without deducting the prescribed 0.03% Public Procurement Capacity Building Levy, resulting in an under-deduction of Kshs. 14,153 which is contrary to the provisions of the Public Procurement Capacity Building Levy Order. 2023, which requires the levy to be applied to all eligible contracts, including term contracts executed through Local Service Orders (LSOs) and Local Purchase Orders (LPOs), effective 1 September 2024.

Committee Recommendation

The Committee recommends that:

1. The County Assembly should urgently compute and remit the outstanding Public Procurement Capacity Building Levy in accordance with the Public Procurement Capacity Building Levy Order, 2023, while strengthening internal controls within procurement and finance functions to ensure all statutory deductions are applied before payments are made.;
2. The Assembly should implement a compliance checklist, build staff capacity on applicable procurement regulations, conduct regular internal audits, and enforce accountability measures to prevent recurrence of similar non-compliance; and
3. The Auditor General to review the matter in the next audit cycle for compliance

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1. Failure to develop a strategic plan.

As previously reported, the County Assembly did not have an approved strategic plan to guide its operations from 2022-2027 upon the lapse of the previous strategic plan which covered the five (5) year period from 2018-2022. Failure to develop and approve the strategic plan is contrary to Section 149(2)(g) of the Public Finance Management Act, 2012 which states that in carrying out a responsibility, an Accounting Officer shall in respect of the entity concerned prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the County Government.

In the circumstances, the effectiveness of operations of the County Assembly for the medium term could not be confirmed.

Management Response

The County Assembly is in the process of drafting a strategic plan to comply to section 149(2)(g) of the Public Finance Management Act, 2012 which states that in carrying out a responsibility, an Accounting Officer shall in respect of the entity concerned prepare a strategic plan for the entity in conformity with the medium - term fiscal framework and financial objectives of the County Government.

Committee Observation

The Committee noted that the County Assembly has been operating without an approved strategic plan for 2022–2027 after the expiry of the 2018–2022 plan, contrary to Section 149(2)(g) of the Public Finance Management Act, 2012, which requires Accounting Officers to prepare strategic plans aligned with the County Government’s medium-term fiscal framework and financial objectives.

Committee Recommendation

The Committee recommends that:

- 1. The County Assembly urgently develop, approve, and operationalize a comprehensive strategic plan for the period 2022–2027 in compliance with the Public Finance Management Act, 2012 and submit a status update to the Office of the Auditor General and the Senate within 90 days of adoption of this Report;**
- 2. The County Assembly should ensure that the plan is aligned with the County Government’s medium-term fiscal framework and development priorities, and that it includes clear objectives, performance indicators, and implementation timelines. Further, Management should establish mechanisms for regular monitoring, evaluation, and reporting on the implementation of the strategic plan to enhance accountability and effective service delivery; and**
- 3. The OAG to review the Matter in the next audit Cycle.**

2. Failure to Establish Audit Committee and Non-Operational Audit Function

As previously reported, the County Assembly had not constituted an audit committee. This was contrary to the provision of Regulation 42 1(e) of the Public Finance Management (County Governments) Regulations, 2015 which requires that an Accounting Officer shall ensure each County Government entity has an audit committee in place.

Further, review of the operations of the Internal Audit department revealed that even though the County Assembly had an internal audit unit in place manned by one (1) staff member, a principal Internal Auditor, during the year under review the department did not perform any internal audit assignment(s). as previously reported, the department had not developed an annual work plan and internal audit charter.

In the circumstances, the County Assembly did not benefit from the oversight role and advisory of the audit committee and the internal audit function.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Management Response

The County Assembly is in the process of establishing an Audit Committee. The County Assembly had earlier tried to establish the Audit Committee but the applicants did not meet the minimum requirements that had been set. The Assembly is recruiting two more staff to the Internal Audit department to strengthen it to carry out its mandate. Once that is done, the County Assembly shall benefit from the oversight role and advisory of the audit committee and the internal audit function

Committee Observation

The Committee noted that the County Assembly has not constituted an audit committee, contrary to Regulation 42(1)(e) of the Public Finance Management (County Governments) Regulations, 2015, and that although an internal audit unit exists, it is non-functional, having conducted no audit assignments and lacking an approved annual work plan and internal audit charter.

Committee Recommendation

The Committee recommends that:

- 1. The County Assembly should urgently constitute a fully functional audit committee in compliance with the Public Finance Management (County Governments) Regulations, 2015 to strengthen oversight and governance;**
- 2. The Management should operationalize the internal audit function by developing and approving an internal audit charter and annual work plan and ensure that regular audit assignments are conducted;**
- 3. The Assembly should consider strengthening the staffing capacity of the internal audit unit and establish mechanisms for periodic reporting and follow-up on audit findings to enhance accountability, risk management, and internal controls; and**
- 4. The OAG to review the Matter in the next audit Cycle.**

CHAPTER TWELVE

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF KERICHO FOR THE FINANCIAL YEAR 2024/2025

The Speaker, Hon. Dr. Patrick Mutai and the Clerk, Mr. Martin Epus of Kericho County Assembly appeared before the Committee on Friday, 13th March, 2026 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Kericho County Assembly for the Financial Year 2024/2025.

Basis for Qualified Opinion

1. Unsupported Social Security Amount

The auditor flagged a variance of Kshs.13,063,261 between financial statements and supporting schedules. The auditor noted that the Schedules to support the variances have been provided.

Management Response

Management submitted that the correct amount is Kshs.42,244,078 and provided Supporting schedules that have been updated to reflect full expenditure.

Committee Observations

The Committee notes that the variance of Kshs.13,063,261 has been resolved through the submission of updated supporting schedules by management. This resolution aligns with the constitutional principle of accountability under Article 201(a) of the Constitution of Kenya, 2010, and the requirement for proper financial record-keeping under Section 68(2)(b) of the Public Finance Management Act, 2012.

Committee Recommendations

The Committee recommends that the County Assembly management should ensure that all financial records, including schedules, are maintained accurately and are available for audit

as required by Section 68(2)(b) and (e) of the Public Finance Management Act, 2012. The issue is hereby resolved.

2. Payment of retention before project completion;

It was noted that refundable deposits were understated by KShs.5,045,705 due to refunds made irregularly. As at the time of audit project was not complete and certificates had not been issued. Thus, refund of the retention money was irregular

Management Response

Management submitted that the Retention was paid after completion certificates were issued

Additionally, the Speaker's residence was technically certified despite not being complete by use of the term "Completion As Is", which signified the completion of the contract period

Payment was made to Migiron Logistics Ltd and Mumannest Enterprises Ltd after due period.

Committee Observations

1. The Committee observes that the refund of retention money to Migiron Logistics Ltd and Mumannest Enterprises Ltd before the conclusion of the defect and liability period contravenes the standard procurement practice for ensuring contract performance.
2. The Committee further notes that the use of a "Completion As Is" certificate by the State Department for Public Works to signify the end of the contract period, while works were incomplete, is a departure from standard contract management principles.

Committee Recommendations

1. Pursuant to Article 227 of the Constitution, which mandates a procurement system that is fair, equitable, transparent, competitive, and cost-effective, the Committee recommends that the Auditor-General to conduct a verification of the following:
 - a) The specific dates and amounts paid to Miginon Logistics Ltd and Mumannest Enterprises Ltd as retention.
 - b) The contract completion status and whether the defect and liability period was formally concluded.
 - c) The compliance of the "Completion As Is" certification with standard contractual procedures as prescribed by the Public Procurement and Asset Disposal Act.\
2. Further, the Committee recommends that the County Assembly Service Board, under the County Assembly Services Act, ensure strict adherence to contract management and procurement guidelines.

3. Unresolved prior year audit matters.

The Auditor General flagged that despite 4 prior year issues, only 2 were indicated as resolved. No evidence provided to confirm the resolved issue

Management Response

Management responded that most of the issues were resolved except:

- Ethnic diversity which is an ongoing process.
- Speaker's residence construction nearing completion.

The other issues were resolved as follows;

- The Budget was managed within limits.
- E-procurement for goods and services was implemented.
- Legal services now procured in compliance with the law.

Committee Observations

The Committee observes that while management has provided explanations, the Auditor-General flagged a lack of evidence to confirm the resolution of prior year issues. The Committee reiterates the constitutional requirement for accountability under Article 226(1) of the Constitution, which mandates that financial records be kept and accounts be audited.

Committee Recommendations

The Committee recommends that County Assembly Service Board (CASB) must ensure that for all prior year audit matters, the necessary supporting evidence is provided to the Auditor-General for verification, in line with Section 68(2)(f) of the Public Finance Management Act, 2012. The issue is considered adequately addressed contingent upon the Auditor-General's verification of the evidence.

4. Non-compliance with the fiscal responsibility principle

The Assembly receipts from the County Revenue Fund is above 7% of county government revenue and more than twice the County Assembly personnel emoluments. This indicates that the ceiling was exceeded and the Assembly was in breach of the law.

Management Response

The Assembly budget was based on County Allocation of Revenue Act (CARA) ceilings. The variance was due to the Development vote not being included in CARA ceilings. Further, the Budget approved and was within authorized limits. The Supporting documents to this effect are attached.

Committee Observations

The Committee notes that the Assembly's budget, based on the County Allocation of Revenue Act (CARA) ceilings, exceeded the 7% threshold of the county government's revenue, as well as the limit of twice the Assembly's personnel emoluments. This is a direct breach of Regulation 25(1)(I) of the Public Finance Management (County Governments) Regulations, 2015. The Committee acknowledges management's submission that the

variance was due to the treatment of the Development vote, which was not included in the CARA ceilings.

Committee Recommendation

The Committee recommends that the County Assembly Service Board (CASB) always comply with Regulation 25(1)(f) of the PFM (County Governments) Regulations, 2015, and uphold the fiscal responsibility principles outlined in Article 201 of the Constitution.

5. Non-compliance with a Third Rule on the Basic Salary

There were sixty-six (66) employees earning below one-third of basic salary due to deductions. The law on minimum net salary was violated.

Management Response

Due to Affordable Housing Levy and SHIF contributions, Statutory deductions increased total deductions.

Additionally, management proposed another reason for non-compliance with the one third rule is that employees already committed to commercial loans and internal loan schemes.

Committee Observations

The Committee observes that the violation of the one-third rule is a recurring issue across the public service, often linked to increased statutory deductions (Affordable Housing Levy, SHIF) and employee commitments to commercial and internal loan schemes. While the Committee sympathizes with the employees' circumstances, the management is obligated to ensure payroll compliance.

Committee Recommendations

The Committee directs the County Assembly Service Board (CASB) to implement, pursuant to its mandate under Sections 11 and 27 of the County Assembly Services Act,

payroll controls to ensure that all employees' net pay is not less than one-third of their basic salary. This should include reviewing and renegotiating loan repayment plans with employees to ensure they do not lead to statutory non-compliance.

6. Failure to observe ethnic diversity in staff composition.

Out of 226 employees, 212 (94%) were from local dominant community. Despite the reasons given for ethnicity imbalance, the Assembly is yet to comply.

Management Response

Management submitted that the Assembly is an equal opportunity employer, with its Recruitment advertised nationally.

Additionally, claiming that many of the members of staff were inherited from local authorities before devolution. However, Ward staff are sourced locally thus the appearance of ethnic bias.

Committee Observations

The Committee notes that the staff composition of the County Assembly is heavily skewed, with 94% from the local dominant community. This contravenes the national values and principles of governance, specifically "inclusiveness" under Article 10(2)(b) of the Constitution, and the public service principle of "representation of Kenya's diverse communities" under Article 232(1)(h) of the Constitution.

Committee Recommendations

The Committee directs the County Assembly Service Board (CASB) to adopt a cosmopolitan approach in its recruitment processes. To this end, the Committee recommends that the Board, through the County Assemblies Forum (CAF), engage with the Senate to undertake a legislative impact assessment on the implementation of Section 65 of the County Governments Act. This assessment should determine how the provision, which may restrict inter-county recruitment for ward-level staff, affects the Assembly's ability to comply with Article 232(1)(h) of the Constitution.

7. Failure to Use Prescribed Salary Payment Systems

Salaries were processed outside IPPD/UIIR systems using Excel. The processing of the payroll has not been digitized for all the workers.

Management Response

Management confirmed that indeed some staff were paid through manual payroll, however the process of obtaining IPPD numbers is ongoing.

Additionally highlighting that Ward staff and casuals have high turnover, therefore making it a tedious process to keep integrating them into payrolls

They will be integrated into HRIS – Kenya payroll system

Committee Observations

The Committee notes that processing salaries outside the Integrated Personnel and Payroll Database (IPPD) system, even for temporary staff, presents a significant risk of fraud, loss of records, and non-compliance with standardized accounting procedures. This practice is contrary to the requirement for standardized financial management systems under Section 104(1)(e) of the Public Finance Management Act, 2012.

Committee Recommendations

The Committee directs the Auditor-General to verify that payments outside the IPPD system are strictly limited to ward-based contracted staff and casual employees. The Committee further recommends that the County Assembly Service Board (CASB), must expedite the digitization of the payroll for all staff, ensuring full integration with the HRIS-Kenya payroll system to comply with Section 104(1)(e) of the Public Finance Management Act, 2012.

8. Failure to reserve 5% employment for persons with disabilities.

The Assembly had 286 employees, both permanent and contractual, of which only three (3) were people with disabilities. The threshold has not been met.

Management Response

Management affirmed that Assembly Recruitment is publicly advertised with few or no applications from persons with disabilities.

The Assembly intends to address gap in future recruitment.

Committee Observations

The Committee observes that with only 3 out of 286 employees being persons with disabilities, the Assembly is failing to meet the 5% threshold. This contravenes the principle of "inclusiveness" under Article 10(2)(b) and the specific rights of persons with disabilities under Article 54(1)(c) of the Constitution.

Committee Recommendations

The Committee directs the County Assembly Service Board to actively partner with the National Council for Persons with Disabilities and other relevant organizations to conduct targeted outreach and recruitment. The Board must develop a proactive recruitment strategy to attract qualified persons with disabilities, in compliance with the Constitution and Article 232(1)(i) of the Constitution. The Committee will request the Auditor-General to keep this matter in view and report on any progress in future audits.

9. Splitting and duplication of contracts

This concerns the construction of Speaker's residence. The full contract was originally sourced to include all the components of the project and avoid duplication.

Management Response

The Original contract Kshs.34,595,580, however, there were variations made by the project engineer who was contracted by the State Department. Further, the remaining works were unbundled for specialized contractors in line with procurement regulations.

While the certificate has been granted "Completion As Is", there are additional works required. The Total project cost stands at Kshs.76,409,296.37.

Committee Observations

The Committee observes that the initial contract for the Speaker's residence was fragmented into several separate contracts, leading to a project cost escalation from Kshs.34,595,580 to Kshs.76,409,296.37. This fragmentation and duplication raise serious concerns about value for money and contravene Article 227 of the Constitution, which mandates a procurement system that is cost-effective.

Committee Recommendations

The Committee directs the Auditor-General to conduct a review to assess whether value for money was achieved in this project. Further, the Committee recommends that the Senate Researchers undertake a study to assess compliance with prescribed construction ceilings for state officers' residences across counties and establish the completion status and cost variations of such projects. The Committee will follow up on the Auditor-General's findings after 90 days.

10. Irregular payment for terminated contract

The Contract for construction of Kericho County Assembly Chambers and Office Block awarded on 16 Feb 2024 at Kshs.498,908,309. The Contract period was 156 weeks (11 Mar 2024 – 8 Mar 2027). Minimal work progress was observed four months after site handover. A Warning letter was issued on 3 Jul 2024

A meeting was held on 6 Jan 2025 and a mutual agreement was reached to terminate contract due to prolonged non-performance. The Contract was terminated after minimal work had been done for over one year.

Kshs.15,861,468.80 paid for Interim Payment Certificate No.1 based on measured works.

Management Response

The Contractor initially met procurement requirements and was lowest evaluated bidder. Performance was slow leading to warning letter.

Contract terminated by mutual agreement and only certified work was paid, amounting to Ksh. 15,861,468.80.

Committee Observations

The Committee observes that Kshs.15,861,468.80 was paid to the contractor for certified work after the contract for the construction of the County Assembly Chambers was terminated for non-performance. The Committee notes that while the payment for measured works may have been procedural, the failure to provide details of the performance bond—a mandatory requirement for such contracts—undermines the Assembly's ability to seek indemnity for the project's delays and eventual failure.

Committee Recommendations

Pursuant to Section 58 of the Public Finance Management Act, 2012, and the PFM (County Governments) Regulations, 2015, the Committee directs the Auditor-General to:

- a) **Review the performance bond issued by the contractor to establish its value and validity.**
- b) **Determine whether the County Assembly could have sought indemnity from the bond due to the contractor's prolonged non-performance, and if so, establish why such action was not taken.**
- c) **Report on the financial loss incurred by the Assembly due to the contract termination and the project delays.**

II. Irregular payment for Speaker's residence

A Contract awarded for construction of the Speaker's residence at Kshs.34,595,580 with

an initial completion period from 2 August 2019 to 28 January 2020. The completion date was extended several times up to 6 June 2023. A certificate of practical completion issued on 16 June 2023 indicated the project was complete and ready for handover.

However, physical verification on 4 June 2025 revealed that the works were still ongoing with several items unfinished, including finishes, plumbing, tiling, electrical works, fittings and painting. The project was reported as 48% complete despite total payments of Kshs.29,704,060 having been made, and remaining works estimated at Kshs.17,995,540, raising concerns on value for money.

Management Response

The works were executed according to BOQ with variations.

Completion certificate issued "As Is" and the contractor paid only for certified works by the Public Works team.

Committee Observations

The Committee is concerned that a certificate of practical completion was issued while physical verification revealed the project was only 48% complete, with a remaining cost of Kshs.17,995,540. This practice is a direct violation of the principles of accountability and prudent use of public resources under Article 201(d) of the Constitution. The "Completion As Is" certificate does not represent the true status of the project.

Committee Recommendations

The Committee recommends that the management of the County Assembly, through the County Assembly Service Board (CASB), must ensure that all completion certificates issued for future projects accurately reflect the actual completion status. The Board must enforce compliance with standard contract management practices as required by the Public Procurement and Asset Disposal Act.

12. Delayed completion of Speaker's perimeter wall project.

Contract for construction of perimeter wall, parking, driveways, landscaping and septic tank awarded to a merchant at a contract sum of Kshs.19,260,000 for 3 months.

The commencement date was 24 April 2024 and completion date was 1 January 2025.

A site visit on 4 June 2025 revealed that the contracted works were not complete and the contractor was not on site. The contract period had lapsed with no official extension of the period.

Management Response

Management submitted that the delay was caused by heavy rains and difficult terrain. The contractor requested extension until August 2025, meanwhile works have resumed and the supporting reports supporting this are attached

Committee Observations

The Committee observes that the project, initially scheduled for completion by 1 January 2025, remains incomplete fourteen months after the deadline. This significant delay, despite a contractor's request for an extension, demonstrates a failure in contract monitoring and supervision by the management. This contravenes the principle of efficient and effective use of public resources under Article 232(1)(b) of the Constitution.

Committee Recommendations

The Committee directs the County Assembly Service Board to immediately strengthen its contract monitoring and supervision mechanisms. The Accounting Officer is required to issue a final compliance notice to the contractor, with clear timelines for completion, and report to the Committee on the steps taken within 30 days. Any further delays should result in the invocation of contractual penalties as per the procurement law.

13. Failure to Comply with Note 2 to the Financial Statements

The Entity has used transitional IPSAS method but failed to disclose the same under Note 2 to the financial statements

Management Response

Financial statements prepared using Transitional Accrual Accounting under IPSAS 33.

Payables and receivables recognized as per National Treasury transition guidelines

Committee Observations

The Committee notes that the financial statements were prepared using the Transitional International Public Sector Accounting Standards (IPSAS) method but failed to disclose this fact as required. This omission is a fundamental breach of Section 81(2)(c) and (f) of the Public Finance Management Act, 2012, which mandates a statement of accounting policies and performance against predetermined objectives.

Committee Recommendations

The Committee directs the management to ensure full compliance with Section 81(2)(c) of the Public Finance Management Act, 2012, and any applicable guidelines from the Public Sector Accounting Standards Board (PSASB). All accounting policies, including the basis of preparation (e.g., transition to IPSAS), must be clearly and comprehensively disclosed in the Notes to the Financial Statements.

CHAPTER THIRTEEN

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF NYAMIRA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2024/2025.

REPORT ON THE FINANCIAL STATEMENTS

A. BASIS FOR QUALIFIED OPINION

1. Nugatory Expenses

- 1) The statement of financial performance and Note 11 to the financial statements reflects finance costs amount of Kshs.643,524, being interest on bank overdraft. The County Assembly arranged with cooperative bank to operate a salary account, allowing the bank to pay staff salary at a fee or penalty in case of late salary disbursements. Further, records including bank statements and salary schedules to indicate the salaries were disbursed late and the related months were not provided for audit review.
- 2) In addition, no evidence was provided to confirm that the overdrafts that occasioned the penalties were guaranteed by the National Government as required by Regulations 177(3) of the Public Finance Management (County Government) Regulations, 2015, which requires that, any borrowing by a county government under shall require a National Government guarantee pursuant to section 58 of the Act.. In the circumstances, the value for money for the expenditure of Kshs.643,524 could not be confirmed

Management Response

There is no management Response .

Committee Observation

1. The Committee observes that the County Assembly Service Board (CASB) incurred finance costs of Kshs.643,524 as interest on a bank

overdraft used for salary payments, without providing evidence that the overdraft was guaranteed by the National Government. This is a direct contravention of Regulation 177(3) of the Public Finance Management (County Government) Regulations, 2015 and Section 58 of the Public Finance Management Act, 2012, which require any borrowing by a county government to be guaranteed by the National Government.

2. Furthermore, the failure to provide bank statements and salary schedules contravenes the principles of openness and accountability in public finance as enshrined in Article 201(a) of the Constitution. The lack of evidence prevents confirmation of the value for money for this expenditure

Committee Recommendation

1. **The County Assembly Service Board (CASB) must immediately cease the use of commercial bank overdrafts for recurrent expenditures (such as salaries) unless such facilities are explicitly approved by the National Treasury and guaranteed by the National Government as per Section 58 of the Public Finance Management Act, 2012.**
2. **The Accounting Officer should, within thirty (30) days of the adoption of this report, provide the Office of the Auditor-General with all relevant bank statements and salary schedules for the period in question to facilitate a post-audit review.**
3. **The Accounting Officer should, in consultation with the County Executive Committee (CEC) Member for Finance, establish a mechanism to ensure timely disbursement of exchequer releases to County Assembly Service Board (CASB) to avoid incurring unnecessary finance costs, in line with the principle of prudent financial management under Article 201(d) of the Constitution.**

2. Unreconciled Domestic Subsistence Allowance

- 3) The statement of financial performance and Note 8 to the financial statements reflects use of goods and services expenditure of Kshs.306,734,477 which includes domestic travel expenses of Kshs.198,135,872. However, the domestic travel expense as per the IFMIS ledger was Kshs.192,352,663 resulting in an unreconciled variance of Kshs.5,783,209.
- 4) Further, the total domestic subsistence allowance, travel and temporary imprest expenditure paid to staff and Assembly members as per IFMIS ledger was Kshs.192,352,663. The amount included payment made to forty-six (46) staff for daily subsistence allowance for over 100 days, all totaling Kshs.132,181,950. The period of payment would imply the staff were outside the office for half of the days of the working calendar days in year.
- 5) In addition, the analysis of IFMIS data revealed that the Assembly made domestic and subsistence allowance payments to two advocates totalling Kshs.2,054,855, various private companies totalling Kshs.2,837,400 and cash payments to undisclosed persons of Kshs.1,847,558 all of whom were non-staff members but was charged under Domestic Travel expense. Management did not explain the reason for payment of domestic travel to non-staff. In the circumstances, the accuracy of domestic travel expenditure of Kshs.198,135,872 payments could not be confirmed

Management response

- 6) The reporting requirements for the year 2024/2025 was IPSAS Accrual where expenditure is recognized when incurred while revenue is recognized when earned and approved and not necessarily when cash is received. The IFMIS ledger of Kshs.192,352,663, runs from 1st July 2024 to 30th June, 2025 whereas the IFMIS Ledger of Kshs.198,135,872 runs from 23rd August, 2024 to 11th July,

2025. The July 2024 expenditure was incurred in the financial 2023/2024 and hence did form part of the financial statement 2024/2025. Further, the transactions for July 2024 had been reported under the financial year 2023/2024.

RECONCILED LEDGER AMOUNTS

Details	Amounts (Kshs)	Refer to
IFMIS Ledger amounts reported by the Auditor	192,352,663	
Less: Transactions for July 2024 (Accounted for in the year 2023/2024)	(7,051,355)	Annexure 1
Add: Transactions for July 2025 (Expenditure incurred as at 30 th June 2025)	12,834,564	Annexure 2
Amounts reported in 2024/2025 financial statements	198,135,872	

- 7) The payments to two Advocates of Kshs.2,054,855 related to legal services paid in July 2024. This matter arose from misclassification within the IFMIS vote charging process. Management concedes that this expenditure was incorrectly charged under the domestic travel and subsistence line instead of the legal services economic item line. Management conducted a review and corrective journal entries were processed to reclassify expenditure into legal expenditure line in the year 2023/2024.
- 8) Payments to **various companies** of Kshs.2,837,400 were for **provision of air tickets and travel facilitation for members of County assembly & staff**, and are therefore **correctly charged under travel and subsistence**. Payments of Kshs.1,847,558 were for **services rendered** and facilitation to employees during

the year and were **correctly charged** under domestic. The Assembly reiterates its commitment to prudent financial management and compliance with the Public Finance Management Act, 2012 and applicable regulations.

Committee Observation

1. The Office of the Auditor-General raised a query regarding unreconciled variances totaling Kshs5,783,209 in transfers to county government entities.
2. The management response provided reconciliations for the variances, attributing the differences to timing issues related to the IPSAS standards and the misclassification in the IFMIS vote. However, the Committee noted the underlying weaknesses in financial management, as highlighted by the initial audit query. The payment of domestic subsistence allowance to non-staff members (advocates, private companies, and undisclosed persons) amounting to Kshs.6,739,813 is an irregularity. This contravenes Section 81(2)(a)(i) of the Public Finance Management Act, 2012, which requires an accounting officer to ensure all expenditure is lawful and authorized.
3. The Office of the Auditor-General has confirmed that the explanations provided satisfactorily addressed the audit query, confirming the accuracy and completeness of the transactions.

Committee Recommendation

1. **The Accounting Officer must take disciplinary action against the officers responsible for this misclassification and irregular payment, in line with Section 74 of the Public Finance Management Act.**
2. **The Office of the Auditor-General should specifically audit the payments made to the two advocates, private companies, and undisclosed persons in the subsequent financial year's audit to ensure that value for money was obtained for these services.**

3. **The County Assembly Service Board (CASB) Service Board (CASB) must develop and implement a strict internal control mechanism to ensure that all domestic travel and subsistence payments are made only to eligible staff in accordance with the approved Human Resource policies and the Salaries and Remuneration Commission guidelines**

EMPHASIS OF MATTER

1. Budgetary Control and Performance

- 9) The statement of comparison of budget and actual amounts reflects total receipts final budget and actual on comparable basis of Kshs.797,762,663 and Kshs.692,199,965 respectively resulting in an underfunding of Kshs.105,562,698 or 13% of the budget.
- 10) Similarly, the County Assembly spent Kshs.663,184,196 against actual receipts of Kshs.692,199,965, resulting in an under-absorption of Kshs.29,015,769. The underfunding and under-absorption affected the implementation of planned activities and programs and may have negatively impacted on service delivery to the public.

Management Response

Underfunding of Kshs.105,562,698 (13%)

- 11) The final approved budget amounted to Kshs.797,762,663 against which actual receipts totalled Kshs.692,199,965, resulting in a shortfall of Kshs.105,562,698 (13%). Management wishes to clarify that the underfunding arose from delayed exchequer releases during the financial year. The releases were dependent on the County Revenue Fund cash flow position and were therefore outside the direct control of the Assembly.

Under-Absorption of Kshs.29,015,769 (Development expenditure)

- 12) The Assembly incurred expenditure of Kshs.663,184,196 against actual receipts of Kshs. 692,199,965, resulting in under-absorption of Kshs.29,015,769.
- 13) The under-absorption was mainly attributable to delayed exchequer releases in the fourth quarter, which affected implementation timelines and ongoing procurement processes that extended beyond the financial year;
- 14) Management acknowledges that the funding shortfall affected the full implementation of some planned activities. To enhance budget performance and absorption, the Assembly has implemented the following measures;
 - i. Strengthened quarterly budget review and monitoring mechanisms
 - ii. Improved procurement planning to ensure early initiation of processes
 - iii. Reinforced commitment controls within IFMIS to align spending strictly with available funds.

Committee Observations

1. There was an overall budget shortfall of Kshs. 105,562,698 (13%) and an under-absorption of Kshs. 29,015,769. This negatively impacted service delivery, contravening the principles of effectiveness and efficient use of resources as outlined in Article 201 of the Constitution and Section 12(2)(b) of the PFM Act.
2. The under-absorption was mainly attributable to delayed exchequer releases in the fourth quarter, which affected implementation timelines and ongoing procurement processes that extended beyond the financial year.

Committee Recommendation

1. **The Committee recommends that the National Treasury ensures timely disbursement of funds to county governments in strict compliance with Article 219 of the Constitution and Section 17(6) of the Public Finance**

Management Act, 2012, adhering to the cash disbursement schedules approved by the Senate.

2. The County Assembly Service Board (CASB) should implement the proposed measures to strengthen its budget monitoring and procurement planning, as outlined in the management response, and report on the implementation progress to the Committee and the Auditor-General within ninety (90) days of the adoption of this report.

OTHER MATTER

1. Unresolved Prior Year Matters

15) In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report of Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance as indicated in the table below. However, Management had not resolved the issues contrary to Section 149(2)(1) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to resolve any issues resulting from an audit that remain outstanding.

Unresolved Prior Year Matters

S.No	Financial Year	Audit Issue
1.	2023/2024	Non-Adherence to Cut-Off
2.	2023/2024	Budgetary Control and Performance
3.	2023/2024	Pending Accounts Payables
4.	2023/2024	Unresolved Prior Year Matters

5.	2023/2024	Delayed Construction of County Assembly Offices
6.	2023/2024	Delayed Completion of Speaker's Residence
7.	2023/2024	Non-Compliance with Law and Ethnic Composition
8.	2023/2024	Non-Compliance with One Third Rule on Basic Salary
9.	2023/2024	Overpayment of Salary Market Adjustment
10.	2023/2024	Irregular Procurement of Legal Expenses
11.	2023/2024	Unsupported Purchase of Furniture
12.	2023/2024	Lack of Approved Disaster Recovery and IT Strategic Plans
13.	2023/2024	Failure to Maintain Asset Register
14.	2023/2024	Ineffective Internal Audit and Audit Committee

Management Response

16) Management has not fully resolved the matters since the County Assembly is yet to appear before The Senate County Public Accounts Committee over the issues of financial year 2023/2024.

Committee Observation

The Committee noted that the County Assembly had not fully resolved fourteen (14) prior-year audit issues. This persistent non-compliance is contrary to Section 53 of the Public Audit Act, 2015, which requires an accounting officer to take action on the Auditor-General's recommendations and submit a report within ninety days. This failure undermines the value of the audit process and the principle of accountability. This failure undermines the value of the audit process and the principle of accountability enshrined in Article 10(2)(c) of the Constitution (good governance, integrity, transparency, and accountability).

Committee Recommendation

1. 1. **The County Assembly Service Board (CASB) must fully comply with Section 53 of the Public Audit Act, 2015, by taking concrete steps to resolve all outstanding prior-year audit issues and submitting a comprehensive progress report to the Auditor-General within ninety (90) days of the adoption of this report.**
2. **The Auditor-General to specifically report on the status of these unresolved prior-year issues in the subsequent financial year's audit report to ensure continuous oversight.**

B. REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

1. Non-Compliance with Fiscal Responsibility

17)The statement of financial performance reflects transfers from the County Revenue Fund of Kshs.692,528,311 or 11% of the total revenue of Kshs.6,147,139,110 collected by the County Government. The amount is more than 7% of the county government's total collections of Kshs.6,147,139,110, which is Kshs.430,299,738. This is contrary to Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that the approved expenditure of a County Assembly shall not exceed seven percent (7%) of the total county revenue or twice the personnel emoluments, which is Kshs.688,511,830, whichever is lower.

Management Response

18)The Assembly's budget ceiling was derived from the **County Allocation of Revenue Act, 2024 (CARA 2024)**. The Assembly prepared and approved its budget within the allocation framework provided under CARA 2024. The Assembly did not independently determine the total county revenue base or percentage allocation. The Assembly did not incur expenditure beyond the amount appropriated in the the Nyamira County Appropriation Act, 2024.

Committee Observation

1. The County Assembly Service Board (CASB) expenditure of Kshs. 692,528,311 exceeded the 7% threshold (Kshs. 430,299,738) and even exceeded twice the personnel emoluments (Kshs. 688,511,830). While Management argues they adhered to the CARA 2024 allocation, the Committee notes that CARA provides an allocation framework, but the PFM Regulations provide the legal fiscal responsibility principles that must be balanced during the budget-making process. This is a direct contravention of Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that the approved expenditure of a County Assembly Service Board (CASB) shall not exceed the lower of these two limits Exceeding both the 7% cap and the personnel emolument limit indicates a failure in fiscal discipline and budget negotiation.

Committee Recommendation

- 1. The County Assembly Board must, in future budget cycles, ensure that the budget estimates submitted to the County Treasury and the Commission on Revenue Allocation (CRA) strictly adhere to the limits set in Regulation 25(1)(f) of the PFM (County Governments) Regulations.**
- 2. The County Assembly Service Board must implement an Austerity Plan to align its expenditure with the lower of the two limits prescribed by law (7% of total revenue or twice personnel emoluments) to ensure sustainable public expenditure levels.**

2. Non-compliance with the Third Rule on Net Salary Payment

19) Review of payroll records for the months of August to October, 2024 revealed that there were fifty (50) employees who earned net salaries below a third of their basic salaries. This was contrary to section 19(3) of the Employment Act, 2007

which requires employees not to commit their salaries in excess of two thirds of their basic salaries. In the circumstances, Management was in breach of the law.

Management response

20)The deductions in question comprised of statutory deductions of Social Health Insurance Fund (SHIF) and Housing Levy whose rates were increased in 2024. These deductions were legally mandated. Nonetheless, management acknowledges the need to ensure strict compliance with the statutory threshold. The Assembly had an engagement with financial institutions to restructure loan recoveries for employees so that they do comply with section 19(3) of the Employment Act, 2007. Majority of the affected cases have been regularized. The Assembly remains committed to safeguarding employees' welfare and complying fully with the Employment Act, 2007.

Committee Observation

The Committee observed that 50 county employees earned net salaries less than one-third of their basic pay. This is a direct contravention of Section 19(3) of the Employment Act, 2007, which protects employees from excessive deductions, and points to weaknesses in the payroll management system. The management's explanation regarding statutory deductions (SHIF, Housing Levy) does not absolve County Assembly Service Board (CASB) from its duty to manage employee deductions to ensure compliance with the law.

Committee Recommendation

- 1. The County Assembly Service Board reconfigures its Integrated Payroll and Personnel Database (IPPD) system to automatically lock out any commitment that would result in an employee's net pay falling below the statutory two-thirds threshold, ensuring compliance with Section 19(3) of the Employment Act, 2007.**

2. **The Public Service Commission, in coordination with the County Assembly Service Board (CASB), devise strategies to ensure compliance and propose a review of Section C (3) of the Human Resource Policies and Procedures Manual for the Public Service, May 2016, which provides that public officers shall not over-commit their salaries beyond two-thirds (2/3) of their basic salaries, and submit the findings to the Senate within ninety (90) days of the adoption of this report.**
3. **The County Assembly provides a status report on the resolution of these cases to the Auditor-General within ninety (90) days.**

3. Failure to Observe Ethnic Diversity

21) Review of the personnel records for the month of June, 2025 revealed that two hundred and forty-one (241) or ninety-nine 99% of the two hundred and forty-three (243) Assembly's employees were from the dominant local community in the County. This is contrary to the provisions of Section 65 (1) of County Governments Act, 2012 which provides that in selecting candidates for appointment, the County Public Service Board shall consider (e) the need to ensure that at least thirty percent of the vacant posts at entry are filled by candidates who are not from the dominant ethnic community in the County. In the circumstances, Management was in breach of the law.

Management Response

22) The current staff composition largely reflects early recruitment phases where applicant pools were predominantly local and the limited staff turnover over the years. Management acknowledges that the current staff ethnic composition does not reflect the spirit of diversity envisioned under the Act. While no mass recruitment occurred during the year, the historical imbalance remains evident.

23)The Assembly has initiated the development of a progressive staffing diversification plan through natural attrition and structured recruitment.

Committee Observation

The Committee observed that 99% of the county's workforce is from a single dominant ethnic community. This is a direct contravention of Section 7(2) of the National Cohesion and Integration Act, 2008, which prohibits any public establishment from having more than one-third of its staff from the same ethnic community. This undermines the national values of inclusiveness and diversity in Article 10 of the Constitution.

Committee Recommendation

- 1. The County Assembly Service Board progressively but urgently aligns its recruitment with Section 65(1)(e) of the County Government Act, 2012, to ensure ethnic inclusivity.**
- 2. The Standing Committee on National Cohesion and Equal Opportunity (NCEORI) explores the impact of the strict compliance of this provision in counties.**

4. Failure to Make Reservation for Persons Living with Disability

24)Review of the personnel records revealed that the Assembly had two hundred and forty-three (243) employees both permanent and contractual out of which only two (2), less than 1% were people with disability which was contrary to section 21(1)(2) of the Persons living with Disability Act, 2025 that requires employers to reserve at least five percent direct employment opportunities for persons with disabilities.

25)The Act provides that the Assembly shall endeavor to secure the reservation of five (5) per cent of all casual, emergency, permanent and contractual positions in

employment in the public and private sectors. In the circumstances, Management was in breach of the law.

Management response

26)The County Assembly had already employed all the current personnel when the persons living with Disability Act, 2025 was enacted. The low representation of PWDs is acknowledged as below the statutory 5% threshold. The Assembly is committed to ensuring that all future recruitments comply fully with Persons Living with Disability Act, 2025.

Committee Observation

The Committee observed that the County Assembly's workforce of 243 staff included only 2 (less than 1%) Persons with Disabilities (PWDs), falling short of the 5% statutory requirement. This is contrary to Section 13 of the Persons with Disabilities Act, 2003, and Article 54(2) of the Constitution, which mandates the progressive implementation of this principle by the State.

Committee Recommendation

The Committee recommends that the County Assembly Service Board develop and implement a targeted affirmative action plan, as envisaged by Article 54(2) of the Constitution, to attain the 5% employment reservation for PWDs within the next fiscal year. The plan should include strategies to encourage disclosure and remove barriers for PWD applicants. This plan should be submitted to the Senate within ninety (90) days of the adoption of this report.

5. Lack of Insurance Policy for the Employees

27)Review of the records and interview of Management revealed that, during the year under review, the Assembly did not have an Insurance cover for the employee's contrary to Section 7 (1) of the Work Injury Benefit (WIBA) Act, 2007. The Act provides that every employer shall obtain and maintain an

insurance policy, with an insurer approved by the Minister in respect of any liability that the employer may incur this Act to any of the employees. In the circumstances, Management was in breach of the law.

Management response

28) The Assembly had a valid Work Injury Benefits Act (WIBA) insurance policy in place till December 2024, when the policy expired. The Assembly did not have WIBA cover from January 2025 to June 2025 due to delays in the renewal process. Management confirms that the matter has since been regularized, and the Assembly currently has an active WIBA insurance policy with PACIS Insurance Company Limited as from 12th November, 2025, in compliance with Section 7(1) of the Work Injury Benefits Act, 2007.

29) The Assembly has strengthened internal controls to ensure timely renewal of statutory insurance covers going forward to avoid any recurrence of such lapses.

Committee Observation

1. The Committee observes that the Assembly operated without a valid Work Injury Benefits Act (WIBA) insurance cover for a period of approximately ten months (January 2025 to November 2025). This is a direct contravention of Section 7(1) of the Work Injury Benefit Act, 2007, which requires every employer to maintain an insurance policy.
2. While the Committee notes that a policy with PACIS Insurance Company Limited is now active, the lapse left the Assembly exposed to significant legal and financial liabilities in the event of employee injury or death during that period. The renewal delays cited by Management indicate a breakdown in administrative foresight and procurement planning.

Committee Recommendation

1. **The Accounting Officer must ensure that the renewal process for all statutory insurance covers commences at least three months prior to the expiry of existing policies to prevent future lapses.**
2. **The County Assembly Service Board should establish a Digital Compliance Calendar to track and alert Management on the status of all mandatory statutory obligations.**
3. **Evidence of the current policy's premium payments and a copy of the valid certificate should be submitted to the Committee within 14 days for verification of the adoption of this report.**

6. Non-Compliance with the Staffing Level Ceiling

30) Review of personal records revealed that the Assembly had one hundred and four (104) permanent employees. This was contrary to Commission on Revenue Allocation Circular No. CRA/FA/01 VOL 11 (22) dated 28 June, 2018 which limited number of employees to one hundred (100) resulting in unauthorized employment of four (4) employees. In the circumstances, Management was in breach of the law.

Management response

31) The County Assembly had already employed all the current personnel when the advisory from CRA was done. The County Assembly has since halted recruitment in order to comply with the provisions of circular No. CRA/FA/01 VOL 11 (22) dated 28 June, 2018.

Committee Observation

The Committee observes that maintaining one hundred and four (104) employees against a ceiling of one hundred (100) constitutes a breach of the Commission on Revenue Allocation (CRA) guidelines. Operating above authorized limits places an

unauthorized strain on the public wage bill and undermines fiscal discipline and the principles of prudent use of public resources under Article 201(d) of the Constitution.

Committee Recommendation

1. **The Accounting Officer should submit a Staff Establishment Audit Report to the Committee, detailing the current payroll and a roadmap for alignment with CRA guidelines.**
 2. **The County Assembly Service Board (CASB) must maintain the current establishment and cease recruitment until the staffing levels fall within the authorized limit of 100 through natural attrition (retirement, resignation, etc).**
7. **Failure to Adhere to Reservations for Disadvantaged Groups Threshold in Procurements**

32) Review of the approved procurement plan and the budget of the financial year 2024/2025 revealed that the Assembly had an estimated procurement budget of Kshs. 449,821,129. Out of the budget, 30% or Kshs.134,946,338 should have been reserved for disadvantaged groups for various goods, works, and services as per the requirement of section 157 (5) of the Public Procurement and Assets Disposal Act, 2015.

33) However, no provisions or allocations were made for disadvantaged groups enterprises owned by youth, women and persons with disabilities. In the circumstances, Management was in breach of the law.

Management response

34) Management recognizes that this constitutes **non-compliance with Section 157(5) of the PPADA, 2015**. No deliberate exclusion of youth, women, or PWD-owned enterprises occurred; rather, the planning framework did not include

explicit reservation provisions. The Assembly is committed to full compliance with the Public Procurement and Asset Disposal Act, 2015. Future procurements will explicitly reserve the 30% threshold for disadvantaged groups, ensuring inclusive economic participation.

Committee Observation

The Committee observed that the failure to reserve Kshs. 134,946,338 (30%) for youth, women, and PWDs was a violation of Section 157(5) of the Public Procurement and Asset Disposal Act (PPADA), 2015. The 30% reservation is a mandatory statutory requirement, not an optional policy. County Assembly Service Board (CASB)'s failure to comply disenfranchised vulnerable groups from participating in its economic opportunities.

Committee Recommendation

The Committee recommends that the Management must provide quarterly reports to the Committee demonstrating the actual value of contracts awarded to youth, women, and PWDs to ensure the 30% target is being met in practice, not just on paper. These reports should be submitted to the Auditor-General for verification

8. Irregular Procurement of Medical Insurance

35)The statement of financial performance reflects Kshs.306,734,477 in respect to use of goods and services which includes insurance cost of Kshs.35,495,017 as disclosed in Note 8 to the financial statements. Review of records provided for audit revealed that the entity entered into a contract with APA insurance for Kshs.35,036,339 inclusive of all taxes for medical insurance for staff.

36)The insurance services were procured using direct procurement method. However, the procurement plan for the year under review indicated the medical

insurance would be procured using open national tender method. The criteria for use of direct method were not met. In the circumstances, Management was in breach of the law.

Management response

37)The County Assembly has currently awarded CIC Insurance for provision of medical cover for the speaker, Members of the County Assembly, staff and their dependents. The contract for provision of medical insurance that was awarded to APA Insurance was for the year 2022 and was a three-year renewable contract upon satisfactory performance.

Committee Observations

The Committee observed that the medical insurance for staff was procured using direct method contrary to the procurement plan's provision for open national tender method. This is contrary to the Public Procurement and Asset Disposal Act. This is contrary to Article 227 of the Constitution and Section 157 of the Public Procurement and Asset Disposal Act, 2015, which mandate that public procurement be conducted in a system that is fair, equitable, transparent, competitive, and cost-effective.

Committee Recommendations

- 1. The Kenya Institute of Supplies Management (KISM) takes action(s) against the Head of procurement in Kwale County for professional misconduct pursuant to Section 23(1)(d)(i) of the Supplies Practitioner Act 2007 and provides an update to the Office of the Auditor General within ninety (90) days of adoption of this report.**
- 2. The County Assembly Service Board establishes a project management and monitoring Committee to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization**

of value for money as provided for in the Public Finance Management Act, and the Public Finance Management (County Government) Regulations, 2015.

9. Long Outstanding Payable

- 38) The statement of financial position reflects trade and other payables balance of Kshs.30,405,009 and as disclosed in Note 16 to the financial statements. An analysis of payables schedule provided for audit revealed that payables totaling to Kshs.19,868,776 related to invoices that were overdue for more than 60 days.
- 39) This is contrary to regulation 150 (1) of the Public Procurement and Assets Disposal (PPAD) Regulations, 2020 which requires that subject to availability of funds and after proper certification of goods, works or service prompt payments are made within 60 days from date of receipt of invoice. Further, pending bills amounting to Kshs.18,860,676 out of Kshs.19,868,776, remained outstanding for over 365 days. In the circumstances, Management was in breach of the law.

Management Response

- 40) The delays were largely due to **cash flow constraints** arising from delayed exchequers from County Treasury. The county assembly has settled the outstanding bills of Kshs.19,868,776. Management is committed to **prompt payment of all certified invoices**, in line with PPAD Regulations and statutory requirements. Measures are now in place to prevent recurrence of long-outstanding debts and ensure financial accountability.

Committee Observation

1. The Committee observed that the County Assembly Service Board had trade payables amounting to Kshs. 19,868,776 outstanding for over sixty days. This inaction is contrary to Regulation 150 (1) of the Public Procurement

and Assets Disposal (PPAD) Regulations, 2020 which requires that subject to availability of funds and after proper certification of goods, works or service prompt payments are made within 60 days from date of receipt of invoice, undermining the county's financial discipline.

2. The management response indicates that the full amount of Kshs 19,868,776 has been paid demonstrating a commitment to reducing the pending bills stock.

Committee Recommendation

1. **The County Assembly Service Board strictly complies with Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015, by prioritizing the settlement of verified and long-outstanding payables as a first charge in its annual budget and cash flow plans.**
2. **The Controller of Budget to consider the county's demonstrable efforts in clearing pending bills when approving subsequent exchequer releases, as a means to incentivize fiscal discipline**

10. Delay in Completion of County Assembly Offices Block

- 41) The County Assembly entered into a contract for construction of a modern office block (5 storey) that would host offices of the County Assembly staff and provision of other supporting amenities. The contract sum was Kshs.367,000,000 and the works officially commenced on 03 July, 2018 with expected completion date of 30 June, 2021. The completion date has been severally revised with the latest completion date of 07 March, 2025. The scope of works entailed the construction of the office block, installation of lifts, waste water management, civil works and other associated works.
- 42) Physical verification carried out in September, 2025 revealed completed works included the casting of the first floor to sixth floor (roof slab), offices partitions,

plastering and skimming works, external walling, painting, aluminum windows fixing, mechanical and electrical works and procurement of finishes material. The other works were incomplete although the contractor was on site.

43)The payment records shows that amount spent as at 31 May, 2025 was Kshs.267,239,182 or 100% of works certified. Thus, the outstanding balance as per status report dated 31 May, 2025 was Kshs.99,760,818.21. The percentage of the work done and the payments are both at 73%.

44)In the circumstance, the Assembly may not obtain value for money and the expected benefits from the projects to the residents of the County may not be realized, since the work has stalled.

Management response

45)Management acknowledges that the project has experienced **significant delays** beyond the original contract period. The delays were attributable to:

- i. **Design changes and scope adjustments** requested during execution;
- ii. **Unforeseen site conditions** affecting civil and structural works;
- iii. **Funding delays** during certain financial years which slowed progress;

46)Payments made (Kshs. 267,239,182) reflect **certified work done**, representing **73% completion**, as verified by independent quantity surveyors. Management confirms that no payments have been made for unexecuted works, ensuring compliance with **public finance prudence**.

47)The management has implemented the following corrective **measures**;

- i. **Engagement with the contractor** to accelerate work and adhere to revised timelines;
- ii. **Performance bonds** are being enforced to ensure project completion;

- iii. Enhanced coordination with **County Treasury** to ensure timely release of funds for remaining work.

48) Management is committed to safeguarding **value for money** by ensuring that payments correspond strictly to certified work. Any further delays are being **mitigated through contractual enforcement, acceleration plans, and enhanced supervision.**

Committee Observation

The Committee noted deficiencies in project management, including the construction of a modern office block (5 storey) that would host offices of the County Assembly staff. The initial completion date was June 2021 and has continuously been pushed forward and several works remain undone despite the contractor being on site. These issues raise concerns about value for money, contrary to Section 12(2)(b) of the PFM Act, 2012, which mandates the efficient and effective use of budgetary resources.

Committee Recommendation

1. **The County Assembly Service Board establishes a robust project management and monitoring system to ensure proper planning, execution, timely completion, and value for money for all public projects, as required by the PFM Act and Regulations.**
2. **The County Assembly Service Board prioritizes the completion of stalled projects and provides a status update on their completion and usability to the Auditor-General within ninety (90) days.**
3. **The Office of the Auditor-General should continue to monitor the implementation status of these projects in subsequent audits**

11. Avoidable Interest on Bank Overdraft

- 49)The statement of financial performance and Note 11 to the financial statements reflects finance costs amount of Kshs.643,524 being interest on bank overdraft. The County Assembly arranged with cooperative bank to operate a salary account, allowing the bank to pay staff salary at a fee or penalty in case of late salary disbursements. Further, records including bank statements and salary schedules to indicate the salaries were disbursed late and the related months were not provided for audit review.
- 50)In addition, no evidence was provided to confirm that the overdrafts that occasioned the penalties were guaranteed by the National Government as required by Regulations 177(3) of the Public Finance Management (County Government) Regulations, 2015, which requires that, any borrowing by a County Government under shall require a National Government guarantee pursuant to section 58 of the Act. In the circumstances, the value for money for the expenditure of Kshs.643,524 could not be confirmed.

Management response

- 51)The finance costs arose from **bank charges and interest on overdraft facilities** used to facilitate timely salary payments to staff. Some delays in salary disbursement occurred due to **cash flow timing differences**, particularly during periods of late transfers from the County Revenue Fund.
- 52)Management acknowledges the finance costs as a **necessary expenditure to ensure staff salaries were paid**, in line with statutory obligations under **Article 230 of the Constitution**. The delays were **administrative and cash flow-related**, not deliberate or negligent. Management is committed to **timely salary disbursement** while ensuring **minimal finance costs**. The facility with

cooperative bank to operate the salary account is no longer operational due to the charges.

Committee Observation

1. Management failed to provide evidence of a National Government guarantee for the overdraft facility, which is a mandatory requirement under Regulation 177(3) of the PFM (County Government) Regulations, 2015, and Section 58 of the PFM Act.
2. Management did not provide the audit team with salary schedules or bank statements to verify when the delays occurred, making it impossible to confirm if the interest charged was accurate or justified.

Committee Recommendation

1. **The County Assembly Service Board must immediately cease the use of commercial bank overdrafts for recurrent expenditures (such as salaries) unless such facilities are explicitly approved by the National Treasury and guaranteed by the National Government as per the PFM Act.**
2. **The Accounting Officer should engage the County Executive Committee (CEC) Member for Finance to harmonize the release of exchequer issues to ensure staff salaries are prioritized and paid directly from the exchequer without incurring finance costs.**



MINUTES OF THE 26TH (TWENTY SIXTH) SITTING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR KAKAMEGA COUNTY ASSEMBLY FOR FINANCIAL YEAR 2024/2025 2020 AND 2020/2021 HELD ON THURSDAY, 12TH MARCH, 2026 AT BUNGE TOWERS, SECOND FLOOR COMMITTEE ROOM 9 FROM 10:00 A.M.

PRESENT

- | | |
|---|---------------|
| 1. Sen. Moses Otieno Kajwang', CBS, MP | - Chairperson |
| 2. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP | - Member |
| 3. Sen. Edwin Watanya Sifuna, CBS, MP | - Member |
| 4. Sen. Okong'o Mogeni, CBS, SC, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|--|--------------------|
| 5. Sen. Johnes Mwashushe Mwaruma, MP | - Vice Chairperson |
| 6. Sen. Enoch Kiio Wambua, CBS, MP | - Member |
| 7. Sen. Samson Kiprotich Cherarkey, MP | - Member |
| 8. Sen. Mwenda Gataya Mo Fire, CBS, MP | - Member |
| 9. Sen. Fatuma Adan Dullo, CBS, MP | - Member |

IN ATTENDANCE

KAKAMEGA COUNTY ASSEMBLY

- | | |
|-------------------------|---|
| 1. Hon. James Amatsi | - Speaker/Chairperson, County Assembly Service Board (CASB) |
| 2. Dr. Donald Manyala | - County Assembly Clerk |
| 3. Hon. Elphas Litsanga | - Member, CASB |
| 4. Ms. Caroline Okato | - Ag. Director, Finance |
| 5. Ms. Tracy Florence | - Ass. Director Accounts |
| 6. Ms. Ong'ale Phyllis | - Principal Hansard Editor |
| 7. Ms. Linet Odunga | - Principal Clerk Assistant |
| 8. Ms. Ann Muleshe | - Principal Clerk Assistant |
| 9. Ms. Sylvia Wandaka | - D/DHR |
| 10. Ms. Esther Isiye | - Senior Admin Assistant |

- | | |
|---------------------------|-----------------------------|
| 11. Ms. Juliet Makikha | - Director, HR |
| 12. CPA Nasoro Rashid | - CASB |
| 13. Ms. Anne Mulwale | - MCA |
| 14. Hon. Daphiney Masinza | - MCA |
| 15. Hon. Truphena Asembo | - MCA |
| 16. Hon. Alo Okomba | - MCA |
| 17. Hon. Bonlace Onsanga | - MCA |
| 18. Mr. Ramadhan Mohamed | - Principal Clerk Assistant |

KAKAMEGA COUNTY ASSEMBLY PUBLIC ACCOUNTS COMMITTEE

- | | |
|----------------------|---------------|
| 1. Hon. Kevin Mahelo | - Chairperson |
|----------------------|---------------|

OFFICE OF THE AUDITOR GENERAL (OAG)

- | | |
|------------------------|--------------------------------------|
| 1. Mr. Patrick Muriuki | - Parliamentary Liaison Officer |
| 2. Mr. Peter Gitonga | - Director of Audit, Kakamega Region |

THE NATIONAL TREASURY

- | | |
|--------------------|---------------------------------|
| Ms. Edith Nkanatha | - Parliamentary Liaison Officer |
|--------------------|---------------------------------|

SENATE SECRETARIAT

- | | |
|-----------------------|---------------------------|
| 1. Mr. Crispus Tima | - Senior Clerk Assistant |
| 2. Mr. Kevin Kibet | - Clerk Assistant II |
| 3. Mr. Malcolm Ngugi | - Legal Counsel II |
| 4. Ms. Joan Njeri | - Research Officer III |
| 5. Mr. John Chege | - Serjeant-at-Arms |
| 6. Mr. Ibrahim Oruko | - Media Relations Officer |
| 7. Ms. Shirley Milimu | - Audio Officer |
| 8. Ms. Shanice Akala | - Intern |
| 9. Ms. Joy Were | - Intern |

MIN/SEN/CPAC/160/2026

PRAYERS

The Chairperson called the meeting to order at 10:27 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/161/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. (Dr.) Lelegwe Lumbesi, CBS, MP and seconded by Sen. Edwin Watanya Sifuna, CBS, MP as follows;

1. Preliminaries
 - a) Prayer
 - b) Introductions
2. Adoption of Agenda

3. Administration of Oath
4. **Brief on the Audit Report of the Financial Statements of the County Assembly of Kakamega for Financial Year 2024/2025 (Committee Paper No. 43); and**
5. Any Other Business
6. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/162/2026

ADMINISTRATION OF OATH

The Speaker and Clerk of Kakamega County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the Financial Year (FY) 2024/2025.

MIN/SEN/CPAC/163/2026

**CONSIDERATION OF THE AUDIT REPORT OF
KAKAMEGA COUNTY ASSEMBLY FOR THE
FINANCIAL YEAR 2024/2025**

Basis for Qualified Opinion

1. The Committee observed that the County Assembly of Kakamega had already adopted the Report of the Office of the Auditor-General (Kenya) for the Financial Year 2024/2025, thereby demonstrating commendable compliance with Constitution of Kenya 2010 Article 229(8), which requires legislative bodies to consider audit reports within the prescribed timelines. The Committee further noted that this places the Assembly among the most current in the country in the consideration of audit reports.
2. The Committee commended the Members of the Public Accounts Committee of the County Assembly of Kakamega for the timely execution of their oversight mandate and urged them to maintain the same level of diligence in the discharge of their constitutional responsibilities.
3. In view of the foregoing, the Committee resolved to adopt in its entirety the Report of the County Assembly of Kakamega on its consideration of the Report of the Office of the Auditor-General (Kenya) on the financial statements of the County Assembly of Kakamega for the Financial Year ended 30th June 2025. The Committee further resolved to undertake follow-up on the implementation status of the recommendations contained in the said Report.
4. The Committee further resolved that, in future, where it is brought to the Committee's attention in a timely manner that a County Assembly has already considered and adopted the relevant Auditor-General's Report, such an Assembly may not be required to appear before the Committee, unless the Committee finds it necessary to seek further clarification.

5. The Speaker of the County Assembly of Kakamega expressed appreciation to the Senate of Kenya for enacting legislation that has strengthened the financial independence of County Assemblies. However, he urged the Senate to consider further legislative amendments, noting that certain signatories in the requisition process are still drawn from the County Executive, which may undermine the intended financial autonomy of County Assemblies.

MIN/SEN/CPAC/164/2026

**ADJOURNMENT AND DATE OF
NEXT MEETING**

The meeting was adjourned at 11:13 a.m. The next meeting will be on Thursday, 12th March, 2026 for interrogation of the Report of the Auditor General on the Financial Statements for Financial Year 2024/2025 for the Murang'a County Assembly.

SIGNATURE.....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE..... 25/03/2026



MINUTES OF THE 27TH (TWENTY SEVENTH) SITTING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR MARSABIT COUNTY ASSEMBLY FOR FINANCIAL YEAR 2024/2025 2020 AND 2020/2021 HELD ON THURSDAY, 12TH MARCH, 2026 AT BUNGE TOWERS, SECOND FLOOR COMMITTEE ROOM 9 FROM 10:00 A.M.

PRESENT

- | | |
|--------------------------------------|---------------|
| 1. Sen. Johnes Mwashushe Mwaruma, MP | - Chairperson |
| 2. Sen. Fatuma Adan Dullo, CBS, MP | - Member |
| 3. Sen. Enoch Kiio Wambua, CBS, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|---|---------------|
| 1. Sen. Moses Otieno Kajwang', CBS, MP | - Chairperson |
| 2. Sen. Okong'o Mogeni, CBS, SC, MP | - Member |
| 3. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP | - Member |
| 4. Sen. Samson Kiprotich Cherarkey, MP | - Member |
| 5. Sen. Mwenda Gataya Mo Fire, CBS, MP | - Member |
| 6. Sen. Edwin Watanya Sifuna, CBS, MP | - Member |

IN ATTENDANCE

- | | |
|-----------------------|---------------------------|
| 1. Sen. Mohamed Chute | - Senator Marsabit County |
|-----------------------|---------------------------|

SECRETARIAT

- | | |
|------------------------|--------------------------------|
| 1. Mr. George Otieno | - Principal Clerk Assistant II |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Mr. Mitchell Oloro | - Legal Counsel |
| 4. Ms. Annette Khayela | - Researcher |
| 5. Mr. Joseph Otieno | - Audio Officer |
| 6. Mr. John Chege | - Serjeant-at-arms |

IN ATTENDANCE

A. COUNTY ASSEMBLY OF MARSABIT

1. Hon. Eduri Wario - Speaker
2. Hon. Salim Kato - Deputy Speaker
3. Mr. Chare Mato - Clerk
4. Mr. Jarso Roba - Director HR
5. Mr. Paul Chamo - Chief Accountant
6. Mr. Fredrick Ingela - Head of Legal Services
7. Mr. Lasaru Adisomo - CFO
8. Ms. Halima Rageh - Principal Procurement Officer
9. Ms. Hawa Omar - Principal Internal Auditor

B. OFFICE OF THE AUDITOR GENERAL

1. Mr. Samuel Mburu - Deputy Director of Audit-OAG
2. Mr. Patrick Muriuki - Liaison Officer-OAG

MIN/SEN/CPAC/165/2026

PRAYERS

The Chairperson called the meeting to order at 10:30 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/166/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Fatuma Adan Dullo, CBS, MP and seconded by Sen. Enoch Kiio Wambua, CBS, MP, as follows –

1. Prayer;
2. Adoption of Agenda;
3. Introductions;
4. Administration of Oath of Witness and Tabling of Documents;
5. Preliminaries;
6. Meeting with County Assembly of Marsabit to consider Reports of the Auditor-General on the Financial Statements of the Marsabit County Assembly for Financial Year 2024/2025;
7. Any Other Business; and
8. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/167/2026

ADMINISTRATION OF OATH OF WITNESS AND TABLING OF DOCUMENTS

The Speaker and Clerk of Marsabit County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the Financial Year (FY) 2024/2025.

MIN/SEN/CPAC/168/2026

PRELIMINARIES

The Auditor briefed the Committee on the status of the Auditor General's Report for the Marsabit County Assembly for Financial Year 2024/2025.

MIN/SEN/CPAC/169/2026

CONSIDERATION OF THE AUDIT REPORT OF MARSABIT COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2024/2025

The Committee observed that most of the issues were more less on policy matters, which the Committee resolved to take the written management responses.

However, the Committee considered the following two queries:

Report on the Financial Statements

1. Unsupported Trade and Other Payables.

The Committee observed that the County Assembly did not undertake the Mandatory supplier circularization and reconciliation exercise as guided under paragraph 2.3.1 of the National Treasury and Economic planning Circular No. 03/2025 of April, 2025, which provides guidelines on transition from cash to accrual accounting.

Further, the Committee observed that the confirmations, reconciliations, and supporting documentation were not provided for audit verification.

In the circumstances, the accuracy and completeness of the opening trade and other payables balance of Kshs. 431,767,745 could not be confirmed.

The Committee directed the County Assembly to comply to the Mandatory supplier circularization and reconciliation exercise as guided under paragraph 2.3.1 of the National Treasury and Economic planning Circular No. 03/2025 of April, 2025.

Further, the Committee directed the County Assembly to provide all the supporting documentation for audit verification.

Report on Lawfulness and Effectiveness in Use of Public Resources

2. Delay in Completion of Capital Projects.

County Assembly Chambers.

Review of project records showed that the project had delayed in completion, from the expected completion date.

Further, the Committee observed that no evidence was provided to confirm the approval of the project beyond the original expected completion date.

The Committee directed the County Assembly to fast track the completion of the County Assembly Chambers.

The Committee further resolved that, in future, where it is brought to the Committee's attention in a timely manner that a County Assembly has already considered and adopted the relevant Auditor-General's Report, such an Assembly may not be required to appear before the Committee, unless the Committee finds it necessary to seek further clarification.

Further, the Committee resolved to make a follow up on the recommendations of the Committee to be Tabled before March 31st, 2026 and take the Auditor General's written responses in regard to the queries on policy issues.

Finally, the Committee directed the office of the Auditor General to keep an eye on the unresolved issues and report the progress on the mitigating measures put in place in the next Financial Year Audit.

The Speaker and Clerk of the County Assembly of Marsabit expressed appreciation to the Committee and assured the Committee of their commitment in any engagements with the Committee and Senate at large.

MIN/SEN/CPAC/170/2026

Any Other Business

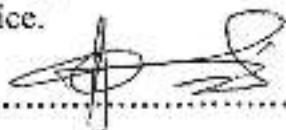
There was no any other business.

MIN/SEN/CPAC/171/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The Chairperson adjourned the meeting at eleven (11) minutes to noon. The next meeting would be on notice.

SIGNATURE.....



(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE..... 25/03/2026



MINUTES OF THE 28TH (TWENTY EIGHTH) SITTING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR KERICHO COUNTY ASSEMBLY FOR FINANCIAL YEAR 2024/2025 2020 AND 2020/2021 HELD ON FRIDAY, 13TH MARCH, 2026 AT BUNGE TOWERS, SECOND FLOOR COMMITTEE ROOM 9 FROM 10:00 A.M.

PRESENT

- | | |
|---|---------------|
| 1. Sen. Moses Otieno Kajwang ^a , CBS, MP | - Chairperson |
| 2. Sen. Enoch Kifo Wambua, CBS, MP | - Member |
| 3. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP | - Member |
| 4. Sen. Edwin Watanya Sifuna, CBS, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|--|--------------------|
| 5. Sen. Okong'o Mogeni, CBS, SC, MP | - Member |
| 6. Sen. Johnes Mwashushe Mwaruma, MP | - Vice Chairperson |
| 7. Sen. Samson Kiprotich Cherarkey, MP | - Member |
| 8. Sen. Mwenda Gataya Mo Fire, CBS, MP | - Member |
| 9. Sen. Fatuma Adan Dullo, CBS, MP | - Member |

IN ATTENDANCE

KERICHO COUNTY ASSEMBLY

- | | |
|----------------------------|---|
| 1. Hon. (Dr. Patrick Mutai | - Speaker/Chairperson, County Assembly Service Board (CASB) |
| 2. Mr. Martin Epus | - County Assembly Clerk |
| 3. Mr. Cheruiyot Rotich | - Finance Officer |
| 4. Mr. Brian Lang'at | - KCA |
| 5. Ms. Too Millicent | - Member, CASB |
| 6. Mr. Kenneth Koros | - Staff, KCA |
| 7. Mr. Dennis Koros | - Staff, KCA |
| 8. Mr. Gilbert Kirui | - Serjeant-at-Arms |

KERICHO COUNTY ASSEMBLY PUBLIC ACCOUNTS COMMITTEE

1. Hon. Vincent Korir - Chairperson
2. Ms. Chepkirui Miriam - Clerk Assistant

OFFICE OF THE AUDITOR GENERAL (OAG)

1. Mr. Patrick Muriuki - Parliamentary Liaison Officer
2. Mr. Peter Gitonga - Director of Audit, Kericho Region

SENATE SECRETARIAT

1. Mr. George Olicno - Principal Clerk Assistant
2. Mr. Kevin Kibel - Clerk Assistant II
3. Mr. Malcolm Ngugi - Legal Counsel II
4. Ms. Ndindi Kibathi - Research Officer III
5. Mr. John Chege - Serjeant-at-Arms
6. Mr. Ibrahim Oruko - Media Relations Officer
7. Ms. Shirley Milimu - Audio Officer
8. Ms. Joy Were - Intern

MIN/SEN/CPAC/173/2026

PRAYERS

The Chairperson called the meeting to order at 10:30 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/174/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Edwin Watenya Sifuna, CBS, MP and seconded by Sen. Enoch Kio Wambua, CBS, MP as follows;

1. Preliminaries
 - a) Prayer
 - b) Introductions
2. Adoption of Agenda
3. Administration of Oath
4. **Brief on the Audit Report of the Financial Statements of the County Assembly of KERICHO for Financial Year 2024/2025 (Committee Paper No. 46); and**
5. Any Other Business
6. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/175/2026

ADMINISTRATION OF OATH

The Speaker and Clerk of Kericho County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the Financial Year (FY) 2024/2025.

Basis for Qualified Opinion

Audit Query	Committee Observations and Recommendations
<p>Unsupported Social Security Amount – variance of Kshs.13,063,261 between financial statements and supporting schedules.</p>	<ul style="list-style-type: none"> ▪ The Committee observed that the matter had been addressed.
<p>Payment of retention before project completion; Refundable deposits understated by kshs.5,045,705 due to refunds made irregularly.</p>	<ul style="list-style-type: none"> • The Auditor informed the Committee that the project was still ongoing at the time of audit. However, the payment of retention money was noted to be irregular regardless. • The Committee directed the Auditor to follow up and provide a status update on the retentions account.
<p>Non-compliance with fiscal responsibility principle Assembly receipts from County Revenue Fund is above 7% of county government revenue and more than twice County Assembly personnel emoluments.</p>	<ul style="list-style-type: none"> • The Committee noted that there is a need by the Senate to review the regulations as this matter affects numerous county assemblies.
<p>Failure to observe ethnic diversity in staff composition. Out of 226 employees, 212 (94%) were from local dominant community</p>	<ul style="list-style-type: none"> • The Committee directed the County Assembly to adopt a cosmopolitan approach in its recruitment processes to ensure that persons from diverse ethnic communities are fairly represented, thereby promoting ethnic balance and inclusivity in the Assembly's staffing. • The Committee urged the Speaker, through the County Assemblies Forum (CAF), to engage the Senate with a view to undertaking a legislative impact assessment on the implementation of Section 65 of the County Governments Act, particularly to determine how the provision affects county assemblies and the extent to

<p>Failure to Use Prescribed Salary Payment Systems</p> <p>Salaries processed outside IPPD/UUR systems using Excel.</p>	<p>which it may not be applicable to the Counties.</p> <ul style="list-style-type: none"> • The Committee was informed that most of the staff without IPPD numbers are ward staff and casual employees, who typically experience high staff turnover. Consequently, issuing IPPD numbers to such temporary staff can be challenging due to the short-term nature of their engagement. • The Committee directed the Auditor-General to confirm that only ward-based contracted staff and casual employees are being paid outside the Integrated Personnel and Payroll Database (IPPD) system, and that no permanent and pensionable staff are receiving payments outside the system.
<p>Failure to reserve 5% employment for persons with disabilities.</p> <p>-Assembly had 286 employees both permanent and contractual out of which only three (3) were people with disability</p>	<ul style="list-style-type: none"> • The Committee directed the OAG to keep the matter in view.
<p>Splitting and duplication of contracts in construction of Speaker's residence.</p>	<ul style="list-style-type: none"> • The Committee observed that the additional works amounted to Kshs.21 million. It further noted that the original scope of works included installation of doors and frames, skimming and painting works, mechanical works, tiling works, and electrical installations. However, the contractor, Migiron Logistics Ltd., failed to adhere to the initially agreed scope of works despite being paid the initial project cost Kshs.34,595,580. • The Committee observed that the works were awarded in 2019. • The Committee was informed that the State Department for Public Works supervised the project and issued a

	<p>completion certificate on an “as is” basis, indicating that the project had not been fully completed and would require additional funds for completion, which consequently compelled the County Assembly to make payment to the contractor.</p> <ul style="list-style-type: none"> • The Committee urged the Senate Researchers to undertake a study to assess the extent of county compliance with the prescribed ceilings for the construction of the Speaker’s residence, Governor’s residence, and Deputy Governor’s residence; establish the completion status of such projects across counties; and determine whether there were any cost variations in their implementation. • The Committee directed the Auditor to keep the matter under review and assess whether value for money was achieved in this project and other similar projects in county assemblies. The Committee further resolved to follow up on the actions taken during its implementation review after 90 days.
<p>Irregular payment for terminated contract</p> <ul style="list-style-type: none"> • Contract for construction of Kericho County Assembly Chambers and Office Block awarded on 16 Feb 2024 at Kshs.498,908,309. • Contract period: 156 weeks (11 Mar 2024 – 8 Mar 2027). • Minimal work progress observed four months after site handover. • Warning letter issued on 3 Jul 2024 • Meeting held on 6 Jan 2025. Mutual agreement reached to terminate contract due to prolonged non-performance. 	<ul style="list-style-type: none"> • The Committee observed that Kshs. 15,861,468.80 was paid through Interim Payment Certificate No. 1 based on measured works. • The Committee further observed that a performance bond is a mandatory requirement for such contracts; however, the County Assembly failed to provide the Senate with the value of the performance bond for the project. • The Committee noted that the performance bond was intended to indemnify the Assembly in the event of contractual default, yet the County Assembly proceeded to pay the

<ul style="list-style-type: none"> Contract terminated after minimal work done for over one year. Kshs.15,861,468.80 paid for Interim Payment Certificate No.1 based on measured works. 	<p>contractor for the value of works completed up to the time of contract termination.</p> <ul style="list-style-type: none"> The Committee directed the Auditor to demand a copy of the performance bond.
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- The Committee commended the County Assembly of Kericho for honouring the invitation of the Senate Public Accounts Committee. However, the Committee urged the County Assembly Public Accounts Committee (PAC) to expedite the consideration of the Auditor-General's Report and ensure its completion by 31st March, in order to comply with the timelines stipulated under Article 229(8) of the Constitution.
- The Committee lauded the County Assembly of Kericho for being proactive in undertaking its primary oversight role. The Assembly is among the few in the country that have generated significant oversight business for the Senate, having initiated two impeachment proceedings against the Governor, which demonstrates robust oversight over the excesses of the County Executive.

MIN/SEN/CPAC/177/2026

ANY OTHER BUSINESS

The Committee deliberated and resolved to undertake a benchmarking visit to the Parliament of South Africa with a view to sharing experience and best practices with counterpart Committees on matters falling within its mandate.

MIN/SEN/CPAC/178/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 12:46 p.m. The next meeting will be on Friday, 13th March, 2026 for interrogation of the Report of the Auditor General on the Financial Statements for Financial Year 2024/2025 for the Makueni County Assembly.

SIGNATURE.....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE..... 25/03/2026



MINUTES OF THE TWENTY EIGHTH MEETING (28TH (A) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR MAKUENI COUNTY ASSEMBLY FOR FINANCIAL YEAR 2024/2025 2020 AND 2020/2021 HELD ON FRIDAY, 13TH MARCH, 2026 AT BUNGE TOWERS, SECOND FLOOR COMMITTEE ROOM 9 FROM 1:00 P.M.
PRESENT

- | | |
|---|---------------|
| 1. Sen. Moses Otieno Kajwang', CBS, MP | - Chairperson |
| 2. Sen. Enoch Kiiro Wambua, CBS, MP | - Member |
| 3. Sen. Fatuma Adan Dullo, CBS, MP | - Member |
| 4. Sen. Okong'o Mogeni, CBS, SC, MP | - Member |
| 5. Sen. Edwin Watanya Siluna, CBS, MP | - Member |
| 6. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|--|--------------------|
| 7. Sen. Johnes Mwashushe Mwaruma, MP | - Vice Chairperson |
| 8. Sen. Samson Kiprotich Cherarkey, MP | - Member |
| 9. Sen. Mwenda Gataya Mo Fire, CBS, MP | - Member |

FRIEND OF THE COMMITTEE

Sen. Dan Maanzo Kitonga - Area Senator

IN ATTENDANCE

MAKUENI COUNTY ASSEMBLY

- | | |
|------------------------|---|
| 1. Hon. Douglas Mbilu | - Speaker/Chairperson, County Assembly Service Board (CASB) |
| 2. Mr. Kevin Mutuku | - County Assembly Clerk |
| 3. Hon. Cosmas Kaleli | - MCA |
| 4. Mr. Thomas Ndambuki | - ADLP |
| 5. Mr. Kennedy Muthama | - Chair, Audit Committee |
| 6. Mr. Seth David | - PCA |
| 7. Ms. Esther Musau | - DLS |
| 8. Mr. Nathan Kiolonzo | - ADA |

9. Ms. Julie Kaleli

OFFICE OF THE AUDITOR GENERAL (OAG)

- | | |
|------------------------|-------------------------------------|
| 1. Mr. Patrick Muriuki | - Parliamentary Liaison Officer |
| 2. Mr. Peter Gitonga | - Director of Audit, MAKUENI Region |

SENATE SECRETARIAT

- | | |
|-----------------------|---------------------------|
| 1. Mr. Kevin Kibet | - Clerk Assistant II |
| 2. Mr. Malcolm Ngugi | - Legal Counsel II |
| 3. Ms. Ndindi Kibathi | - Research Officer III |
| 4. Mr. John Chege | - Serjeant-at-Arms |
| 5. Mr. Ibrahim Oruko | - Media Relations Officer |
| 6. Ms. Shirley Milimu | - Audio Officer |
| 7. Ms. Joy Were | - Intern |

MIN/SEN/CPAC/---/2026 PRAYERS

The Chairperson called the meeting to order at 1:08 p.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/---/2026 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Enoch Kiio Wambua, CBS, MP and seconded by Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP as follows;

1. Preliminaries
 - a) Prayer
 - b) Introductions
2. Adoption of Agenda
3. Administration of Oath
4. **Brief on the Audit Report of the Financial Statements of the County Assembly of Makueni for Financial Year 2024/2025 (Committee Paper No. 48); and**
5. Any Other Business
6. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/---/2026 ADMINISTRATION OF OATH

The Speaker and Clerk of Makueni County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the Financial Year (FY) 2024/2025.

**MIN/SEN/CPAC/---/2026 CONSIDERATION OF THE AUDIT REPORT OF
MAKUENI COUNTY ASSEMBLY FOR THE
FINANCIAL YEAR 2024/2025**

Basis for Qualified Opinion

Audit Query	Key Issue	Committee Observations and Recommendations
<p>1. Misclassification in Use of Goods and Services</p>	<p>The statement of financial performance and as disclosed in Note 10 to the financial statements reflect use of goods and services totalling Kshs.413,695,856. Which includes Kshs.33,040,734 for hospitality, supplies and services. Kshs.4,785,096 was wrongly charged to hospitality instead of training expenses.</p> <p>In the circumstances, the accuracy and completeness of hospitality, supplies and services totalling Kshs.33,040,734 could not be confirmed.</p>	<ul style="list-style-type: none"> The Committee was informed that the matter was just an issue of bookkeeping and was a small error that should have resulted in an unqualified opinion report for the County Assembly.
<p>2. Irregular Subscriptions to County Assembly Forum and SOCATT</p>	<p>The statement of financial performance and as disclosed in Note 10 to the financial statements reflect Kshs.413,695,856 in respect to use of goods and services which includes Kshs.143,098,129 for other operating expenses. Included in the operating expenses is Kshs.6,742,220 being payment of Kshs.750,000 and Kshs.5,992,220 to Society of Clerks At-The-Table (SOCATT) and the County Assembly Forum. However, the entities are not established in law rendering the payments irregular.</p> <p>In the circumstances, Management was in breach of the law.</p>	<ul style="list-style-type: none"> The Committee observed that the matter was unresolved. The Committee noted that, in its view, CAF and SOCATT play a key role in advancing and articulating the collective interests of Speakers and Clerks of County Assemblies, including promoting collaboration, sharing best practices, and strengthening institutional capacity. However, the Committee further observed that the two bodies are not legally recognized entities under the current legal framework.

1. The Committee observed that the County Assembly of Makueni had already adopted the Report of the Office of the Auditor-General for the Financial Year 2024/2025, thereby demonstrating commendable compliance with Constitution of Kenya 2010 Article 229(8), which requires legislative bodies to consider audit reports within the prescribed timelines. The Committee further noted that this places the Assembly among the most current in the country in the consideration of audit reports.
2. The Committee commended the Members of the Public Accounts Committee of the County Assembly of Makueni for the timely execution of their oversight mandate and urged them to maintain the same level of diligence in the discharge of their constitutional responsibilities.
3. In view of the foregoing, the Committee resolved to adopt in its entirety the Report of the County Assembly of Makueni on its consideration of the Report of the Office of the Auditor-General on the financial statements of the County Assembly of Makueni for the Financial Year ended 30th June 2025. The Committee further resolved to undertake follow-up on the implementation status of the recommendations contained in the said Report.
4. The Committee further resolved that, in future, where it is brought to the Committee's attention in a timely manner that a County Assembly has already considered and adopted the relevant Auditor-General's Report, such an Assembly may not be required to appear before the Committee, unless the Committee finds it necessary to seek further clarification.
5. The Speaker of the County Assembly of Makueni expressed appreciation to the Senate for enacting legislation that has strengthened the financial independence of County Assemblies. However, he urged the Senate to consider further legislative amendments, noting that certain signatories in the requisition process are still drawn from the County Executive, which may undermine the intended financial autonomy of County Assemblies.

MIN/SEN/CPAC/---/2026

**ADJOURNMENT AND DATE OF
NEXT MEETING**

The meeting was adjourned at 2:00 p.m. The next meeting will be by notice.

SIGNATURE.....



.....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE 29TH (TWENTY NINTH) SITTING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR BUSIA COUNTY ASSEMBLY FOR FINANCIAL YEAR 2024/2025 2020 AND 2020/2021 HELD ON FRIDAY, 13TH MARCH, 2026 AT BUNGE TOWERS, SECOND FLOOR COMMITTEE ROOM 9 FROM 10:00 A.M.

PRESENT

- | | |
|--------------------------------------|---------------|
| 1. Sen. Johnes Mwashushe Mwaruma, MP | - Chairperson |
| 2. Sen. Fatuma Adan Dullo, CBS, MP | - Member |
| 3. Sen. Okong'o Mogeni, CBS, SC, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|---|---------------|
| 1. Sen. Moses Otieno Kajwang ² , CBS, MP | - Chairperson |
| 2. Sen. (Dr.) Lelegwe Lumbesi, CBS, MP | - Member |
| 3. Sen. Enoch Kilio Wambua, CBS, MP | - Member |
| 4. Sen. Samson Kiprotich Cherarkey, MP | - Member |
| 5. Sen. Mwenda Gataya Mo Fire, CBS, MP | - Member |
| 6. Sen. Edwin Watenya Sifuna, CBS, MP | - Member |

SECRETARIAT

- | | |
|------------------------|--------------------------------|
| 1. Mr. George Otieno | - Principal Clerk Assistant II |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Ms. Beatrice Kapei | - Legal Counsel |
| 4. Ms. Lydia Kagumbe | - PCO |
| 5. Ms. Annette Khayela | - Researcher |
| 6. Ms. Charity Kanze | - Relations Officer |
| 7. Mr. Joseph Otieno | - Audio Officer |
| 8. Mr. John Chege | - Serjeant-at-arms |

IN ATTENDANCE

A. COUNTY ASSEMBLY OF BUSIA

- | | |
|---------------------------|----------------------------|
| 1. Hon. Fredrick Ochilo | - Speaker |
| 2. Hon. Dr. Bonface Ento | - MCA (Chairperson PIAC) |
| 3. Hon. Imwone Ichosi | - CASB |
| 4. Hon. Isaac Wamalwa | - MCA (Member PIAC) |
| 5. Hon. Beatrice Akinyi | - MCA (Member PIAC) |
| 6. Mr. Allan Mabuka | - Clerk |
| 7. CPA Dickson Mulanga | - Chairman Audit Committee |
| 8. Mr. Gabriel Erambo | - DFA |
| 9. Mr. Samuel Odimo | - ABFA |
| 10. Ms. Veronicah Nabwire | - Internal Auditor |
| 11. Mr. Lumumba Martin | - OPA |
| 12. Ms. Faith Yasuba | - Accountant |
| 13. Ms. Praxedes Okina | - Clerk Assistant |

B. OFFICE OF THE AUDITOR GENERAL

- | | |
|------------------------|--------------------------------|
| 1. Mr. Harrie Njoroge | - Deputy Director of Audit-OAG |
| 2. Mr. Patrick Muriuki | - Liaison Officer-OAG |

MIN/SEN/CPAC/178/2026

PRAYERS

The Chairperson called the meeting to order at 10:30 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/179/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Fatuma Adan Dullo, CBS, MP and seconded by Sen. Okong'o Mogeni, CBS, SC, MP, as follows –

1. Prayer;
2. Adoption of Agenda;
3. Introductions;
4. Administration of Oath of Witness and Tabling of Documents;
5. Preliminaries;
6. Meeting with County Assembly of Busia to consider Reports of the Auditor-General on the Financial Statements of the Busia County Assembly for Financial Year 2024/2025;
7. Any Other Business; and
8. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/180/2026

ADMINISTRATION OF OATH OF WITNESS AND TABLING OF DOCUMENTS

The Speaker and Clerk of Busia County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the Financial Year (F.Y) 2024/2025.

MIN/SEN/CPAC/181/2026

PRELIMINARIES

The Auditor briefed the Committee on the status of the Auditor General's Report for the Busia County Assembly for Financial Year 2024/2025.

MIN/SEN/CPAC/182/2026

CONSIDERATION OF THE AUDIT REPORT OF BUSIA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2024/2025

The Speaker and the Clerk of Busia County appeared before the Committee to respond to the issues raised in the Auditor General's Report on the Financial Statements of the County Assembly of Busia for Financial Year 2024/2025.

During the meeting, the committee considered the following queries noting with concern the financial irregularities and inconsistencies in the Management Responses:

1. Report on the Financial Statements

- ❖ Budgetary Control and Performance.

The Committee observed that Management contravened Section 164 (2) (iv) of the Public Finance Management Act, 2012.

The Committee directed the Management to put in place mechanisms to enhance budgetary performance.

2. Report on Lawfulness and Effectiveness in Use of Public Resources

- ❖ Delayed occupation of the Speaker's Official Residence.

The Committee observed that it has taken long for the speaker to occupy the official residence.

The Committee directed the Management to fast-track occupation of the Speaker's residence

- ❖ Lack of Land Ownership Documents.

The Committee observed that Section 149 (1) of the Public Finance Management Act, 2012 which states that an accounting officer is accountable to the county assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is Lawful and authorized and effective, efficient, efficient and transparent.

The Committee directed the Management to fast track the process of acquisition of land ownership documents.

❖ **Failure to Close Dormant Bank Account**

The Committee observed that the Bank Account has been dormant for over three years.

The Committee directed Management to take immediate action to close the bank account or activate it.

❖ **Long Outstanding Trade and Other Payables**

The Committee observed that Regulation 41 (2) of the Public Finance Management (County Governments) Regulations, 2015 which states debt service payment shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

The Committee directed the Management to develop payables plan and ensure long outstanding debts are settled without further delay.

Further, the Committee resolved to make a follow up on the recommendations of the Committee to be Tabled before March 31st, 2026 and take the Auditor General's written responses in regard to the queries on policy issues.

Finally, the Committee directed the office of the Auditor General to keep an eye on the unresolved issues and report the progress on the mitigating measures put in place in the next Financial Year Audit.

MIN/SEN/CPAC/183/2026

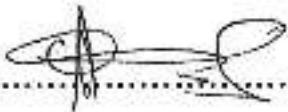
Any Other Business

There was no any other business.

MIN/SEN/CPAC/184/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The Chairperson adjourned the meeting at twelve (12) minutes to one O'clock. The next meeting would be on notice.

SIGNATURE.....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE..... 25 / 03 / 2026



MINUTES OF THE 32ND (THIRTY SECOND) SITTING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR WAJIR COUNTY ASSEMBLY FOR FINANCIAL YEAR 2024/2025 2020 AND 2020/2021 HELD ON MONDAY, 16TH MARCH, 2026 AT BUNGE TOWERS, SECOND FLOOR COMMITTEE ROOM 9 FROM 10:00 A.M.

PRESENT

- | | |
|--------------------------------------|---------------|
| 1. Sen. Johnes Mwashushe Mwaruma, MP | - Chairperson |
| 2. Sen. Fatuma Adan Dullo, CBS, MP | - Member |
| 3. Sen. Okong'o Mogeni, CBS, SC, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|---|---------------|
| 1. Sen. Moses Otieno Kajwang', CBS, MP | - Chairperson |
| 2. Sen. (Dr.) Lelegwe I. tumbesi, CBS, MP | - Member |
| 3. Sen. Enoch Kiio Wambua, CBS, MP | - Member |
| 4. Sen. Samson Kiprotich Cherarkey, MP | - Member |
| 5. Sen. Mwenda Gataya Mo Fire, CBS, MP | - Member |
| 6. Sen. Edwin Watanya Sifuna, CBS, MP | - Member |

SECRETARIAT

- | | |
|------------------------|--------------------------------|
| 1. Mr. George Otieno | - Principal Clerk Assistant II |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Ms. Regina Muyao | - Legal Counsel |
| 4. Ms. Annette Khayela | - Researcher |
| 5. Mr. Joseph Otieno | - Audio Officer |
| 6. Mr. John Chege | - Serjeant-at-arms |

IN ATTENDANCE

A. COUNTY ASSEMBLY OF WAJIR

- | | |
|-------------------------|---------------------|
| 1. Hon. Abdille Yussuf | - Speaker |
| 2. Hon. Ibrahim Hussein | - MCA (Member PLAC) |

- | | |
|--------------------------|------------------------------|
| 3. Mr. Shalle Sheikh | - Clerk |
| 4. Mr. Oman Blmu | - Board Member |
| 5. Mr. Foziah Abdurashim | - Head of Accounts |
| 6. Ms. Khenia Farah | - Legal Counsel |
| 7. Mr. Mahat Ahmed | - Accountant |
| 8. Mr. Mohamed Hassan | - Principal Internal Auditor |
| 9. Mr. Adbullahi Ahmed | - PFO |
| 10. Ms. Zeytun Ali | - S/PR Officer |

B. OFFICE OF THE AUDITOR GENERAL

- | | |
|------------------------|-------------------------|
| 1. Mr. Harrie Njoroge | - Director of Audit-OAG |
| 2. Mr. Patrick Muriuki | - Liaison Officer-OAG |

MIN/SEN/CPAC/197/2026

PRAYERS

The Chairperson called the meeting to order at 10:30 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/198/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okong'o Mogeni, CBS, SC, MP and seconded by Sen. Fatuma Adan Dullo, CBS, MP, as follows –

1. Prayer;
2. Adoption of Agenda;
3. Introductions;
4. Administration of Oath of Witness and Tabling of Documents;
5. Preliminaries;
6. Meeting with County Assembly of Wajir to consider Reports of the Auditor-General on the Financial Statements of the Wajir County Assembly for Financial Year 2024/2025;
7. Any Other Business; and
8. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/199/2026

ADMINISTRATION OF OATH OF WITNESS AND TABLING OF DOCUMENTS

The Speaker and Clerk of Wajir County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the Financial Year (FY) 2024/2025.

MIN/SEN/CPAC/200/2026

PRELIMINARIES

The Auditor briefed the Committee on the status of the Auditor General's Report for the Wajir County Assembly for Financial Year 2024/2025.

MIN/SEN/CPAC/201/2026

**CONSIDERATION OF THE AUDIT REPORT OF
WAJIR COUNTY ASSEMBLY FOR THE
FINANCIAL YEAR 2024/2025**

The Speaker and the Clerk of Wajir County appeared before the Committee to respond to the issues raised in the Auditor General's Report on the Financial Statements of the County Assembly of Wajir for Financial Year 2024/2025.

During the meeting, the committee considered the following queries noting with concern the financial irregularities and inconsistencies in the Management Responses:

1. Report on the Financial Statements

- ❖ Overpayment of Mileage Allowances to Members of the County Assembly.

Review of the claims revealed that the distances indicated from Wajir town to the respective wards were at variance with the actual distances provided by the Ministry of Transport and Infrastructure.

As a result, MCAs received payments above the allowable amounts by Kshs. 52,290,590.

In addition, the Assembly applied mileage rate of Kshs. 109 per kilometer instead of the approved rate of Kshs. 77.35 per kilometer, contrary to the Salaries and Remuneration Commission Circular Vol. CXXV No. 177 dated 9 August, 2023. In the circumstances, the accuracy and regularity of mileage claims amounting Kshs. 52,290,590 could not be confirmed.

The Committee directed the County Assembly to comply with the Salaries and Remuneration Commission Circular Vol. CXXV No. 177 dated 9 August, 2023 and also institute mechanisms of recovery of the wrongfully paid mileage.

2. Report on Lawfulness and Effectiveness in Use of Public Resources

- ❖ Non-Compliance Ward Partisan Staffing Levels.

The Committee observed that the Assembly exceeded the maximum number of staff by one hundred and twenty-two (122).

In addition, the Assembly aid a monthly salary ranging from Kshs. 8,000 to Kshs. 68,000 instead of the minimum of Kshs. 30,341 recommended by Commission on Revenue Allocation.

In the circumstances, the Assembly contravened the Commission on Revenue Allocation Circular on advisory of ward offices operation costs.

The Committee directed the County Assembly to comply with the Commission on Revenue Allocation Circular Number CRA/CSO/CMG//9/VOL V/59 dated 21 October, 2020 which recommended maximum number of three staffs to be attached to Members of County Assembly both elected and nominated, each earning a minimum salary of Kshs. 30, 341.

Further, the Committee resolved to make a follow up on the recommendations of the Committee to be Tabled before March 31st, 2026 and take the Auditor General's written responses in regard to the queries on policy issues.

Finally, the Committee directed the office of the Auditor General to keep an eye on the unresolved issues and report the progress on the mitigating measures put in place in the next Financial Year Audit.

MIN/SEN/CPAC/202/2026

Any Other Business

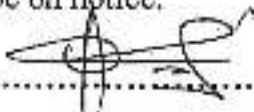
There was no any other business.

MIN/SEN/CPAC/203/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The Chairperson adjourned the meeting at twenty-seven minutes to one O'clock. The next meeting would be on notice.

SIGNATURE.....



(CHAIRPERSON: SEN. KAJWANG' MOSES OTLENO, CBS, MP)

DATE.....

25/03/2026



MINUTES OF THE 32ND (THIRTY SECOND) SITTING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR WAJIR COUNTY ASSEMBLY FOR FINANCIAL YEAR 2024/2025 2020 AND 2020/2021 HELD ON MONDAY, 16TH MARCH, 2026 AT BUNGE TOWERS, SECOND FLOOR COMMITTEE ROOM 9 FROM 10:00 A.M.

PRESENT

- | | |
|--------------------------------------|---------------|
| 1. Sen. Johnes Mwashushe Mwaruma, MP | - Chairperson |
| 2. Sen. Fatuma Adan Dullo, CBS, MP | - Member |
| 3. Sen. Okong'o Mogeni, CBS, SC, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|--|---------------|
| 1. Sen. Moses Otieno Kajwang', CBS, MP | - Chairperson |
| 2. Sen. (Dr.) Lelegwe Lumbesi, CBS, MP | - Member |
| 3. Sen. Enoch Kiio Wambua, CBS, MP | - Member |
| 4. Sen. Samson Kiprotich Cherarkey, MP | - Member |
| 5. Sen. Mwenda Gataya Mo Fire, CBS, MP | - Member |
| 6. Sen. Edwin Watanya Sifuna, CBS, MP | - Member |

SECRETARIAT

- | | |
|------------------------|--------------------------------|
| 1. Mr. George Otieno | - Principal Clerk Assistant II |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Ms. Regina Muyao | - Legal Counsel |
| 4. Ms. Annette Khayela | - Researcher |
| 5. Mr. Joseph Otieno | - Audio Officer |
| 6. Mr. John Chege | - Serjeant-at-arms |

IN ATTENDANCE

A. COUNTY ASSEMBLY OF WAJIR

- | | |
|-------------------------|---------------------|
| 1. Hon. Abdille Yussuf | - Speaker |
| 2. Hon. Ibrahim Hussein | - MCA (Member PIAC) |

- | | |
|--------------------------|------------------------------|
| 3. Mr. Shalle Sheikh | - Clerk |
| 4. Mr. Oman Elmu | - Board Member |
| 5. Mr. Foziah Abdurashim | - Head of Accounts |
| 6. Ms. Khenia Farah | - Legal Counsel |
| 7. Mr. Mahat Ahmed | - Accountant |
| 8. Mr. Mohamed Hassan | - Principal Internal Auditor |
| 9. Mr. Adbullahi Ahmed | - PFO |
| 10. Ms. Zeytun Ali | - S/PR Officer |

B. OFFICE OF THE AUDITOR GENERAL

- | | |
|------------------------|-------------------------|
| 1. Mr. Harrie Njoroge | - Director of Audit-OAG |
| 2. Mr. Patrick Muriuki | - Liaison Officer-OAG |

MIN/SEN/CPAC/197/2026

PRAYERS

The Chairperson called the meeting to order at 10:30 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/198/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okong'o Mogeni, CBS, SC, MP and seconded by Sen. Fatuma Adan Dullo, CBS, MP, as follows –

1. Prayer;
2. Adoption of Agenda;
3. Introductions;
4. Administration of Oath of Witness and Tabling of Documents;
5. Preliminaries;
6. Meeting with County Assembly of Wajir to consider Reports of the Auditor-General on the Financial Statements of the Wajir County Assembly for Financial Year 2024/2025;
7. Any Other Business; and
8. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/199/2026

ADMINISTRATION OF OATH OF WITNESS AND TABLING OF DOCUMENTS

The Speaker and Clerk of Wajir County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the Financial Year (FY) 2024/2025.

MIN/SEN/CPAC/200/2026

PRELIMINARIES

The Auditor briefed the Committee on the status of the Auditor General's Report for the Wajir County Assembly for Financial Year 2024/2025.

MIN/SEN/CPAC/201/2026

**CONSIDERATION OF THE AUDIT REPORT OF
WAJIR COUNTY ASSEMBLY FOR THE
FINANCIAL YEAR 2024/2025**

The Speaker and the Clerk of Wajir County appeared before the Committee to respond to the issues raised in the Auditor General's Report on the Financial Statements of the County Assembly of Wajir for Financial Year 2024/2025.

During the meeting, the committee considered the following queries noting with concern the financial irregularities and inconsistencies in the Management Responses:

1. Report on the Financial Statements

❖ Overpayment of Mileage Allowances to Members of the County Assembly.

Review of the claims revealed that the distances indicated from Wajir town to the respective wards were at variance with the actual distances provided by the Ministry of Transport and Infrastructure.

As a result, MCAs received payments above the allowable amounts by Kshs. 52,290,590.

In addition, the Assembly applied mileage rate of Kshs. 109 per kilometer instead of the approved rate of Kshs. 77.35 per kilometer, contrary to the Salaries and Remuneration Commission Circular Vol. CXXV No. 177 dated 9 August, 2023. In the circumstances, the accuracy and regularity of mileage claims amounting Kshs. 52,290,590 could not be confirmed.

The Committee directed the County Assembly to comply with the Salaries and Remuneration Commission Circular Vol. CXXV No. 177 dated 9 August, 2023 and also institute mechanisms of recovery of the wrongfully paid mileage.

2. Report on Lawfulness and Effectiveness in Use of Public Resources

❖ Non-Compliance Ward Partisan Staffing Levels.

The Committee observed that the Assembly exceeded the maximum number of staff by one hundred and twenty-two (122).

In addition, the Assembly paid a monthly salary ranging from Kshs. 8,000 to Kshs. 68,000 instead of the minimum of Kshs. 30,341 recommended by Commission on Revenue Allocation.

In the circumstances, the Assembly contravened the Commission on Revenue Allocation Circular on advisory of ward offices operation costs.

The Committee directed the County Assembly to comply with the Commission on Revenue Allocation Circular Number CRA/CSO/CMG/9/VOL V/59 dated 21 October, 2020 which recommended maximum number of three staffs to be attached to Members of County Assembly both elected and nominated, each earning a minimum salary of Kshs. 30, 341.

Further, the Committee resolved to make a follow up on the recommendations of the Committee to be Tabled before March 31st, 2026 and take the Auditor General's written responses in regard to the queries on policy issues.

Finally, the Committee directed the office of the Auditor General to keep an eye on the unresolved issues and report the progress on the mitigating measures put in place in the next Financial Year Audit.

MIN/SEN/CPAC/202/2026

Any Other Business

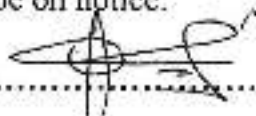
There was no any other business.

MIN/SEN/CPAC/203/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The Chairperson adjourned the meeting at twenty-seven minutes to one O'clock. The next meeting would be on notice.

SIGNATURE.....



(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....

25/08/2026



MINUTES OF THE 32ND (THIRTY SECOND) SITTING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR WAJIR COUNTY ASSEMBLY FOR FINANCIAL YEAR 2024/2025 2020 AND 2020/2021 HELD ON MONDAY, 16TH MARCH, 2026 AT BUNGE TOWERS, SECOND FLOOR COMMITTEE ROOM 9 FROM 10:00 A.M.

PRESENT

- | | |
|--------------------------------------|---------------|
| 1. Sen. Johnes Mwashushu Mwaruma, MP | - Chairperson |
| 2. Sen. Fatuma Adan Dullo, CBS, MP | - Member |
| 3. Sen. Okong'o Mogeni, CBS, SC, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|---|---------------|
| 1. Sen. Moses Otieno Kajwang', CBS, MP | - Chairperson |
| 2. Sen. (Dr.) Lelegwe I. tumbesi, CBS, MP | - Member |
| 3. Sen. Enoch Kii Wambua, CBS, MP | - Member |
| 4. Sen. Samson Kiprotich Cherarkey, MP | - Member |
| 5. Sen. Mwenda Gataya Mo Firc, CBS, MP | - Member |
| 6. Sen. Edwin Watanya Sifuna, CBS, MP | - Member |

SECRETARIAT

- | | |
|------------------------|--------------------------------|
| 1. Mr. George Otieno | - Principal Clerk Assistant II |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Ms. Regina Muyao | - Legal Counsel |
| 4. Ms. Annette Khayela | - Researcher |
| 5. Mr. Joseph Otieno | - Audio Officer |
| 6. Mr. John Chege | - Serjeant-at-arms |

IN ATTENDANCE

A. COUNTY ASSEMBLY OF WAJIR

- | | |
|-------------------------|---------------------|
| 1. Hon. Abdille Yussuf | - Speaker |
| 2. Hon. Ibrahim Hussein | - MCA (Member PIAC) |

- | | |
|--------------------------|------------------------------|
| 3. Mr. Shalle Sheikh | - Clerk |
| 4. Mr. Oman Elmu | - Board Member |
| 5. Mr. Foziah Abdurashim | - Head of Accounts |
| 6. Ms. Khenia Farah | - Legal Counsel |
| 7. Mr. Mahat Ahmed | - Accountant |
| 8. Mr. Mohamed Hassan | - Principal Internal Auditor |
| 9. Mr. Adbullahi Ahmed | - P/O |
| 10. Ms. Zeytun Ali | - S/PR Officer |

B. OFFICE OF THE AUDITOR GENERAL

- | | |
|------------------------|-------------------------|
| 1. Mr. Harrie Njoroge | - Director of Audit-OAG |
| 2. Mr. Patrick Muriuki | - Liaison Officer-OAG |

MIN/SEN/CPAC/197/2026

PRAYERS

The Chairperson called the meeting to order at 10:30 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/198/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okong'o Mogeni, CBS, SC, MP and seconded by Sen. Fatuma Adan Dullo, CBS, MP, as follows –

1. Prayer;
2. Adoption of Agenda;
3. Introductions;
4. Administration of Oath of Witness and Tabling of Documents;
5. Preliminaries;
6. Meeting with County Assembly of Wajir to consider Reports of the Auditor-General on the Financial Statements of the Wajir County Assembly for Financial Year 2024/2025;
7. Any Other Business; and
8. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/199/2026

ADMINISTRATION OF OATH OF WITNESS AND TABLING OF DOCUMENTS

The Speaker and Clerk of Wajir County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the Financial Year (FY) 2024/2025.

MIN/SEN/CPAC/200/2026

PRELIMINARIES

The Auditor briefed the Committee on the status of the Auditor General's Report for the Wajir County Assembly for Financial Year 2024/2025.

MIN/SEN/CPAC/201/2026

**CONSIDERATION OF THE AUDIT REPORT OF
WAJIR COUNTY ASSEMBLY FOR THE
FINANCIAL YEAR 2024/2025**

The Speaker and the Clerk of Wajir County appeared before the Committee to respond to the issues raised in the Auditor General's Report on the Financial Statements of the County Assembly of Wajir for Financial Year 2024/2025.

During the meeting, the committee considered the following queries noting with concern the financial irregularities and inconsistencies in the Management Responses:

1. Report on the Financial Statements

❖ Overpayment of Mileage Allowances to Members of the County Assembly.

Review of the claims revealed that the distances indicated from Wajir town to the respective wards were at variance with the actual distances provided by the Ministry of Transport and Infrastructure.

As a result, MCAs received payments above the allowable amounts by Kshs. 52,290,590.

In addition, the Assembly applied mileage rate of Kshs. 109 per kilometer instead of the approved rate of Kshs. 77.35 per kilometer, contrary to the Salaries and Remuneration Commission Circular Vol. CXXV No. 177 dated 9 August, 2023. In the circumstances, the accuracy and regularity of mileage claims amounting Kshs. 52,290,590 could not be confirmed.

The Committee directed the County Assembly to comply with the Salaries and Remuneration Commission Circular Vol. CXXV No. 177 dated 9 August, 2023 and also institute mechanisms of recovery of the wrongfully paid mileage.

2. Report on Lawfulness and Effectiveness in Use of Public Resources

❖ Non-Compliance Ward Partisan Stalling Levels.

The Committee observed that the Assembly exceeded the maximum number of staff by one hundred and twenty-two (122).

In addition, the Assembly aid a monthly salary ranging from Kshs. 8,000 to Kshs. 68,000 instead of the minimum of Kshs. 30,341 recommended by Commission on Revenue Allocation.

In the circumstances, the Assembly contravened the Commission on Revenue Allocation Circular on advisory of ward offices operation costs.

The Committee directed the County Assembly to comply with the Commission on Revenue Allocation Circular Number CRA/CSO/CMG//9/VOL V/59 dated 21 October, 2020 which recommended maximum number of three staffs to be attached to Members of County Assembly both elected and nominated, each earning a minimum salary of Kshs. 30, 341.

Further, the Committee resolved to make a follow up on the recommendations of the Committee to be Tabled before March 31st, 2026 and take the Auditor General's written responses in regard to the queries on policy issues.

Finally, the Committee directed the office of the Auditor General to keep an eye on the unresolved issues and report the progress on the mitigating measures put in place in the next Financial Year Audit.

MIN/SEN/CPAC/202/2026

Any Other Business

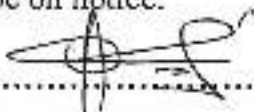
There was no any other business.

MIN/SEN/CPAC/203/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The Chairperson adjourned the meeting at twenty-seven minutes to one O'clock. The next meeting would be on notice.

SIGNATURE.....



(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....

25/03/2026



MINUTES OF THE 34TH (THIRTY FOURTH) SITTING, MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER A STATUS REPORT ON THE ACTIONS TAKEN BY THE SIAYA COUNTY EXECUTIVE MANAGEMENT TO CONSIDER THE AUDITOR-GENERAL'S REPORT ON THE FINANCIAL STATEMENTS OF THE COUNTY EXECUTIVE OF SIAYA, THE RECEIVER OF REVENUE REPORT AND THE COUNTY REVENUE FUND FOR FINANCIAL YEAR 2024/2025 HELD ON MONDAY, 30TH MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 11:00 A.M.

PRESENT

1. Sen. Moses Otieno Kajwang', CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Fatuma Adan Dullo, CBS, MP - Member
4. Sen. Samson Kiprotich Cherarkey, MP - Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
6. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member

ABSENT WITH APOLOGY

7. Sen. Enoch Kiio Wambua, CBS, MP - Member
8. Sen. Okong'o Mogeni, CBS, SC, MP - Member
9. Sen. Sifuna Edwine Watanya, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

- 1) Mr. Patrick Muriuki - Parliamentary Liaison Officer
- 2) Mr. Joseph Karanja - Deputy Director of Audit
- 3) Mr. Dennis Kariuki - Director of Audit

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Olieno - Principal Clerk Assistant
2. Mr. Kevin Kibet - Clerk Assistant II

- | | |
|-------------------------|----------------------------|
| 3. Mr. Crispus Tima | - Senior Clerk Assistant |
| 4. Ms. Annette Kwamboka | - Legal Counsel |
| 5. Ms. Annette Khayela | - Research Officer III |
| 6. Mr. Osman Hire | - Research Officer III |
| 7. Ms. Joan Njeri | - Research Officer III |
| 8. Ms. Kanze Charity | - Research Officer III |
| 9. Mr. John Chege | - Serjeant-at Arms |
| 10. Ms. Lydia Kagumba | - Public Relations Officer |
| 11. Mr. Ibrahim Oruko | - Media Relations Officer |
| 12. Ms. Shirley Milimu | - Audio Officer |
| 13. Ms. Joy Were | - Intern |
| 14. Ms. Shanice Akala | - Intern |

IN ATTENDANCE

SIAYA COUNTY EXECUTIVE

- | | |
|-----------------------------|--------------------------|
| 1) Hon. James Aggrey Orengo | - Governor |
| 2) Mr. Joseph Ogutu | - County Secretary |
| 3) Mr. George Nyiringiro | - CEC Finance |
| 4) Mr. Mathews Orwa | - Liaison Officer |
| 5) Mr. Martin Okwath | - Director, Supply Chain |
| 6) Mr. Cyrus Oguna | - Chief of Staff |
| 7) Mr. Keya Moses | - Director revenue |
| 8) Mr. Bethwell Omondi | - Accountant |
| 9) Mr. Jared Oluoch | - Director public works |
| 10) Mr. P. Okoth | - Director finance |
| 11) Mr. Odinga Jacton | - Chief officer, Finance |
| 12) Mr. Leonard Okunda | - County solicitor |

SIAYA COUNTY PUBLIC ACCOUNTS COMMITTEE

- | | |
|-------------------------|--------------------|
| 1. Hon. William Kinyani | - Chairperson |
| 2. Hon. David Ragen | - Vice Chairperson |
| 3. Ms. Regina Akoth | - Clerk assistant |

MIN/SEN/CPAC/212/2026

PRAYERS

The Chairperson called the meeting to order at 11:30 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/213/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Mwenda Gataya Mo Fire, CBS, MP and seconded by Sen. Fatuma Adan Dullo, CBS, MP as follows;

1. Preliminaries
 - a. Prayer
 - b. Introductions
2. Adoption of Agenda

3. Administration of Oath
4. **Consideration of a status report on the actions taken by the Siaya County Executive Management to address the Auditor-General's Report on the Financial Statements of the County Executive of Siaya, the County Revenue Fund and the Report of the Auditor General on Receiver of Revenue Statements for Financial Year 2024/2025 (Committee Paper No. 55); and**
5. Any Other Business.
6. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/214/2026

PRELIMINARIES

- 1) The Committee was taken through the summons issued to H.E. the Governor of Siaya pursuant to Article 125 of the Constitution and relevant provisions of the Parliamentary Powers and Privileges Act.
The summons outlined prior invitations, postponements, and the requirement for the Governor to appear before the Committee and submit written responses to audit queries.
- 2) The Committee confirmed that:
 - a) The Governor had appeared before the Committee as required by the summons; and
 - b) Relevant documents had been submitted and received by the Office of the Auditor-General.
- 3) The Governor acknowledged the summons and confirmed attendance. He clarified that previous non-attendance was occasioned by scheduling conflicts with other Senate Committees and not by intention to defy the authority of the Senate.

However, the Governor informed the Committee of an existing stalemate between the Council of Governors and the Senate regarding appearances before the Committee. Consequently, he declined to proceed with the substantive session, including taking oath and responding to audit queries.

- 4) The Committee noted that:
 - (i) The Governor had complied with the summons by appearing before the Committee, thereby purging contempt;
 - (ii) The refusal to take oath and participate in proceedings impeded the Committee from discharging its constitutional mandate under Article 229; and
 - (iii) Compliance with parliamentary summons is a constitutional obligation and integral to the rule of law.

MIN/SEN/CPAC/215/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 12:11 p.m. The next meeting will be by notice.

SIGNATURE..... 

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE 35TH SITTING (THIRTY FIFTH), MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER A STATUS REPORT ON THE ACTIONS TAKEN BY THE TURKANA COUNTY EXECUTIVE MANAGEMENT TO CONSIDER THE AUDITOR-GENERAL'S REPORT ON THE FINANCIAL STATEMENTS OF THE COUNTY EXECUTIVE OF TURKANA, THE RECEIVER OF REVENUE REPORT AND THE COUNTY REVENUE FUND FOR FINANCIAL YEAR 2024/2025 HELD ON MONDAY, 30TH MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 12:00 P.M.

PRESENT

1. Sen. Moses Otieno Kajwang', CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Fatuma Adan Dullo, CBS, MP - Member
4. Sen. Samson Kiprotich Cherarkey, MP - Member
5. Sen. Okong'o Mogeni, CBS, SC, MP - Member
6. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
7. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member

ABSENT WITH APOLOGY

8. Sen. Enoch Kiiro Wambua, CBS, MP - Member
9. Sen. Sifuna Edwine Watenya, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

- 1) Mr. Patrick Muriuki - Parliamentary Liaison Officer
- 2) Mr. Laban Ondara - Deputy Director of Audit
- 3) Dr. Charles Mwitari - Director of Audit

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno - Principal Clerk Assistant

- | | |
|-------------------------|----------------------------|
| 2. Mr. Kevin Kibet | - Clerk Assistant II |
| 3. Mr. Crispus Tima | - Senior Clerk Assistant |
| 4. Ms. Annette Kwamboka | - Legal Counsel |
| 5. Ms. Annette Khayela | - Research Officer III |
| 6. Mr. Osman Hire | - Research Officer III |
| 7. Ms. Joan Njeri | - Research Officer III |
| 8. Ms. Kanze Charity | - Research Officer III |
| 9. Mr. John Chege | - Serjeant-at Arms |
| 10. Ms. Lydia Kagumba | - Public Relations Officer |
| 11. Mr. Ibrahim Oruko | - Media Relations Officer |
| 12. Ms. Shirley Milimu | - Audio Officer |
| 13. Ms. Joy Were | - Intern |
| 14. Ms. Shanice Akala | - Intern |

IN ATTENDANCE
TURKANA COUNTY EXECUTIVE

- | | |
|---|---------------------------------|
| 1) Hon, Jeremiah Ekamais Lomorukai, CBS | - Governor |
| 2) Ms. Ruth Emanikor | - County Attorney |
| 3) Ms. Roseline Aite | - CECM finance |
| 4) Mr. Amos Kibet | - Ass. Dir. Accounting Services |
| 5) Mr. Vitalis Ogombe | - Director SDU |
| 6) Mr. Ekitela Ekawe | - CO, Economic Planning |

MIN/SEN/CPAC/216/2026

PRAYERS

The Chairperson called the meeting to order at 12:22 p.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/217/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP and seconded by Sen. Okong'o Mogeni, CBS, SC, MP as follows;

1. Preliminaries
 - a. Prayer
 - b. Introductions
2. Adoption of Agenda
3. Administration of Oath
4. **Consideration of a status report on the actions taken by the Turkana County Executive Management to address the Auditor-General's Report on the Financial Statements of the County Executive of Turkana, the County Revenue Fund and the Report of the Auditor General on Receiver of Revenue Statements for Financial Year 2024/2025 (Committee Paper No. 56); and**
5. Any Other Business.
6. Date of the Next Meeting and Adjournment.

- 1) The Committee was taken through the summons issued to H.E. the Governor of Turkana pursuant to Article 125 of the Constitution and relevant provisions of the Parliamentary Powers and Privileges Act.

The summons outlined previous invitations, requests for rescheduling, and the requirement for the Governor to appear before the Committee and submit written responses to audit queries.

- 2) The Committee confirmed that:
 - a) The Governor appeared before the Committee in compliance with the summons;
 - b) The Governor took oath as required; and
 - c) Written responses and supporting documentation had been submitted in advance and received by both the Committee and the Office of the Auditor-General.
- 3) The Governor explained that previous non-attendance was due to other prior planned engagements and not deliberate non-compliance. He reaffirmed respect for the Senate and its oversight mandate. The Governor further indicated that he had recently been unwell but was available to proceed with the session.
- 4) The Committee noted that:
 - a) The Governor had complied with the summons and participated in the proceedings;
 - b) The written submissions provided were comprehensive and had been reviewed by the Office of the Auditor-General; and
 - c) Time constraints limited the Committee's ability to undertake detailed oral interrogation of audit matters.

- 5) The Committee resolved that:
 - a) The written submissions be adopted as the basis for analysis of the Auditor-General's reports;
 - b) Detailed oral interrogation be deferred;
 - c) The Secretariat, in consultation with the Office of the Auditor-General, prepare a report for consideration and tabling before the Senate;
 - d) The County Executive of Turkana be subjected to a follow-up review on implementation of recommendations within a shortened timeline of 30 to 60 days; and
 - e) Compliance with summons be recorded accordingly.

MIN/SEN/CPAC/220/2026

ADJOURNMENT AND DATE OF NEXT
MEETING

The meeting was adjourned at 12:43 p.m. The next meeting will be by notice.

SIGNATURE..........

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE 36TH (THIRTY SIXTH) SITTING, MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO ENGAGE WITH THE OFFICE OF THE AUDITOR-GENERAL ON THE STATUS OF AUDIT REPORTS ACROSS REGIONAL HUBS HELD ON MONDAY, 30TH MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 1:00 P.M.

PRESENT

1. Sen. Moses Otieno Kajwang², CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Fatuma Adan Dullo, CBS, MP - Member
4. Sen. Samson Kiprotich Cherarkey, MP - Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
6. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member

ABSENT WITH APOLOGY

7. Sen. Enoch Kiio Wambua, CBS, MP - Member
8. Sen. Okong'o Mogeni, CBS, SC, MP - Member
9. Sen. Sifuna Edwine Watanya, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

- 1) Mr. Patrick Muriuki - Parliamentary Liaison Officer
- 2) Mr. Joseph Karanja - Deputy Director of Audit
- 3) Mr. Dennis Kariuki - Director of Audit
- 4) Mr. David Munyaka - Director of Audit
- 5) Mr. Herrie Njoroge - Director of Audit
- 6) Mr. Henry Nyandwaku - Director of Audit
- 7) Mr. Leonard Opara - Director of Audit
- 8) Ms. Pamela Mugalisi - Director of Audit
- 9) Mr. Daniel Nduga - Principal Auditor
- 10) Ms. Judith Oluoch - Principal Auditor
- 11) Mr. Ruben Kamuruchi - Deputy Director of Audit
- 12) Mr. George Onkundi - Deputy Director of Audit
- 13) Mr. Joseph Mwangi - Principal Auditor
- 14) Mr. Bonface Ong'wen - Deputy Director of Audit DDA
- 15) Ms. Ruth Irungu - Auditor
- 16) Mr. Muigai Ikame - Deputy Director of Audit

- | | |
|------------------------|----------------------------|
| 17)Mr. Samuel Obonyo | - Deputy Director of Audit |
| 18)Mr. David Cherono | - Director of Audit |
| 19)Mr. Antony Mwangi | - Principal Auditor |
| 20)Mr. Peter Gitonga | - Director of Audit |
| 21)Mr. Laban Ondara | - Deputy Director of Audit |
| 22)Dr. Charles Mwitari | - Director of Audit |
| 23)Mr. Morris Otieno | - Deputy Director of Audit |

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga - Parliamentary Liaison Officer

SENATE SECRETARIAT

- | | |
|-------------------------|-----------------------------|
| 1. Mr. George Otieno | - Principal Clerk Assistant |
| 2. Mr. Kevin Kibet | - Clerk Assistant II |
| 3. Mr. Crispus Tima | - Senior Clerk Assistant |
| 4. Ms. Annette Kwamboka | - Legal Counsel |
| 5. Ms. Annette Khayela | - Research Officer III |
| 6. Mr. Osman Hire | - Research Officer III |
| 7. Ms. Joan Njeri | - Research Officer III |
| 8. Ms. Kanze Charity | - Research Officer III |
| 9. Mr. John Chege | - Serjeant-at Arms |
| 10. Ms. Lydia Kagumba | - Public Relations Officer |
| 11. Mr. Ibrahim Oruko | - Media Relations Officer |
| 12. Ms. Shirley Milimu | - Audio Officer |
| 13. Ms. Joy Were | - Intern |
| 14. Ms. Shanice Akala | - Intern |

MIN/SEN/CPAC/221/2026

PRAYERS

The Chairperson called the meeting to order at 1:00 p.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/222/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Mwenda Gataya Mo Fire, CBS, MP and seconded by Sen. Fatuma Adan Dullo, CBS, MP as follows;

1. Preliminaries
 - a. Prayer
 - b. Introductions
2. Adoption of Agenda
3. **Engagement with the Office of the Auditor-General on the status of audit reports across regional hubs; and**
4. Any Other Business.
5. Date of the Next Meeting and Adjournment.

- 1) The Chairperson informed the meeting that:
 - a. The Committee had summoned 29 County Governors to appear before it; Only two Governors (Siaya and Turkana) had appeared;
 - b. The Committee was required to table its report before the Senate by 31st March 2026.
- 2) The purpose of the meeting was therefore to:
 - a. Assess the status of audit reports across regions;
 - b. Determine the feasibility of completing Committee reports within the statutory deadline;
 - c. Agree on a uniform approach for handling non-compliant counties.
- 3) The Secretariat reported that:
 - a. A total of 29 counties had been summoned; Only two counties had appeared; Nine counties had submitted requests for rescheduling;
 - b. Approximately 20 counties had neither appeared nor provided valid explanations.
- 4) The Office of the Auditor-General reported that:
 - a. Some counties had submitted written responses to audit queries;
 - b. Several counties had not submitted any responses at all, including: Kirinyaga, Samburu, Kisumu and Kericho.

The Committee noted that failure to respond to audit queries constituted a serious breach of accountability requirements.

- 5) The Committee deliberated extensively and observed that:
 - i. Non-appearance before the Committee, despite summons, amounts to a waiver of the right to be heard;
 - ii. Written submissions not tabled under oath lack evidentiary weight;
 - iii. Allowing entities to dispute audit findings without appearing undermines the authority of the Auditor-General;
 - iv. The Committee has a constitutional obligation under Article 229 to consider and act on audit reports within prescribed timelines;
 - v. The continued failure by County Executives to appear signals systemic resistance to oversight.
- 6) The Committee further emphasized:
 - a. The need to protect the independence and authority of the Office of the Auditor-General;
 - b. The importance of coordinated action with oversight and investigative agencies;
 - c. The necessity of timely enforcement to deter impunity.

- 7) The Legal Counsel advised that:

- i. Consideration of audit reports can proceed with or without the appearance of the audited entity;
- ii. Failure to appear constitutes waiver of the opportunity to make oral representations;
- iii. However, where written submissions exist, the Committee must consider them unless properly excluded.

8) The Committee noted that:

- i. A few County Assemblies (including Kakamega, Lamu, Kajiado, and Siaya) had considered and adopted audit reports for their respective county executives;
- ii. However, the Senate retains an independent and concurrent oversight mandate and thus the Committee would proceed with its own determination while acknowledging the work of County Assemblies.

9) The Committee resolved that:

➤ **Adoption of Audit Reports for Non-Compliant Counties**

Auditor-General's reports for counties that failed to appear or respond shall be adopted as submitted, without further consideration of additional responses.

➤ **Shortened Implementation Timeline**

Non-compliant counties shall be required to submit an implementation framework within 30 days, instead of the standard 90 days.

➤ **Referral to Investigative Agencies**

Where implementation frameworks are not submitted within the stipulated timeline, matters shall be referred to EACC, DCI and DPP for appropriate action.

➤ **Sanctions for Non-Compliance**

The Committee shall consider recommending:

- a) Fines for failure to honour summons;
- b) Further legal and administrative sanctions, including possible stoppage of funds in extreme cases.

➤ **Forensic Audits**

Counties with adverse audit opinions and no responses shall be considered for forensic audit investigations.

➤ **Strengthening Oversight Framework**

The Committee shall uphold the independence of the Office of the Auditor-General and resist legislative proposals that undermine its mandate.

MIN/SEN/CPAC/224/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 1:54 p.m. The next meeting will be by notice.

SIGNATURE..... 

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE 37TH (THIRTY SEVENTH) SITTING, MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO DELIBERATE ON THE FAILURE BY THE INSPECTOR GENERAL OF POLICE TO ARREST AND PRODUCE THE GOVERNOR OF SAMBURU COUNTY AND THE GOVERNOR OF NAIROBI CITY COUNTY HELD ON MONDAY, 30TH MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 2:00 P.M.

PRESENT

1. Sen. Moses Otieno Kajwang', CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Fatuma Adan Dullo, CBS, MP - Member
4. Sen. Samson Kiprotich Cherarkey, MP - Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
6. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member

ABSENT WITH APOLOGY

7. Sen. Enoch Kiiro Wambua, CBS, MP - Member
8. Sen. Okong'o Mogeni, CBS, SC, MP - Member
9. Sen. Sifuna Edwine Watanya, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

- 1) Mr. Patrick Muriuki - Parliamentary Liaison Officer
- 2) Mr. Joseph Karanja - Deputy Director of Audit
- 3) Mr. Dennis Kariuki - Director of Audit
- 4) Mr. David Munyaka - Director of Audit
- 5) Mr. Herrie Njoroge - Director of Audit
- 6) Mr. Henry Nyandwaku - Director of Audit
- 7) Mr. Leonard Opara - Director of Audit
- 8) Ms. Pamela Mugalisi - Director of Audit
- 9) Mr. Daniel Nduga - Principal Auditor
- 10) Ms. Judith Oluoch - Principal Auditor
- 11) Mr. Ruben Kamuruchi - Deputy Director of Audit
- 12) Mr. George Onkundi - Deputy Director of Audit
- 13) Mr. Joseph Mwangi - Principal Auditor
- 14) Mr. Bonface Ong'wen - Deputy Director of Audit DDA
- 15) Ms. Ruth Irungu - Auditor

- | | |
|------------------------|----------------------------|
| 16)Mr. Muigai Ikame | - Deputy Director of Audit |
| 17)Mr. Samuel Obonyo | - Deputy Director of Audit |
| 18)Mr. David Cherono | - Director of Audit |
| 19)Mr. Antony Mwangi | - Principal Auditor |
| 20)Mr. Peter Gitonga | - Director of Audit |
| 21)Mr. Laban Ondara | - Deputy Director of Audit |
| 22)Dr. Charles Mwitari | - Director of Audit |
| 23)Mr. Morris Otieno | - Deputy Director of Audit |

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga - Parliamentary Liaison Officer

SENATE SECRETARIAT

- | | |
|-------------------------|-----------------------------|
| 1. Mr. George Otieno | - Principal Clerk Assistant |
| 2. Mr. Kevin Kibet | - Clerk Assistant II |
| 3. Mr. Crispus Tima | - Senior Clerk Assistant |
| 4. Ms. Annette Kwamboka | - Legal Counsel |
| 5. Ms. Annette Khayela | - Research Officer III |
| 6. Mr. Osman Hire | - Research Officer III |
| 7. Ms. Joan Njeri | - Research Officer III |
| 8. Ms. Kanze Charity | - Research Officer III |
| 9. Mr. John Chege | - Serjeant-at Arms |
| 10. Ms. Lydia Kagumba | - Public Relations Officer |
| 11. Mr. Ibrahim Oruko | - Media Relations Officer |
| 12. Ms. Shirley Milimu | - Audio Officer |
| 13. Ms. Joy Were | - Intern |
| 14. Ms. Shanice Akala | - Intern |

MIN/SEN/CPAC/225/2026

PRAYERS

The Chairperson called the meeting to order at 2:00 p.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/226/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Mwenda Gataya Mo Fire, CBS, MP and seconded by Sen. Fatuma Adan Dullo, CBS, MP as follows;

1. Preliminaries
 - a. Prayer
 - b. Introductions
2. Adoption of Agenda
3. **Deliberation on the failure by the Inspector General of Police to arrest and produce the Governor of Samburu County and the Governor of Nairobi City County; and**

4. Any Other Business.
5. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/227/2026

PRELIMINARIES

1) The Committee recalled that:

- It had issued directions to the Inspector General of Police to arrest and produce;
 - H.E. Jonathan Lati Lelelit, Governor of Samburu County, at 10:00 a.m.; and
 - H.E. Johnson Sakaja, Governor of Nairobi City County, at 1:00 p.m.
- These directions were issued pursuant to the Committee's constitutional mandate and powers equivalent to those of the High Court under Article 125 of the Constitution.
- A formal letter communicating the resolution had been on the arrest of H.E. Jonathan Lati Lelelit, Governor of Samburu County:
 - Written on 19th March 2026;
 - Received and acknowledged by the Inspector General's office on 23rd March 2026.

2) The Secretariat confirmed that:

- No formal response had been received from the Inspector General of Police regarding execution of the Committee's directive;
- The Governor of Samburu had not been sighted within Parliament precincts;
- The Governor of Nairobi had not been presented before the Committee;
- The Inspector General of Police had not appeared nor communicated any inability to comply with the directive.

3) The Committee deliberated on the matter and observed that:

- The Inspector General of Police had previously appeared before the Committee and publicly committed to produce any person summoned by the Senate upon request;
- Failure to comply with the Committee's directive, without communication or justification, raised serious concerns regarding: Respect for parliamentary authority, Enforcement of accountability mechanisms; and Commitment to constitutional obligations under Article 245(4) and related provisions;
- Non-compliance undermines the Senate's oversight mandate and risks creating a precedent of impunity among public officers.

4) Members further emphasized that:

- The National Police Service has a constitutional obligation to support accountability and combat corruption;
- Failure to act on lawful directives of Parliament constitutes potential contempt of Parliament;

- The continued non-appearance of Governors before Senate Committees signals broader systemic non-compliance across institutions.

5) The Committee resolved as follows:

a) **Summoning of the Inspector General of Police**

The Inspector General of Police to be summoned to appear before the Committee to explain failure to comply with the directive to arrest and produce the Governors of Samburu and Nairobi.

b) **Scope of Explanation Required**

The Inspector General shall be required to;

- Explain reasons for non-compliance with the Committee's directive;
- Indicate actions taken, if any, to effect the arrests;
- Identify officers assigned responsibility for executing the directive;
- Provide a timeline for compliance.

c) **Status of Warrants**

The Committee affirmed that:

- The directives (warrants) for arrest and production of the two Governors remain in force;
- There is no suspension or withdrawal of the Committee's earlier orders.

d) **Escalation to the Senate**

The Committee shall consider escalating the matter for broader deliberation, including possible appearance of the Inspector General before the Whole House of the Senate.

e) **Institutional Accountability**

The Committee emphasized the need to safeguard the authority of Parliament and ensure compliance with its resolutions by all state agencies.

MIN/SEN/CPAC/228/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 2:17 p.m. The next meeting will be by notice.

SIGNATURE.....



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(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE 38TH (THIRTY EIGHTH) SITTING, MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER A STATUS REPORT ON THE ACTIONS TAKEN BY THE ISIOLO COUNTY EXECUTIVE MANAGEMENT TO CONSIDER THE AUDITOR-GENERAL'S REPORT ON THE FINANCIAL STATEMENTS OF THE COUNTY EXECUTIVE OF TANA RIVER, THE RECEIVER OF REVENUE REPORT AND THE COUNTY REVENUE FUND FOR FINANCIAL YEAR 2024/2025 HELD ON MONDAY, 30TH MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 2:30 P.M.

PRESENT

1. Sen. Moses Otieno Kajwang', CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Fatuma Adan Dullo, CBS, MP - Member
4. Sen. Samson Kiprotich Cherarkey, MP - Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
6. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member

ABSENT WITH APOLOGY

7. Sen. Enoch Kiiro Wambua, CBS, MP - Member
8. Sen. Okong'o Mogeni, CBS, SC, MP - Member
9. Sen. Sifuna Edwine Watanya, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

- 1) Mr. Patrick Muriuki - Parliamentary Liaison Officer
- 2) Mr. David Munyaka - Director of Audit
- 3) Mr. Morris Otieno - Deputy Director of Audit

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno - Principal Clerk Assistant

- | | |
|-------------------------|----------------------------|
| 2. Mr. Kevin Kibet | - Clerk Assistant II |
| 3. Mr. Crispus Tima | - Senior Clerk Assistant |
| 4. Ms. Annette Kwamboka | - Legal Counsel |
| 5. Ms. Annette Khayela | - Research Officer III |
| 6. Mr. Osman Hire | - Research Officer III |
| 7. Ms. Joan Njeri | - Research Officer III |
| 8. Ms. Kanze Charity | - Research Officer III |
| 9. Mr. John Chege | - Serjeant-at Arms |
| 10. Ms. Lydia Kagumba | - Public Relations Officer |
| 11. Mr. Ibrahim Oruko | - Media Relations Officer |
| 12. Ms. Shirley Milimu | - Audio Officer |
| 13. Ms. Joy Were | - Intern |
| 14. Ms. Shanice Akala | - Intern |

IN ATTENDANCE

TANA RIVER COUNTY EXECUTIVE

- | | |
|------------------------|--------------------------|
| 1) Hon. Dhadho Godhana | - Governor |
| 2) Ms. Brenda Mokaya | - CECM Finance |
| 3) Mr. Sango Maewa | - County legal advisor |
| 4) Ms. Maria Bunu | - CO Finance |
| 5) Ms. Salma Omara | - CO, Office of governor |
| 6) Mr. Tolah Yonah | - Director, Finance |
| 7) Mr. Kase Daddo | - Director, Revenue |

MIN/SEN/CPAC/229/2026

PRAYERS

The Chairperson called the meeting to order at 2:35 p.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/230/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Johnes Mwashusho Mwaruma, MP and seconded by Sen. Samson Kiprotich Cherarkey, MP as follows;

1. Preliminaries
 - a. Prayer
 - b. Introductions
2. Adoption of Agenda
3. Administration of Oath
4. **Consideration of a status report on the actions taken by the Tana River County Executive Management to address the Auditor-General's Report on the Financial Statements of the County Executive of Tana River, the County Revenue Fund and the Report of the Auditor General on Receiver of Revenue Statements for Financial Year 2024/2025 (Committee Paper No. 57); and**
5. Any Other Business.
6. Date of the Next Meeting and Adjournment.

- 1) The Committee was taken through the summons issued to the Governor of Tana River pursuant to Article 125 of the Constitution and relevant provisions of the Parliamentary Powers and Privileges Act. The summons outlined prior invitations, requests for rescheduling, and the requirement for the Governor to appear before the Committee and submit written responses to audit queries.
- 2) The Committee confirmed that:
 - The Governor appeared before the Committee in compliance with the summons;
 - The Governor took oath as required; and
 - Written responses and supporting documentation had been submitted and circulated to the Office of the Auditor-General.
- 3) The Governor tabled written management responses and supporting documentation to the Auditor-General's reports. The Office of the Auditor-General confirmed that the submissions had been received and reviewed.
- 4) The Committee was informed that:
 - A total of 42 audit issues had been identified;
 - Only one issue had been fully resolved;
 - Several issues remained unresolved, partially addressed, or kept in view.

The Committee noted that key concerns included unsupported balances, stalled projects, and weaknesses in financial reporting systems.

- 5) The Governor attributed the adverse audit opinion to:
 - Capacity gaps in financial management;
 - Weak institutional systems; and
 - Technical challenges, including IFMIS-related issues.

The Governor outlined corrective measures, including recruitment of key staff, capacity building, and engagement with the National Treasury.

- 6) The Governor attributed the adverse audit opinion to:
 - Capacity gaps in financial management;
 - Weak institutional systems; and
 - Technical challenges, including IFMIS-related issues.

The Governor outlined corrective measures, including recruitment of key staff, capacity building, and engagement with the National Treasury.

- 7) The Committee resolved that:

- Written submissions be adopted as the basis for analysis of the Auditor-General's reports;
- Detailed interrogation of audit issues be deferred;
- The County Executive of Tana River submit an implementation framework within 30 days;
- The Committee conduct a follow-up visit to verify projects and assess value for money; and
- The Secretariat prepare a report for tabling before the Senate within the statutory deadline.

MIN/SEN/CPAC/232/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 3:08 p.m. The next meeting will be held on Tuesday, 31st March, 2026 at 10:00 a.m.

SIGNATURE.....



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(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE 39TH (THIRTY NINTH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AND ADOPT REPORTS AND MINUTES HELD ON TUESDAY, 31ST MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 9:00 A.M.

PRESENT

1. Sen. Moses Otieno Kajwang², CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Samson Kiprotich Cherarkey, MP - Member
4. Sen. (Dr.) Lelegwe Lumbesi, CBS, MP - Member
5. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member
6. Sen. Enoch Kiiro Wambua, CBS, MP - Member
7. Sen. Okong'o Mogeni, CBS, SC, MP - Member
8. Sen. Sifuna Edwine Watanya, MP - Member

ABSENT WITH APOLOGY

9. Sen. Fatuma Adan Dullo, CBS, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. Patrick Muriuki - Parliamentary Liaison Officer

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno - Principal Clerk Assistant
2. Mr. Kevin Kibet - Clerk Assistant II
3. Mr. Malcolm Ngugi - Legal Counsel
4. Mr. Mitchell Otoro - Legal Counsel
5. Ms. Annette Khayela - Research Officer III
6. Mr. Osman Hire - Research Officer III
7. Ms. Joan Njeri - Research Officer III
8. Mr. John Chege - Serjeant-at Arms
9. Mr. Ibrahim Oruko - Media Relations Officer
10. Ms. Shirley Milimu - Audio Officer
11. Ms. Joy Were - Intern
12. Ms. Shanice Akala - Intern

MIN/SEN/CPAC/233/2026

PRAYERS

The Chairperson called the meeting to order at 9:07 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/234/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Enoch Kio Wambua, CBS, MP and seconded by Sen. Okong'o Mogeni, CBS, SC, MP as follows;

1. Preliminaries
 - a. Prayer
2. Adoption of Agenda
3. **Consideration and adoption of Reports and Minutes; and**

4. Any Other Business.
5. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/235/2026

PRELIMINARIES

- 1) The Committee noted that a significant number of County Executives had failed to honour invitations and summons issued pursuant to Article 125 of the Constitution and the Parliamentary Powers and Privileges Act.
- 2) The Committee further noted that only a limited number of Governors had appeared, and among those who appeared, levels of cooperation varied significantly.
- 3) The Committee was informed that the Office of the Auditor-General had confirmed that audit reports could be adopted by the Committee even in the absence of oral submissions by the audited entities.
- 4) The Chairperson emphasized the need to consolidate multiple reports into structured volumes and motions to facilitate efficient tabling and debate in the Senate.

MIN/SEN/CPAC/236/2026

**CONSIDERATION AND ADOPTION OF
REPORTS: STRUCTURING AND
CONSOLIDATION OF REPORTS**

- 1) The Committee considered the categorisation of reports relating to County Executives and resolved to structure them into distinct categories, namely: counties that failed to respond to the Auditor-General; counties that failed to honour Senate summons; counties that requested postponement; and counties with unqualified audit opinions.
- 2) The Committee similarly structured reports relating to County Assemblies into categories comprising assemblies that appeared before the Committee, assemblies whose written submissions were relied upon, assemblies with unqualified audit opinions and assemblies that did not appear.
- 3) The Committee resolved that all reports would be consolidated into a single omnibus motion for tabling in the Senate in order to enhance efficiency, avoid fragmentation of Committee business and align with the scheduling of other Committee reports.
- 4) The Committee further observed that written submissions, while useful, could not substitute oral examination under oath, which is essential for effective oversight. The Committee underscored the need to assert Parliament's authority under Article 125 of the Constitution and to ensure compliance with its directives.
- 5) The Committee noted with appreciation that County Assemblies generally demonstrated higher levels of compliance and institutional respect compared to County Executives.

MIN/SEN/CPAC/237/2026

**COMMITTEE RESOLUTION ON NON-
COMPLIANCE, ARREST AND
UNSUITABILITY TO HOLD PUBLIC**

**OFFICE; GOVERNORS OF NAIROBI
CITY COUNTY AND
SAMBURU COUNTY**

- 1) The Committee noted that pursuant to Article 125 of the Constitution and the provisions of the Parliamentary Powers and Privileges Act, it issued summons requiring the Governors of Nairobi City County and Samburu County to appear before it to respond to audit queries arising from the Auditor-General's reports for the Financial Year 2024/2025.
- 2) The Committee further noted that despite several invitations and duly issued summons, the said Governors persistently failed, neglected, and/or refused to appear before the Committee.
- 3) The Committee recalled that, in an effort to enforce compliance, it invoked its constitutional powers and directed the Inspector General of Police to arrest and produce the said Governors before the Committee.
- 4) The Committee observed that the Inspector General of Police undertook steps towards execution of the said directives; however, the Governors were not produced before the Committee within the scheduled timelines.
- 5) The Committee noted that the warrants of arrest issued pursuant to its directives remain valid and have not been withdrawn, and that the said Governors continue to evade lawful process.
- 6) The Committee finds that the Governors of Nairobi City County and Samburu County have willfully failed to honour lawful summons issued by the Senate, thereby acting in contempt of Parliament.
- 7) The Committee further finds that the said conduct constitutes a deliberate and sustained violation of the Constitution, particularly the principles of accountability, transparency, and respect for institutions established under the Constitution.
- 8) The Committee observes that all reasonable and lawful avenues available to secure the attendance of the said Governors have been exhausted, including:
 - Issuance of invitations;
 - Issuance of summons;
 - Grant of opportunity to be heard; and
 - Invocation of enforcement mechanisms through the National Police Service.
- 9) The Committee further observes that the failure by the Governors to appear before the Committee amounts to a waiver of their right to be heard and undermines the Senate's constitutional oversight mandate under Article 229.

Determination on Contempt

- a) The Committee determines that the Governors of Nairobi City County and Samburu County are in contempt of Parliament for failure to comply with lawful summons.
- b) The Committee further determines that such contempt is aggravated by the persistent and deliberate nature of the non-compliance, despite clear notice of the legal consequences.

Determination on Violation of the Constitution

- a) The Committee finds that the conduct of the said Governors amounts to gross violation of the Constitution, including:
 - Disregard of constitutional oversight mechanisms;
 - Undermining of the authority of Parliament; and
 - Failure to uphold the principles of leadership and integrity under Chapter Six of the Constitution.
- b) The Committee notes that acceptance of public office carries with it a corresponding obligation to submit to lawful accountability processes.

Determination on Suitability to Hold Public Office

In light of the foregoing findings, and having exhausted all available enforcement mechanisms, the Committee resolves to recommend that the Senate finds that:

- The Governors of Nairobi City County and Samburu County have demonstrated conduct inconsistent with the Constitution;
- The said conduct reflects a lack of regard for the rule of law and institutional accountability; and
- The said Governors are unfit to hold public office, subject to any judicial process or challenge as may be instituted.

The Committee further notes that this determination shall form part of the official record of the Senate and may be relied upon in any future vetting, appointment, or integrity assessment processes.

Status of Warrants of Arrest

The Committee affirms that the warrants of arrest issued against the Governors of Nairobi City County and Samburu County remain in force.

The Committee directs that:

- The Inspector General of Police shall continue to take all necessary steps to arrest and produce the said Governors before the Committee; and

- Upon arrest, the Governors shall be presented before the Committee for purposes of addressing contempt proceedings, which shall be treated as distinct from the substantive audit matters.

The Committee resolves that upon production of the Governors:

- The Committee shall reconvene at the earliest opportunity to hear and determine matters relating to contempt of Parliament;
- The issue of non-compliance with summons shall be addressed independently of the audit queries.

The Committee further recommends that:

- The Senate considers strengthening enforcement mechanisms under the Parliamentary Powers and Privileges Act to ensure effective compliance with its directives.

MIN/SEN/CPAC/237/2026

**ENFORCEMENT FRAMEWORK ON
NON-APPEARANCE AND
FAILURE TO HONOUR SUMMONS**

- a) The Committee resolved that for counties that failed to appear and did not submit responses, the Auditor-General's reports would be adopted as submitted, the respective Governors would be fined Ksh.500,000 in their personal capacity, and the County Executives would be required to submit implementation reports within 30 days.
- b) The Committee further resolved that failure to comply within the stipulated period would result in referral of the matters to the Directorate of Criminal Investigations (DCI), the Ethics and Anti-Corruption Commission (EACC), and the Director of Public Prosecutions (DPP) for investigation and possible prosecution.
- c) The Committee resolved that counties that formally requested postponement would not be subjected to fines but would be granted 60 days to submit implementation reports, failing which the same enforcement measures would apply.
- d) The Committee resolved that in cases of adverse audit opinions, the Auditor-General's reports would be adopted as submitted, fines imposed, and implementation reports required within 30 days, with an additional recommendation urging the Cabinet Secretary for Finance to consider measures under Article 225 of the Constitution.
- e) The Committee further resolved that in the special cases of Nairobi City County and Samburu County, where all enforcement mechanisms had been exhausted, the Senate should make a finding that the respective Governors were in gross violation of the Constitution and unfit to hold public office, subject to legal challenge.
- f) The Committee resolved that matters indicating professional negligence be referred to relevant professional bodies, including ICPAK, the Law Society of Kenya, the Institute

of Human Resource Management, and relevant supply chain professional bodies for disciplinary action.

- g) The Committee further resolved to recommend strengthening of enforcement mechanisms under the Parliamentary Powers and Privileges Act to enhance compliance with Senate directives.

MIN/SEN/CPAC/238/2026

COUNTY ASSEMBLIES' REPORTS

- a) The Committee resolved that County Assemblies that appeared before the Committee be granted 90 days to implement recommendations. The Committee further resolved that assemblies that did not appear be granted 60 days to submit implementation reports.
- b) The Committee noted that assemblies with unqualified audit opinions would be subject to standard compliance monitoring within the statutory framework.
- c) The Committee observed that County Assemblies demonstrated commendable cooperation and resolved to adopt a moderated enforcement approach in their case.
- d) The Committee resolved that contributions to CAF and SOCATT are irregular due to lack of enabling legislation and should therefore cease immediately. The Committee further resolved to allow a window of 30 days for stakeholders to engage the Senate with a view to developing a legislative framework to regularise such contributions.

MIN/SEN/CPAC/238/2026

CONFIRMATION OF MINUTES

1. Minutes of the twenty-eighth Sitting of the County Public Accounts Committee to consider Report of the Auditor General on the Financial Statements for the County Assembly of Makueni for Financial Year 2024/2025 held on Friday, 13th March, 2026 at 1.00 p.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. Enoch Kiiro Wambua, CBS, MP and Seconded by Sen. Okong'o Mogeni, CBS, SC, MP.
2. Minutes of the thirty fourth Sitting of the County Public Accounts Committee to consider Reports of the Auditor General on the Financial Statements for the County Executive of Siaya for Financial Year 2024/2025, the Receiver of Revenue and County Revenue Fund Statements for Financial Year 2024/2025, held on Monday, 30th March, 2026 at 11.00 a.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. Mwenda Gataya Mo Fire, CBS, MP and Seconded by Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP.
3. Minutes of the thirty fifth Sitting of the County Public Accounts Committee to consider Reports of the Auditor General on the Financial Statements for the County Executive of Turkana for Financial Year 2024/2025, the Receiver of Revenue and County Revenue Fund Statements for Financial Year 2024/2025, held on Monday, 30th March, 2026 at 12.00 p.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed

having been proposed by Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP and Seconded by Sen. Johnes Mwashushe Mwaruma, MP.

4. Minutes of the thirty sixth Sitting of the County Public Accounts Committee to engage with the Office of the Auditor General on the status of audit reports across regional hubs at held on Monday, 30th March, 2026 at 1:00 p.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP and Seconded by Sen. Johnes Mwashushe Mwaruma, MP.
5. Minutes of the thirty seventh Sitting of the County Public Accounts Committee to deliberate on the failure by the Inspector General of Police to arrest and produce the Governors of Samburu and Nairobi City County respectively held on Monday, 30th March, 2026 at 2:30 p.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. Samson Kiprotich Cherarkey, MP and Seconded by Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP.
6. Minutes of the thirty eighth Sitting of the County Public Accounts Committee to consider Reports of the Auditor General on the Financial Statements for the County Executive of Tana River for Financial Year 2024/2025, the Receiver of Revenue and County Revenue Fund Statements for Financial Year 2024/2025, held on Monday, 30th March, 2026 at 11.00 a.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. Johnes Mwashushe Mwaruma, MP and Seconded by Sen. Mwenda Gataya Mo Fire, CBS, MP.

MIN/SEN/CPAC/239/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 11:02 a.m. The next meeting will be by notice.

SIGNATURE.....



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(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE FORTIETH (40TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AND ADOPT MINUTES HELD ON TUESDAY, 31ST MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 11:00 A.M.

PRESENT

1. Sen. Moses Otieno Kajwang', CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Samson Kiprotich Cherarkey, MP - Member
4. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
5. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member
6. Sen. Enoch Kiiro Wambua, CBS, MP - Member
7. Sen. Okong'o Mogeni, CBS, SC, MP - Member
8. Sen. Sifuna Edwine Watenya, MP - Member

ABSENT WITH APOLOGY

9. Sen. Fatuma Adan Dullo, CBS, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. Patrick Muriuki - Parliamentary Liaison Officer

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga

- Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno - Principal Clerk Assistant
2. Mr. Kevin Kibet - Clerk Assistant II
3. Mr. Malcolm Ngugi - Legal Counsel
4. Mr. Mitchell Otoro - Legal Counsel
5. Ms. Annette Khayela - Research Officer III
6. Mr. Osman Hire - Research Officer III
7. Ms. Joan Njeri - Research Officer III
8. Mr. John Chege - Serjeant-at Arms
9. Mr. Ibrahim Oruko - Media Relations Officer
10. Ms. Shirley Milimu - Audio Officer
11. Ms. Joy Were - Intern

MIN/SEN/CPAC/240/2026

PRAYERS

The Chairperson called the meeting to order at 11:05 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/241/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Johnes Mwashushe Mwaruma, MP and seconded by Sen. Okong'o Mogeni, CBS, SC, MP as follows;

1. Preliminaries
 - a. Prayer
2. Adoption of Agenda
3. **Consideration and adoption of and Minutes;** and
4. Any Other Business.
5. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/242/2026

CONFIRMATION OF MINUTES

Minutes of the fortieth Sitting of the County Public Accounts Committee to consider and adopts Minutes for the in-house meeting to held on Tuesday, 31st March, 2026 at 11.00

a.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. Johnes Mwashushe Mwaruma, MP and Seconded by Sen. Samson Kiprotich Cherarkey, MP.

MIN/SEN/CPAC/243/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 11:15 a.m. The next meeting will be held on notice.

SIGNATURE.....



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(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....