

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF BOMET

THE COUNTY ASSEMBLY

SECOND ASSEMBLY – THIRD SESSION

THE PUBLIC ACCOUNTS AND INVESTMENTS COMMITTEE REPORT ON
THE

AUDITOR GENERAL'S REPORT FOR FY 2015/16 ON THE FINANCIAL
OPERATIONS OF THE COUNTY EXECUTIVE

*Tasked on 11/6/2019
at 2:30pm
Agenda*

MAY, 2019



Abbreviations and Acronyms.

PFM	Public Finance Management Act.
CEC	County Executive Committee.
CRF	County Revenue Fund
DCI	Director of Criminal Investigation
EACC	Ethics and Anti-Corruption Commission
LSO	Local Service Orders
LPO	Local Purchase Orders
FY	Financial Year.
FO 30	Financial Order 30
IFMIS	Integrated Financial Management Information System.
HSSF	Health Sector Service Fund

Annexes.

Minutes of the PAC/PIC Committee meeting.

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PREFACE

Mr. Speaker Sir,

On behalf of the Members of the Bomet County Assembly Public Investments and Accounts Committee, I beg to move the adoption of the Special Report of the Committee on the audit queries raised by the Auditor General on the Financial Operations of the County Executive of Bomet for the period ending 30th June, 2016.

The Public Investments and Accounts Committee is a select Committee established under the Standing Order No. 189 and is responsible for the examination of the workings of public accounts and investments. The Committee was constituted by the Assembly in 2017 pursuant to Standing Order No. 189.

Committee Membership.

The PAC/PIC Committee as currently constituted comprises of the following Honourable Members:-

- | | |
|----------------------------|--------------------|
| 1. Hon. Robert Serbai | -Chairperson |
| 2. Hon. Janet Turgut | - Vice Chairperson |
| 3. Hon. Jane C. Langat | -Member |
| 4. Hon. Augustine Koske | -Member |
| 5. Hon. Philip Korir | -Member |
| 6. Hon. Evaline Chepkemoi | -Member |
| 7. Hon. Barchok Kipngetich | -Member |

Mandate of the Committee.

The Committee is mandated to do the following: -

- i. The examination of accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and such other accounts laid before the County Assembly as the Committee may think fit.

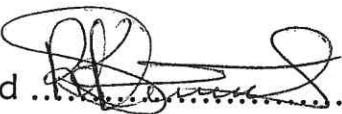
- ii. The examination of the reports and accounts of the county public investments;
- iii. Examine, in context of the autonomy and efficiency of the public investments, whether the affairs of the public investments are being managed in accordance with sound financial or business principles and prudent commercial practices.

The Committee has power, under the provisions of Article 195 of the Constitution of Kenya to summon witnesses, examine them on oath and receive evidence.

Despite a few challenges that were noted, the Committee discharged its mandate as provided for by the Standing Orders.

Allow me Mr. Speaker to thank the entire Membership of this Committee for its hard work and commitment which made the taking of evidence and production of this report a success.

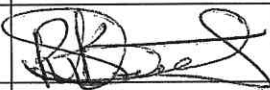
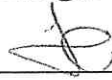
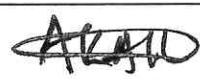
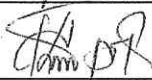
It is therefore my pleasant duty and privilege, on behalf of the PAC/PIC Committee, to table this report on the Financial Operations of the Bomet County executive for the FY 2015/2016 for debate and consideration.

Signed  Date 10-6-2019

Hon. Robert Serbai - Chairperson PAC/PIC

Committee ownership.

We, Honourable members of the PAC/PIC committee do hereby append our signatures to this report to affirm our approval and confirm its accuracy, validity and authenticity:-

NO.	NAME	DESIGNATION	SIGNATURE
1.	Hon. Robert Serbai	Chairperson	
2.	Hon. Janet Turgut	Vice Chair	
3.	Hon. Jane C. Langat	Member	
4.	Hon. Augustine Koske	Member	
5.	Hon. Evaline Chepkemoi	Member	
6.	Hon. Philip Korir	Member	
7.	Hon. Barchok Kipngetich	Member	

Background.

The Public Accounts and Investments Committee has the mandate to examine audit reports on the financial transactions of the County Government, both Executive and County Assembly under Standing Orders No. 189.

The audit objective was to ascertain whether the systems formulated and applied by the County Executive were reliable for the management of the County Executive's finances in the delivery of services to the county residents.

The Audit covered the County Executive of Bomet for the period 1st July 2015 to 30 June 2016. The terms of reference set for the audit included verifications and confirmations of transactions in respect of but not limited to the following areas:

- Budgetary control and performance.
- Annual operational/Activity plans.
- Cash and bank balances.

- Procurement and procurement of goods, works and services.
- Allowances including travelling and accommodation expenses for local and foreign trips.
- Cash and bank balances.
- Motor vehicle running expenses and fuel.
- Non-current assets.
- Human resources.

The County Assembly of Bomet received the Auditor General's report which was then tabled and referred to the Public Accounts & Investments Committee. Subsequently the PAC/PIC Committee sat and resolved to invite the Accounting Officer and other witnesses to answer all the audit queries raised in respect of the Financial Operations of the County Executive for the FY 2015/2016.

The Legal Framework.

The Constitution

Article 226 (5) of the Constitution of Kenya stipulates that:-

"If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not."

The Public Finance Management Act, 2012

The Public Finance Management Act expects an Appointing Authority to strictly apply provisions of this Act to ensure fiscal discipline over public funds.

Section 156 (1) provides, *" if an accounting officer reasonably believes that a public officer employed by a county government entity has engaged in improper conduct in relation to the resources of the entity, the accounting officer shall –*

- a) Take appropriate measures to discipline the public officer in accordance with regulations; or*

b) Refer the matter to be dealt in terms of the statutory and other conditions of employment applicable to that public officer.

(2) If the County Executive Committee Member for finance reasonably believes that an accounting officer has engaged in improper conduct within the meaning of subsection (4), the County Executive Committee member of finance shall-

a) take appropriate measures to address the matter in accordance with laid down procedures; or

b) refer the matter to be dealt with in terms of the statutory and other conditions of employment applicable to that public officer.

(3) the measures referred to in subsection (2) (a) include the County Executive Committee member for finance revoking the designation as accounting officer.

(4) for purposes of this section, a public officer or accounting officer engages in improper conduct if the officer-

a) contravenes or fails to comply with this Act or any regulation in force;

b) undermines any financial management procedures or controls;

c) makes or permits an expenditure that is unlawful or has not been properly authorised by the entity concerned; or

d) fails without reasonable cause to pay eligible and approved bills promptly in circumstances where funds are provided for.

(5) disciplinary measures under this section may not be taken against a public officer or accounting officer under subsection (1) (a) or (2) (a) unless the officer has been given an opportunity to be heard in relation to the alleged improper conduct concerned."

Committee Proceedings

The Committee held two meetings on 13th, 14th March, 2019 and 3rd June, 2019 during which time the CEC Finance and Economic Planning tabled a written response to all the audit queries on the Financial Operations of the County Executive for the FY 2015/2016. He also took time to verbally explain issues as raised.

In this report, the Committee has applied Article 226(1), (5) of the Constitution of Kenya, 2010

1.0 Use of Goods and Services.

Issues Raise.

The cost of goods and services increased from Kshs. 649,026,219 during the year ended 30th June, 2015 to Kshs. 852,563,751 during the year under review. This was an increase of Kshs. 203,537,532 representing thirty one (31%) percent rise over the previous year. However, the balance of Kshs. 852,563,751 has not been supported by schedules apart from what is highlighted in note 13 to the financial statements. In the circumstance, the expenditure cannot be confirmed as having been properly incurred and charged to public funds.

Management Response.

Hon. Chairman, the County Government incurred an expenditure of Kshs. 852, 563,751 in relation to use of goods and services as reported in the Financial Statements. The expenditure of Kshs. 425,831,536 relates to use of goods and services incurred by the County Assembly and Kshs. 426,732,215 relates to use of goods and services incurred by the County Executive. A schedule supporting the expenditure incurred in relation to use of goods and services has been availed for audit verification.

Committee Observation.

It is observed that there was a mix up in the expenditures of the County Executive and the County Assembly. This creates a dangerous loophole for misappropriation of funds.

Committee Recommendation.

The Committee recommends that there is need for each arm of the County Government to incur its own expenditure as per their respective budgets and ensure that there is no misapplication of public funds.

1.1 Domestic Travel

Issue raised

During the year under review, domestic travel expenditure increased from Kshs. 67,059,695 to Kshs. 115,805,900. This expenditure increase was not supported by a schedule to confirm who travelled, place travelled and cost involved in each trip. The journeys could not be confirmed to have been duly authorized and that the allowances paid were put to the intended use. In the circumstance, the propriety of this expenditure cannot be confirmed.

Management Response.

Hon. Chairman, the increment on domestic travel from Kshs. 67,059,695 to Kshs. 115,805,900 resulted due to increase of personnel. There is a direct correlation between increase in the number of staff and domestic travel expenses. Expenditures of this nature are normally supported by the invitation letters duly approved by the relevant authorities and reports from the relevant officers. A schedule and sample vouchers with necessary supportive documentation in support of this expenditure have been availed for audit verification.

Committee observation

It was observed that the Accounting Officer seems to allude to an unplanned employment of staff which directly led to increased travel expenses in the year under review. However without a County Public Service Board involvement arising from departmental intent to employ, it would seem that there was misappropriation of funds.

Committee Recommendation.

The Committee recommends that the County Government in future should do proper human resource planning and needs assessment to guide all future training. In addition, the County Public Service Board should be involved in all future employment of staff.

1.2 Foreign Travel.

Issues Raised.

Foreign travel expenditure of Kshs. 32,267,630 incurred during the year was not supported by a schedule to confirm journeys to foreign countries, names and cadres of the officers on the trips and costs for each trip. In the circumstances, the propriety of this expenditure cannot be confirmed.

Management Response.

Hon. Chairman, it is true that the County incurred a total of Kshs. 32,267,630 in respect of foreign travel costs. Hon. Chair, expenditure of this nature is normally supported by the invitation letters duly approved by the relevant authorities and reports from the relevant officers. A schedule and sample vouchers with the necessary supportive documentation have been availed for audit verification.

Committee Observation.

It is observed that there was poor filing and retrieval of necessary documentation during the audit exercise.

The Committee Recommendations.

It is therefore recommended that proper filing system be put in place and officers manning the registry be trained accordingly. The county executive should ensure that all reports emanating from foreign trips are made available when requested by the county assembly and during audit exercise

1.3 Training Expenses

Issues Raised.

Training expenses rose from Kshs. 40,240,817 in the previous year to Kshs. 66,858,347. However, the expenditure was not supported by a schedule to confirm persons trained, needs assessment, costs of training venues and the benefits arising from the training. In the absence of documentation, the expenditure cannot be confirmed as having been properly incurred against public funds.

Management Response.

Hon. Chairman, expenditure of this nature is normally supported by the needs assessment report and department requests for training duly approved by the relevant authorities department. A schedule and sample vouchers with the necessary supportive documentation have been availed for audit verification.

Committee observation

It was observed a needs assessment report for training was not supplied during the audit exercise.

Committee Recommendations.

It is recommended that all future training of County Government personnel be based on proper needs assessment evaluation reports. Further the Human Resources Policy should have a provision for the staff trainings which should be approved by the County Executive.

1.4 Specialized Materials and Services

Issues Raised.

Expenditure on specialized materials and services rose from a nil balance in the previous year to Kshs. 219,584,075 in the year ended 30 June 2016. However, no schedule of expenditure has been presented for audit verification to confirm that procurement, delivery of materials and rendering of services of specialized nature incurred during the year under review. In the absence of documentation, the expenditure cannot be confirmed as properly incurred against public funds.

Management Response.

Hon. Chairman, during the year under review the County Executive incurred a total expenditure of Kshs. 219,584,075 in respect of specialized materials and services. A schedule in support of this expenditure has been availed for audit verification.

Committee Observation

It was observed that the relevant laws may not have been adhered to. Furthermore, no delivery notes were availed for audit verification nor were they annexed for confirmation.

Committee Recommendation.

The Committee recommends that in future, the County Government must adhere to all relevant laws in procurement of all goods and services to ensure that proper utilization of public funds is attained. Proper records of all the materials purchased should be maintained and stores records updated regularly.

1.5 Fuel, Oil and Lubricants

Issues raised.

Expenditure on fuel, oil and lubricants rose from a nil balance in the previous year to Kshs. 34,730,265 in the year ended 30 June 2016. However, no schedule of expenditure was presented for audit to confirm procurement of fuel, oil and lubricants, drawings and eventual recording in work tickets as required. In the absence of documentation it was not possible to confirm which vehicles drew fuel against journeys shown as having been authorized. In the circumstance, the expenditure cannot be confirmed as having been properly incurred against public funds.

Management Response.

Hon. Chairman, the County Executive incurred a total expenditure of Kshs. 34,730,265 in respect of fuel, oil and lubricants during the year under review. Fuel was drawn with the use of the Detail Orders issued by the officer-in – charge and duly recorded in the Fuel Register. Furthermore, weekly statements from the Petrol station were reconciled against the work tickets and the delivery/invoice notes signed by the drivers after drawing fuel. A schedule in support of this expenditure has been availed for audit verification.

Committee observation

The Committee noted with concern that there was no effort made in provision of the documents required by the auditors during the audit exercise. It was further

observed that the annexure provided by the Accounting Officer lacked details such as the registration numbers of the motor vehicles fuelled.

Committee Recommendations.

The Committee recommends that a proper fleet management system be put in place to ensure that expenditure on fuel and other transport related expenses are managed adequately. The county executive should adopt modern smart cards for requisition, supply and consumption of the fuels, oils and lubricants.

2.0 Pending Accounts Payable Issues Raised.

Annex 1 to the financial statement reflects pending accounts payable of Kshs. 188,494,461. As reported in Note 1 to the financial statements under the statement of compliance and basis of preparation, the financial statements have been prepared with particular emphasis on Cash Basis of Accounting and therefore commitments were recognized as having been made when cash to pay became available. On this basis therefore, the pending bills should not have arisen. In addition, the pending accounts payable have not been supported by local purchase and service orders (LPOs and LSOs), certificates and contracts to confirm how they arose and that they were due for settlement. In the circumstance, Note 1 to the financial statements has not been complied with and further the pending bills cannot be confirmed as authentic.

Management Response.

Hon. Chairman, during the year under review, the County Government incurred a total of Kshs. 188,494,461 on goods and services and other items which were not paid for as at the close of the financial year. Pending bills are occasioned by services rendered or goods supplied which are budgeted for but not paid by the close of a financial year because of local revenue shortfalls and CRF issues. The list of pending bills per department and other supportive

documents such as LSOs/LPOs, certificates and contracts are available and have been availed for audit verification.

Committee Observation.

It was observed that funds to a tune of Kshs. 188,494,461 may have been paid to fictitious companies and individuals without following due process. No LPOs and LSOs were availed for audit verification. It was further observed that late disbursement of funds by the exchequer may lead to unpaid bills and delayed payment of suppliers.

Committee Recommendation.

The Committee recommends that;

- i. An urgent forensic audit be carried out to investigate a possible loss of Kshs. 188,494,461 within a period of six months from the date of tabling and approval of this report. Pursuant to section 156 of the Public Finance Management Act, 2012, the County Government Officers who may have been involved should be held personally liable.
- ii. The special audit report that was prepared in 2017 of all pending bills should be availed to the County Assembly to ascertain its validity and for proper actions to be taken.
- iii. That the County Executive makes available the pending bills report carried out by private auditors contracted by the Office of the Auditor General to the County Assembly for scrutiny.

3.0 Bank and Cash Balances

Issues Raised.

The statement of assets reflects a bank balance of Kshs. 43,078,028 as at 30 June 2016. However, there was no bank reconciliation statements presented for audit review to confirm the balances as reported. The reported balances were observed to be bank statement balances and cashbook balances. In addition, the County Government did not carry out bank reconciliations in Integrated Financial Management Information System (IFMIS) for all the bank accounts it operates. Also, the County Government did not present a board of

survey certificate to confirm the balance of cash in hand as at 30 June 2016. In the circumstance, the accuracy and validity of the cash and cash equivalent balance of Kshs. 43,078,028 could not be confirmed.

Management Response.

Hon. Chairman, the County Executive had a balance of Kshs. 43,078,078 at the close of the financial year under review. The Bank reconciliation statements of the bank accounts in question were prepared on monthly basis all through from 1st July 2015 to 30th June 2016 pursuant to section 165 of Public Finance Management Act, 2012. In addition the cash management module in IFMIS used to generate FO 30, that is, Bank Reconciliations is not fully operational prompting us to do reconciliation manually. The said bank reconciliation statements, board of survey certificates, cash books however, were lost through the fire tragedy which burnt down part of the county treasury offices late last year. A report on all the documents and other items lost during the incident to the county secretary has been availed for audit verification.

Committee Observation

It was observed with a lot of concern that the relevant department has not started the process of incomplete Records while the tragic fire incident is being used as an excuse not to account for the money as required by Law. Furthermore, no police Abstract was availed to the auditors during the audit process.

Committee Recommendations.

The committee recommends;

- i. That the relevant department should prepare incomplete record report with respect to the fire incident.
- ii. That the county executive should ensure that all its buildings and other assets are properly insured and are not exposed to fire.

4.0 Transfers to Bomet Water Company Issues Raised.

The statement of receipts and payments for the year ended 30 June 2016 reflects a transfer to Other Government Entities of Kshs. 412,962,351. Included in these transfers are disbursements totalling Kshs. 119,400,000 to Bomet Water Company. However, the financial statements of Bomet Water Company reported receipt of Kshs. 112,466,971 resulting to an unexplained and unreconciled variance of Kshs. 6,933,032. In the circumstance, the amount reported under transfers to other Government Entities cannot be confirmed as fairly stated.

Management Response.

Hon. Chairman, the County Executive incurred a total of Kshs. 119,400,000 as transfers to water company. The difference of Kshs. 6,933,000 was payment for electricity bill incurred by the company in various pump stations.

Committee Observation.

The committee noted that there were no documents availed to corroborate the payment of Ksh 6, 933,000 in respect of electricity bills.

Committee Recommendation.

That further investigations be carried out to establish the validity of the alleged payment for electricity bills amounting to Ksh 6, 933,000 on behalf of the Bomet Water Company for the period under review. The ownership structure of the water company should be made clear and this should be availed to the county assembly for approval and custody.

5.0 Transfers to Hospitals Issues Raised.

Note 16 to the financial statements reported transfers to hospitals of Kshs. 29,998,500. However, the schedule provided for audit review reflected transfers totalling Kshs. 27,357,668. Included in the figure of Kshs. 27,357,668 are amounts totalling Kshs. 13,812,000 which appear twice in the schedule for same health facilities with same amounts transferred. The cash book presented

for audit review indicated that only Kshs. 13,026,300 was transferred to the hospitals leaving a balance of Kshs. 16,972,200 unaccounted for. In the circumstance, the transfers of Kshs. 29,998,500 cannot be confirmed as fairly stated.

Management Response.

Hon. Chair, the County incurred a total of Kshs. 29,998,500 in respect of transfers to hospitals. These transfers were in respect to infrastructural development of the health facilities and not cash transfers for recurrent expenditures. A schedule of all payments in respect of transfer to hospitals has been availed for audit verification.

Committee Observations.

The committee observed that the County Government may have lost Kshs. 16,972,200 which was unaccounted for since the Accounting Officer supplied a fictitious looking excel generated print out hence no evidence of actual transfers. It was also noted with concern that all the alleged cash transfers were done at the tail end of the financial year.

The Committee Recommendations

The Committee should undertake a **grand inquiry** on matters relating to cash transfers for infrastructural support to health facilities in the period under review with an aim of confirming the use of the funds not accounted for.

6.0 Other Expenses

Issues Raised.

The statement of receipts and payments reflects other expenses balance of Kshs. 366,990,313. Included in this schedule are payments appearing twice in the schedule in various sub items such as hire of transport, advertisement, trainee allowances, trade shows and exhibitions among others totalling Kshs. 19,765,022 and Kshs. 48,758,729. The payments shown twice in the schedule have the same payment voucher number, account charged and payee. No explanation has been provided on why the schedule in support of this

expenditure would have double entries and therefore denote double payments. In the circumstances, the other expenses balance of Kshs. 366,990,313 reflected in the statement of receipts and expenditure cannot be confirmed to have been properly incurred, recorded and reported.

Management Response.

Hon. Chairman, the County Government incurred a total of Kshs. 366,990,313 in respect of other expenses. A reconciled schedule has been availed for audit verification.

Committee Observation

The committee observed that the explanation given by the Accounting Officer was not satisfactory because the purported reconciled schedule provided cannot be ascertained and the County Government may have lost an amount totalling to Kshs. 19,765,022 and Kshs. 48,758,729 making a total of Ksh 68,523,751. This clearly shows that the Accounting Officers did not exercise due diligence in the circumstances.

The Committee Recommendation.

The Committee recommends that a forensic audit be carried out to establish the possible loss of Ksh 68,523,751 within the next 6 months from the date of tabling and approval of this report. Further, investigation should be undertaken to establish the personnel responsible for misappropriation of public funds with a view to taking appropriate disciplinary action as well as recovery of public funds.

7.0 Revenue Budget Analysis Issues Raised.

Revenue Budget Analysis

According to the statement of the receipts and payments, the County Government received a total of Kshs. 5,052,595,137 resulting to a funding shortfall of Kshs. 118,361,443. The shortfall arose from own sources of revenue which had a budget of Kshs. 446,443,332 against actual collection of Kshs. 328,081,937. The County Government therefore relied heavily on the exchequer releases and other transfers from National Government to finance its operations.

Management Response.

Hon. Chairman, during the financial year under review, we had budgeted for Kshs. 446,443,332 as other receipts, however we realized Kshs. 320,075,500 short of Kshs. 126,367,832. Included in the budget as other receipts are County Own Sources of Kshs. 215,571,905 Fuel Levy of Kshs. 59,793,197, Free Maternal Health Care of Kshs. 58,452,800, User Fee Forgone Kshs. 16,880,750 and Lease of Medical Equipment of Kshs. 95,744,680. The shortfall of Kshs. 126,367,832 is made up of Lease of Medical Equipment of Kshs. 95,744,680, Free Maternal Health Care of Kshs. 15,260,300 and County Own Sources Ksh 15,362,852.

The realization of budgeted lease of medical equipment and free maternal health care revenues are not within the control of the County Government. The shortfall on own sources was occasioned by delayed enactment of the Finance Bill, failed partnership with KRA on structured revenue streams. Maternal health care revenue projections were made based on the workload which did not materialize.

Committee observation

It was observed that the County Executive failed to make proper projection regarding expected revenue during the period under review. This could have been occasioned by delays in enactment of relevant laws and poor collection system of own revenue. It is further observed that there was no evidence supplied to confirm the revenue flow during the period under review.

Committee Recommendations.

The committee recommends that;

- i. The County Government should put in place measures to strengthen revenue collection controls and thus improve its own revenue collection including automation and sealing of loopholes that facilitate revenue leakages to ensure that set targets are achieved.
- ii. That the County Executive should be submitting Finance Bills early enough to enable the Assembly enactment as required by the Public Finance Management Act.
- iii. In case of delays in enactment of the relevant laws and regulations, this should be brought to the attention of the county assembly in writing by the CECM, Finance and Economic Planning early enough for corrective remedial action

7.1 Collection of Local Revenue.

Issues Raised.

The following table shows the performance of budgeted revenue streams against actuals realized.

Revenue Stream	Budget Kshs.	Actual Kshs.	Variance Kshs.
Markets and Slaughter	3,677,471	11,668,305	7,990,834
Miscellaneous Receipts	7,403,544	9,036,634	1,633,090
Parking Charges	11,638,883	12,301,750	662,867
Rental Income	4,086,818	3,675,959	(410,859)
Property Rates	10,710,113	9,275,843	(1,434,270)
Business Permits	32,438,620	27,350,252	(5,088,368)
HSSF	8,671,362	3,482,162	(5,189,200)
Cess Collections	18,105,034	4,243,031	(13,862,003)
Other Revenue Streams	6,010,162	9,361,598	3,351,436
Cheptalal Hospital	800,622	720,133	(80,489)

Unilever Tea (Land Rates)	12,815,615	11,527,221	(1,288,394)
Williamson Tea	2,887,780	2,592,965	(289,815)
James Finlay (Land Rates)	9,609,194	8,643,152	(966,042)
Kipsigis Highlands	1,600,948	1,440,000	(160,948)
Sotik Tea (Land Rates)	3,975,714	3,576,023	(399,691)
Embomos Tea Farm	14,000,000	12,570,614	(1,429,386)
Sigor Hospital	4,400,000	3,934,625	(465,375)
Longisa Hospital	36,000,000	31,587,020	(4,412,980)
Total	188,826,880	166,987,287	(21,839,593)

From the above table, the following issues were noted during the audit.

7.2 Market and Slaughter

During the year under review, the County Executive had budgeted to collect Kshs. 3,667,471 revenue from market and slaughter fees. However, actual collection was Kshs. 11,668,305 which was three (3) times more than what was budgeted for. It therefore appears that the County Government had underestimated the revenue potential from this category.

Management Response.

Hon. Chairman, the favourable variance in respect of market and slaughter revenue realized during the year under review was due to strengthening revenue collection controls by the department of revenue. Most of the revenues under unstructured stream are unexpected in nature unlike structured streams where it is easier to project.

Committee Observation

It was observed that the County Government underestimated the revenue potential of this category and thus failed to fully project the expected revenue collection during the period under review.

Committee Recommendation.

The Committee recommends that the County Government should put in place proper systems to ensure that variance in revenue projection and actual collection is minimized. The County should improve on the budget making process so as to fully exploit all the revenue potential. The county executive should improve the various markets and slaughter houses since this has proved to be a potential revenue stream.

7.3 Property Rates Issues Raised.

The revenue budget for property rates was Kshs. 10,710,113 but actual collections totalled Kshs. 9,275,843 thereby resulting to under-collection of revenue of Kshs. 1,434,270. It therefore appears that revenue from this category can be realized in full were proper measures to be put in place as the collection rate attained was eighty seven (87%) percent of the amount budgeted.

Management Response.

Hon. Chairman, the revenue collection on land rates fell short of the target because it took us long to update the records and to reach the real owners of the plots because plots changed hands many times without involvement of the office concerned to formalize transfers. The records are now up to date and progress in terms of revenue collection in property rates is positive.

Committee Observation.

It was observed that huge under-collection in this category should not be arise since actual properties which attract rates are known.

Committee Recommendation.

The Committee recommends that;

- i. All uncollected rates in arrears should be collected. The County Government may consider giving a waiver of interest to all property owners in Bomet County.

- ii. Proper measures including continuous updating of records be put in place to ensure that maximum revenue collection is attained.

7.4 Single Business Permits Issues Raised.

The revenue budget for single business permits was Kshs. 32,438,620 against an actual of Kshs. 27,350,252 occasioning a shortfall of Kshs. 5,088,368. The revenue from this source needs to be realized in full as the sources can be categorized and the charge-out rates clearly spelt out in the County Finance Act. It therefore appears that prudent mapping of businesses was not done during the budgeting process to determine revenue due from this stream.

Management Response.

Hon. Chairman, during the year under review, we experienced late enactment of the Finance Bill 2016, which occasioned delays in collection of revenue for Single Business Permits and hence made most of the businesses make payments after 30th June, 2016.

Committee Observation.

It was observed that;

- i. There was failure to undertake prudent mapping of businesses during the budget making process.
- ii. The delays in enactment of the County Finance Act could not have occasioned poor collection of own revenue during the period under review since there was an existing legislation approved in the previous year.

Committee Recommendation.

The Committee recommends that;

- i. Prudent mapping of businesses should be done during the budgeting process to determine revenue due from this stream.

- ii. That the County Executive should be submitting to the County Assembly Finance Bills early enough to enable the Assembly process the legislation as required by the Public Finance Management Act.
- iii. Carry out regular physical inspection of business premises to ensure compliance with the prevailing single business permits rates.
- iv. Sensitize the business community on the importance of paying the single business permits/levy while at the same time strive to offer better services to them.

7.5 Cess Collection

Issues Raised.

The budgeted revenue for this revenue stream was Kshs. 18,105,034 but actual collection totalled Kshs. 4,243,031. The collection represented a lowly twenty three (23%) percent of the budget. This implies there was gross under collection of revenue due to lack of proper management of cess collection points, or other forms of revenue leakage. It is therefore evident that prudent management was not exercised during budgeting and actual collection of revenue from this stream.

Management Response.

Hon. Chair, during the year under review, the Cess collection was mainly from Tea Cess. This was unfortunately prematurely suspended by the Tea Board of Kenya pending the determination of a case that was filed by the Governor of Kericho County. The case affected tea cess collections in all tea growing counties in Kenya.

Committee Observation.

It was observed that the Cess collection in the year under review was still too low and yet the Cess Collection was automated. The Accounting Officer seems to forget that there were other Cess chargeable which have not been fully exploited. This includes Cess royalties from quarrying activities and potato produce cess among many others.

Recommendation.

The Committee recommends that the County Government should put in place measures to strengthen revenue collection controls under this category to

ensure that revenue leakages are eliminated. Further, the County Government should map out other Cess Chargeable in order to come up with a full list of items/goods which are chargeable to cess.

7.6 Unilever Tea Kenya (Land Rates)

Issues Raised.

The budgeted revenue amount from land rates was Kshs. 12,815,615 but actual collection totalled Kshs. 11,527,221 for land acreage of 12,007.522 acres. However, explanation of bank statements revealed a total of Kshs. 11,585,221.10 was received from Unilever Tea Kenya by the County Government of Bomet as shown in the table. The actual revenue figure was therefore, understated by Kshs. 58,000.

Date	Amount Kshs.
21/03/2016	58,000.00
29/01/2016	11,527,221.10
	11,585,221.10

According to Bomet County Government Finance Act, 2016, the prescribed percentage charging was 2.5% of the value of the land. However, the land rates were charged at 1.2% resulting to undercharging of revenue amounting to Kshs. 12,487,823. In the circumstance, the revenue collectable has been understated.

Management Response.

Hon. Chairman, the rate of 1.3% charged instead of 2.5% was arrived at during a meeting held on 25th November, 2013, in relation to rates being charged annually on ground rent by the multi-nationals. This was occasioned by late enactment of the Finance Act, 2016. The minutes of the meeting which resolved to harmonize the rates have been availed for audit verification.

Committee Observation.

It was observed that there were variation in terms of provisions of the Bomet County Finance Act during the period under review and the agreement between the Tea Growers Association and the County Government on 25th November, 2013. It was further observed that the County Government ignored the enacted County Finance Act and opted to use said agreement instead.

Committee Recommendation.

The Committee recommends that;

- i. The County Government must at all times adhere to existing County Finance Act.
- ii. An updated Valuation Roll covering all leasehold properties in the County must be prepared and approved by the County Assembly.

7.7 Williamson Tea Kenya (Land Rates)

Issues Raised.

The budgeted revenue for land rates was Kshs. 2,882,780 against actual of collection Kshs. 2,592,965. The revenue was understated by Kshs. 222,200 as bank statements revealed that Kshs. 2,818,165.75 was deposited in the account for County Government of Bomet. The understatement has not been explained. The following shows the bank deposits from banks statements:

Date	Amount Kshs.
29/04/2016	94,500.00
05/01/2016	127,700.00
21/01/2016	2,595,965.75
	2,818,165.75

According to Bomet County Government Finance Act, 2016, land rates are to be charged at 2.5% of the value of the land. However, the land rates were instead charged at 1.2, resulting to undercharging of revenue by Kshs.

2,809,046. In the circumstance, the revenue collectable through the land rates has been understated.

Management Response.

Hon. Chairman, all rates charged across the revenue streams were backed by the Finance Act, 2016. The rate of 1.3% charged instead of 2.5% was arrived at during a meeting held on 25th November, 2013, in relation to rates being charged annually on ground rent in the multi-nationals. The Minutes of the meeting which resolved to harmonize the rates has been availed for audit verification.

Committee Observation.

It was observed that there were variation in terms of provisions of the Bomet County Finance Act during the period under review and the agreement between the Tea Growers Association and the County Government on 25th November, 2013. It was further observed that the Accounting Officer seems to ignore the fact that the County Finance Act 2016 supersedes the minutes of the meeting Tea Growers Association and the County Government on 25th November, 2013.

Committee Recommendation.

The Committee recommends that;

- i. The County Government must at all times adhere to existing County Finance Act.
- ii. An updated Valuation Roll covering all leasehold properties in the County must be prepared and approved by the County Assembly.

7.8 Revenue from James Finlay Land Rates

Issues Raised.

Records indicate that the County Government of Bomet Collected Kshs. 8,643,152 from James Finlay Limited in respect of land rates for the year 2016. However, there was no valuation report to confirm how Kshs. 8,643,152 was arrived at. Based on the tabulation below, the revenue collectable was Kshs. 8,743,152, denoting under-collection by Kshs. 100,000. In the absence of

supporting documents, it was not possible to confirm whether the amount paid was calculated based on the correct site values and acreage. In addition according to Bomet County Finance Act, 2016, the revenue percentage was to be 2.5% and not 1.2% and therefore, there was undercharging by Kshs. 9,299,095 as tabulated below.

LR/No	Acreage	Site Value Kshs	Rate 1.2% Kshs.	Rates 2.5% Kshs	Difference Kshs
5468	1938.996	155,119,688	1,861,436.26	3,877,992	2,016,556
5468	2159.011	172,720,880	2,172,650.56	4,318,022	2,154,372
5468	1509.039	120,733,120	1,448,797.44	3,018,328	1,605,209
5468	1471.999	117,759,920	1,413,119.04	2,943,998	1,530,879
5468	668.7085	53,496,680	641,960.16	1,337,417	695,457
7797	814.0267	65,122,136	781,465.63	1,628,053	846,588
7797/3	441.378	35,310,240	423,722.88	882,756	459,034
Total		720,262,664	8,743,151.97	18,006,566	9,299,095

Management Response.

Hon. Chairman, all rates charged across the revenue streams were backed by the Finance Act, 2016. The rate of 1.3% charged instead of 2.5% was arrived at during a meeting held on 25th November, 2013, in relation to rates being charged annually on ground rent in the multi-nationals. The Minutes of the meeting which resolved to harmonize the rates has been availed for audit verification.

Committee observation

It was observed that there were variation in terms of provisions of the Bomet County Finance Act during the period under review and the agreement between the Tea Growers Association and the County Government on 25th

November, 2013. It was further observed that the Accounting Officer seems to ignore the fact that the County Finance Act 2016 supersedes the minutes of a meeting purported to have been held between Tea Growers Association and the County Government on 25th November, 2013.

Committee Recommendation

The Committee recommends that;

- i. Going forward all revenue collection must be anchored on County Finance Act.
- ii. An updated Valuation Roll covering all leasehold properties in the County must be prepared, presented and approved by the County Assembly within two years from the date of adoption of this report.

7.9 Land Rates for Kipsigis Highlands

Issue Raised

During the year 2015/2016, the County Government of Bomet collected a total of Kshs. 1,440,000 in respect of Kipsigis Highlands. However, no disclosure has been made on how the amount was arrived at as no documentary evidence was availed for audit review.

Management Response

Hon. Chairman, all rates charged across the revenue streams were backed by the Finance Act, 2016. The rate of 1.3% charged instead of 2.5% was arrived at during a meeting held on 25th November, 2013, in relation to rates being charged annually on ground rent in the multi-nationals. The Minutes of the meeting which resolved to harmonize the rates has been availed for audit verification.

Committee observation

The Committee noted with concern that despite existence of County Finance Act, the Accounting Officer seemed to have generated figures without supplying documentary proof while the County loses millions of shillings in revenue.

Committee Recommendation

The Committee recommends that;

- i. Going forward all revenue collection must be anchored on County Finance Act.
- ii. An updated Valuation Roll covering all leasehold properties in the County must be prepared and approved by the County Assembly.
- iii. Pursuant to Section 156 of the Public Finance Management Act, all the Public and accounting officers who were involved in improper conduct must face appropriate disciplinary sanctions.

7.10 Unrealized Revenue under Land Rates for Sotik Tea Issues Raised

During the year 2015/2016, the County Government of Bomet collected revenue under land rates for Sotik tea totalling Kshs. 3,576,023 from land measuring 3,694 acres and valued at Kshs. 341,695,000. However, according to Bomet County Government Finance Act, 2016 the amount collected should have been Kshs. 8,542,375 as the rate used to charge the amount due was 2.5%. It is not clear how the amount of Kshs. 3,576,023 counted was arrived at as the amount due for the year 2016 was Kshs. 5,262,103. In the circumstances, the revenue due is understated.

Management Response.

Hon. Chairman, all rates charged across the revenue streams were backed by the Finance Act, 2016. The rate of 1.3% charged instead of 2.5% was arrived at during a meeting held on 25th November, 2013, in relation to rates being charged annually on ground rent in the multi-nationals. The Minutes of the meeting which resolved to harmonize the rates has been availed for audit verification.

Committee observation

It was observed that the County lost Ksh 5, 262, 103 due to the negligence of the Accounting Officer not applying the Bomet County Finance Act, 2016.

Committee Recommendation

The Committee recommends that;

- i. Arising from the above stated losses, the County Government should urgently embark on recovering Ksh 5, 262, 103 from Sotik tea Company by applying the provision of the Bomet County Finance Act, 2016.
- ii. Pursuant to Section 156 of the Public Finance Management Act, all the Public and accounting officers who were involved in improper conduct must face appropriate disciplinary sanctions.

7.11 Revenue on Property Rates

Issue Raised

Verification of property rates collection records revealed that Kshs. 7,693,039 was collected in respect of land rates and Kshs. 553,254 on ground rates during the year under review. However, the respective outstanding collections were that Kshs. 129,935,114 and Kshs. 21,059,810. In addition, the recent valuation reports for the parcels of land were not provided for audit. In the absence of the valuation report, it was not possible to confirm whether the amount paid was calculated on the correct site values and acreage. Further, interest accrued amounting Kshs. 27,179,086 had not been collected as at 30 June 2016.

Description	Kshs	Kshs	Kshs
Outstanding amount in Land Rates	129,935,114	Interest 18% p.a	23,388,320.50
Outstanding amount in Ground Rents	21,059,810	@18% p.a	3,790,765.80
Total	150,994,924		27,179,086.30

Management Response

Hon. Chair, as at the close of the financial year in question an amount of Kshs. 129,935,114 and Kshs. 21,059,810 for Land Rates and Ground Rents respectively. We had plans of outsourcing collection of structured revenue to KRA as the first option. However, KRA was still developing structures for such engagements. Secondly was to waive the interests and penalties in order to entice the owners of the properties and land pay the principal sum. This is a move which has been employed by some counties.

Committee observation

The Committee noted with concern that the outstanding amount in Land Rates and Ground Rents was huge and therefore it was necessary for the County Government to come up with innovative ways of actually collecting this revenue. It was further observed that huge under-collection in this category should not arise since actual properties that attract rates are known.

Committee Recommendation.

The Committee recommends that;

- i. All uncollected rates in arrears should be collected with interest. The County Government may consider giving a waiver of interest to all property owners in Bomet County as incentive.
- ii. Proper measures including continuous updating of records be put in place to ensure that maximum revenue collection is attained.
- iii. Consider the plan of bringing KRA on board as a collection agent for land rates/rent.

8.0 Expenditure Budget Analysis

8.1 Development Expenditure

During the year under review, the County Executives development budget of Kshs. 2,422,686,282 against actual expenditure of Kshs. 2,147,028,459 resulting to unutilized budgetary allocation of Kshs. 275,657,823. The overall absorption of funds was eighty-eight point six (88.6%) percent. The departments of public health and environment and trade, energy, tourism and industry realized the lowest absorption of their respective budgetary allocations at zero (0%) and 18.7% percent respectively. The expenditure at the office of the Governor was 217% of the budget, finance and economic was 404% and roads and public works was 112%.

Department	Approved Budgetary Allocation Kshs	Actual Expenditure	% Level of implementation
Office of the Governor,	40,000,000	86,732,352.50	(217)

administration and Public Service			
Finance and Economic Planning	29,678,114	119,926,265.00	(404)
Public Health and Environment	8,900,000	0	0
Social Services	412,094,505	390,369,509.00	95
Medical Services	538,214,826	391,643,604.00	73
Lands, Housing and Urban Planning	125,552,744	86,998,444.55	69
Agri-Business, Cooperatives and Marketing	175,913,346	101,824,970.45	58
Water Services	373,442,716	255,381,221.65	68
Education, Vocational Trainings	281,510,069	266,616,732.90	95
Roads and Public Works	391,873,962	439,041,836.35	(112)
Trade, Energy, Tourism and Industry	45,506,000	8,493,523.00	19
Total	2,422,686,282.00	2,147,028,459.40	89

Management has not explained the sources of funds for the over-expenditures.

Management Response

Hon. Chairman, the over expenditure was contributed by late approval of supplementary budget by the County Assembly. During the year under review, the final supplementary budget was approved on 29th June, 2016 with amendments thus rendering the running budget then inactive. This late approval of the supplementary budget has far reaching effects including but not

limited to negative balances once implemented. The under expenditure was contributed by several factors but not limited to late approval of supplementary budget, local revenue shortfall and failure by the national government to disburse all the exchequer releases on time.

Committee observation

Despite the fact that there was an approved supplementary budget at the tail end of the financial year, it was noted with concern that the County Executive thrived in huge misappropriation of public funds.

Committee Recommendation

The Committee recommends that the County Executive should strictly adhere to approved budget to avoid misappropriation of public funds. In cases where some department are allocated funds which are unutilised towards the end of Financial Year then these should be re-voted through a supplementary budget.

8.2 Recurrent Expenditure

During the year, the recurrent expenditure budget was Kshs. 2,248,901,369 but actual expenditure totalled Kshs. 2,903,258,248. Therefore, the County Government realized an over-absorption rate of 132% percent. There were only two departments namely public health and environment and trade, energy, tourism and industry that spent within the approved budgetary allocations and 57.9% respectively while all the other departments over spent their budgetary allocations. The office of the Governor overspent its budget by 16%, finance and economic planning 41%, social services 48%, agribusiness 54%, water services, education and public works by 108 %, 48% and 24% respectively. The source of funds for the over-expenditures has not been explained.

Department	Approved Budgetary Allocation Kshs	Actual Expenditure	% Level of Absorption
Office of the Governor, administration and	699,058,865.00	816,597,910.55	(117)

Public Service			
Finance and Economic Planning	288,734,924.00	407,977,596.50	(141)
Public Health and Environment	195,943,894.00	90,442,712.55	46
Social Services	42,866,939.00	63,543,592.55	(148)
Medical Services	471,912,630.00	479,649,041.55	(102)
Lands, Housing and Urban Planning	66,223,465.00	71,744,475.80	(108)
Agri-Business, Cooperatives and Marketing	152,140,135.00	234,250,348.35	(154)
Water Services	37,579,812.00	78,124,878.10	(208)
Education, Vocational Trainings	161,802,674.00	239,685,877.45	(148)
Roads and Public Works	117,903,727.00	145,875,807.80	(124)
Trade, Energy, Tourism and Industry	14,734,304.00	8,540,090.55	58
Total	2,248,901,369	2,963,258,248.20	(132)

Management Response.

Hon. Chairman, the over expenditure was contributed by late approval of supplementary budget by the County Assembly. During the year under review, the final supplementary budget was approved on 29th June, 2016 with amendments thus rendering the running budget then inactive. This late approval of the supplementary budget has far reaching effects including but not limited to negative balances once implemented. The under expenditure was contributed by several factors but not limited to late approval of

supplementary budget, local revenue shortfall and failure by the national government to disburse all the exchequer releases on time.

Committee observation

It is observed that significant changes of the budget that cut across most of the departments through supplementary budget connotes poor planning.

It was further observed the Accounting Officer seems to suggest that the County Executive stopped using the approved budget while awaiting the approval of the Supplementary budget by the County Assembly.

Committee Recommendation

The Committee recommends that the County Executive should strictly adhere to approved budget to avoid misappropriation of public funds. Further periodic reports on budget implementation process should be availed to the County Assembly for the budget and appropriation committee to take prompt corrective measures.

9.0 Office of the Governor and Public Administration

9.1 Budget Appraisal Performance

The Office of the Governor was allocated a total of Kshs. 739,058,865 (Kshs. 40,000,000 development vote and Kshs. 699,058,865 recurrent vote). The actual expenditures incurred, as recorded in the vote book, are analysed as follows:

Expenditure Type	Approved Budget Kshs.	Actual Expenditure Kshs.	Absorption Rate %
Development	40,000,000.00	86,732,352.50	(216.8)
Recurrent	699,058,865.00	816,597,910.55	(116.8)
Total	739,058,865.00	903,330,263.05	(122)

possible to confirm that the land was owned by the County Executive of Bomet. The offices were idle despite substantial works having been undertaken. In the circumstances, the project is yet to be completed and its costs could escalate.

Management Response

Hon. Chairman, it is true that construction of Sotik sub-county office is not yet complete. The administration is currently quantifying the remaining works for budget provision and funding.

Committee observation

It was observed that the County executive was not keen on the aspect of ownership of parcel of lands before committing public funds.

Committee Recommendation

The committee recommends that;

- i. The County engineer should be keen in supervising all capital projects to ensure prudence in utilization of scarce public resources.
- ii. The County Government must obtain legal ownership of parcels of land before commencement of any development projects.
- iii. The county executive should ensure that all previous projects are completed before initiating any new projects and fast track completion of Sotik Sub-County Offices.

9.3 Construction of Kembu Ward Office

The construction works started in the financial period 2014/2015 at a sum of Kshs. 5,591,005 and as at the time of audit, the contractor had been paid Kshs. 1,342,474 on 5 December 2015. A site visit on 27 September 2016 revealed that window panes and wooden doors had been fixed, the ceiling done and grill doors fitted in the building. However, there was no sign post on site for identification and the compound was not fenced. The land is a public utility whose title deed was not presented for audit, casting doubts on the ownership of the project. Although the contractor was on site and the building is incomplete as final touches/finishing's still being carried out, it was not made clear by management when the works would be completed and the building put to use.

Management Response.

Hon. Chairman, it is true that construction of Kembu Ward Office is not yet complete. The administration is currently quantifying the remaining works for budget provision and funding.

Committee observation

It was noted that although the parcel of land was confirmed as public utility, the aspect of actual ownership by the County Government was not ascertained before committing public funds.

Committee Recommendation

The committee recommends that the County Government should obtain legal ownership of the land before commencement of any development projects. This project should be completed as soon as possible to address the wear and tear of the building and the county executive should report to the county assembly on the progress of the construction.

9.4 Construction of the Chemaner Ward Office

This project was awarded for a sum of Kshs. 6,897,806 and total payment totalling Kshs. 1,841,655 made on 10 March, 2016 through payment voucher number 2442. Physical verification of the project carried out on 27 September 2016 indicated that the building was incomplete (at lintel phase), the contractor was not on site. The project sign post at the site did not provide important details such as completion period, the financial period in which the project was to be undertaken, the major financier and whether requisite approvals by National Environmental Management Authority (NEMA), National Construction Authority (NCA) were sought and obtained. Further, the site was not fenced which made the building prone to encroachment and vandalism. The ownership of the land on which the building stands was not made clear by management since the title deed was not presented for audit verification. It is not known when the works will be completed and the building put to use.

Management Response.

Hon. Chairman, it is true that construction of Chemaner Ward office is not yet complete. The administration is currently quantifying the remaining works for budget provision and funding.

Committee observation

It was noted that the aspect of ownership by the County Government was not ascertained before committing public funds.

Committee Recommendation

The Committee recommends that the Title Deed for the parcel of land under which the construction has been done should be obtained by the County Government. This project should be completed by the county executive as soon as possible so that it does not turn out to be a white elephant.

The County engineer should be keen in supervising all capital projects to ensure prudence in utilization of scarce public resources.

9.5 Construction of Rongena Ward Office

The total amount paid for this project during the period under review was Kshs. 2,722,122 against a contract sum of Kshs. 6,362,660. Physical verification revealed that although the external structure was completed, there were no doors inside the building and the grill door was missing and no provision was made for visitor washrooms. Further, the septic tank and soak pit lacked manhole covers, exposing people around the building to risk of serious harm. The land is public utility, as Chief's Office is located on the same compound and the title deed was not produced. There was no sign post on the site to identify the project and no fence had been erected on the front thus exposing the building to encroachment and vandalism. It was not made clear by management when the works would be completed and the building put to intended use.

Management Response.

Hon. Chairman, it is true that construction of Rongena Ward Office is not yet complete. The administration is currently quantifying the remaining works for budget provision and funding.

Committee observation

It was observed that although the parcel of land was confirmed as public utility, the aspect of actual ownership by the County Government was not ascertained before committing public funds.

Committee Recommendation

The committee recommends that;

- i. The County engineer should be keen in supervising all capital projects to ensure prudence in utilization of scarce public resources.
- ii. The County Government must obtain legal ownership of parcels of land before commencement of any development projects.
- iii. The County Government should ensure that all development projects being undertaken must be fenced off for the safety of the public.
- iv. There should be sign post erected and safety measures put in place for all the projects being undertaken by the county executive.

10.0 Department of Social Services

10.1 Budget Appraisal Performance

Issue Raised

During the year under review, the department of social services had a budget of Kshs. 454,961,444 but an actual expenditure totalled Kshs. 386,741,760 as tabulated below:

Expenditure	Budget Kshs.	Actual Kshs.	Variance Kshs.
Development	412,094,505	324,539,326	87,555,179
Recurrent	42,866,939	62,202,434	(19,335,495)
Total	454,961,444	386,741,760	68,219,684

The development vote was under spent by Kshs. 87,555,179 and the recurrent vote overspent by Kshs. 19,335,495. The County Executive management have not explained the anomaly.

Management Response.

Hon. Chairman, the said over expenditure by the department of social services was contributed by late approval of supplementary budget by the county assembly. During the year under review, the final supplementary budget was approved on 29th June, 2016 with amendments thus rendering the running budget then inactive. This late approval of supplementary budget has far reaching effects including but not limited to negative balances once implemented. The said under expenditure on development budget was contributed by several factors but not limited to late approval of supplementary budget, local revenue shortfall and failure by the national government to disburse all the exchequer releases on time.

Committee observation

The Committee noted with concern that the County Executive overspent on recurrent budget. The Accounting officer failed to submit documentary evidence to justify the over expenditure under the recurrent vote.

Committee Recommendation

The Committee recommends that;

- i. Investigation of the noted possible misapplication of public funds in the recurrent budget be carried out by forensic Auditors from the Office of the Auditor General.
- ii. In future all supplementary budgets must be prepared and presented for approval on time.

10.2 Violation of the Regulations on Age Limit Issue Raised

The regulations of the Old Persons with Disability Programme states that the persons to benefit from cash stipends should be seventy (70) or more years in age. However, from the list of old persons provided by the department there were a total of three hundred and twenty two (322) persons who were under the age of seventy (70) years old who benefitted from the programme. In the

circumstance, it appears there were persons who benefitted contrary to established regulations. Consequently, the department paid a total of Kshs. 654,626 as cash stipend and disbursed Kshs. 96,600 to National Hospital Insurance Fund (NHIF) contrary to the regulations.

Management Response.

Hon. Chairman, there are beneficiaries whose Identification Cards appear that they are less than 70 years of age. However, there is a disparity between the physical appearance or the true age of the person and the age of the person and the age indicated in the ID Card. When the said persons complained of their age, the department of social services endeavoured to ascertain their true age through their first born children and their age-mates. The exercise was done with the help of the respective Chiefs and Assistant Chiefs who did confirm that the affected persons were actually older than what was indicated in the Identification Cards (IDs).

The payment of Kshs. 654,626 as stipend and Ksh. 96,600 to NHIF in respect of the alleged under aged beneficiaries are in order and justified. Their true age following the Chief's confirmation make them qualify in accordance to the selection criteria. A sampled list of beneficiaries and copies of IDs showing understatement of their ages and letters from their respective administrators have been availed for audit verification.

Committee observation

The committee observed that while the assertion that some of the beneficiaries could have had their ages underreported this could be dangerous loophole that could lead to misappropriation of public funds.

Committee Recommendation

The Committee recommends that;

- i. The County Executive must at all times adhere to approved regulations to avoid instances where public funds can be misappropriated.
- ii. That further investigation be carried out to establish whether all the 322 beneficiaries were genuinely entitled to receive the stipends and the County Executive should avail the report of ascertaining the actual age of the elderly persons to the County Assembly.

10.3 Payments of Persons with Disability Cash Stipend Issue Raised

Examination of expenditure records revealed that persons with disability (PWDs) were paid cash stipend of Kshs. 2,000 per month. This was contrary to the regulations which states that only persons with severe disability (PWSDs) should be provided with the cash stipend of Kshs. 2,000 through a care taker. Consequently, the fund administrator seemed to have mixed up the terms Persons with Disability (PWDs) and Persons with Severe Disability (PWSDs) whereby the regulations envisioned the latter to be the absolute beneficiaries. In addition, although payments amounting Kshs. 5,082,500 were made, the list of persons with severe disabilities was not provided to confirm the disability after assessment. In the circumstance, the expenditure could not be confirmed as properly charged to public funds.

Management Response.

Hon. Chairman, the Bomet County support for the Needy Act Section 4(1)(a) states; the purpose of the fund is to provide stipend to the old persons with disabilities in accordance with the criteria established under this Act. However, according to the regulations only persons with severe disabilities (PWSD) are to be paid the stipend. For purposes of clarity, the 500 persons referred to in the payment transactions are actually PWSD but popularly referred to as PWDs. The persons with severe disabilities are assessed by medical experts. The Bomet County Support for the Needy Act, 2014 and medical examination reports have been availed for audit verification.

Committee observation

The Committee notes that the beneficiaries entitled to the stipend under the approved regulations were Persons With Severe Disability and not all the Persons with Disability.

Committee Recommendation

The Committee recommends that the County Executive must carry out comprehensive assessments and maintain updated records of persons falling under this category to ensure that only beneficiaries who are entitled to County Government Support actually benefit. A database of all persons with

severe disabilities should be developed and a copy submitted to the Clerk of the County Assembly.

10.4 Bomet IAAF Stadium Issue Raised

Examination of payment records revealed that a sum of Kshs. 84,499,998 was spent on construction of Bomet IAAF Stadium during the year under review. As previously reported, the construction works started on 4 March 2014 and the expected completion date was 22 October 2014. However, at the time of audit in October 2016, construction works were still ongoing at the Stadium. In addition and as previously reported, the ownership documents for the land where the stadium is under construction were not presented for audit verification. It was therefore not possible to establish whether the land belongs to the County Government. The original contract sum of the stadium was Kshs. 221,293,760.47 as per the bill of quantities, drawn by the Quantity Surveyor, Ministry of Public Works and Transport. The County Government of Bomet did not contract the works of the stadium, but instead, formed a committee to oversee the implementation of the project on labour based payments. At the time of this audit exercise, a total of Kshs. 281,030,074 had been spent on the construction and the stadium was approximately 60% complete. No explanation was given for failure to complete the project as expected on 22 October, 2014. Evidently the cost of the project will keep on increasing while the quality may not be guaranteed due to the construction method applied in the project.

Management Response.

Hon. Chairman, it is true that Bomet IAAF stadium is still not complete to date. This is one of the capital intensive projects and thus takes a lot of time to complete. The new administration has resolved to adopt full contract to finish the remaining works and has since been handed over to the contractor. The land where the stadium was constructed belongs to the County Government. The physical plan has been availed for audit verification.

Committee observation

The Committee notes with concern that while the cost of the of the project was Ksh 221,293,760.47 as per the approved bill of quantities, a total of Kshs. 281,030,074 had been spent on the construction and yet the stadium was 60% complete at the time of the audit exercise. The County Executive had therefore exceeded the budget by Ksh 59, 736, 313.53. Further, the Committee noted that the project was expected to be completed by 22nd October, 2014 having commenced on 4th March, 2014.

Committee Recommendation

The Committee recommends that a thorough forensic audit be carried out to establish possible misappropriation of public funds. This exercise should be completed within a period of six months from the date of approval of this report.

11.0 Department of Public Health and Environment – Budget Appraisal Performance

11.1 Budget Appraisal Performance Issue Raised

During the year under review, the department of public health and environment had a budget of Kshs. 204,843,894 but an actual expenditure totalled Kshs. 92,861,453 as tabulated below:

Expenditure	Budget	Actual Kshs	Variance Kshs
Development	8,900,000	3,589,680	5,310,320
Recurrent	195,943,894	89,271,773	106,672,121
Total	204,843,894	92,861,453	111,982,441

There was under spending in the development vote by Kshs. 5,310,320 and by Kshs 106,672,212 in the recurrent vote. The rate of absorption of funds was therefore forty-five (45%) percent. The under spending denied the residents of the County the much needed public services.

Management Response.

Hon. Chairman, the said over expenditure by the Ministry of Public Health and Environment was contributed by late approval of supplementary budget by the County Assembly. During the year under review, the final supplementary budget was approved on 29th June, 2016 with amendments thus rendering the running budget then inactive. This late approval of the supplementary budget has far reaching effects including but not limited to negative balances once implemented. The said under expenditure on development budget was contributed by several factors but not limited to late approval of supplementary budget, local revenue shortfall and failure by the national government to disburse all the exchequer releases on time.

Committee observation

The Committee observed that the under spending in this sector may have denied the residents of the County the much needed public services in a crucial public health department.

Committee Recommendation

The Committee recommends that the County Executive must at all times implement the Budget as approved.

12.0 Department of Water Issues Raised

12.1 Budget Performance Analysis

During the year under review, the department of water had an expenditure budget of Kshs. 396,610,969, being Kshs. 37,579,812 for recurrent expenditure and Kshs. 359,031,157 for development expenditure. Comparison of actual expenditure with the budget revealed that there was over-expenditure of Kshs. 38,217,528.15 on the recurrent vote and under-expenditure of Kshs. 110,718,426.35 on the development vote resulting to net saving of Kshs. 72,500,898 as detailed in the table below:

Expenditure	Budget Kshs.	Actual Kshs	Variance Kshs	% Age
Recurrent	37,579,812.00	75,797,340.15	38,217,528.15	202%

Development	359,031,157.00	248,312,730.65	(110,718,426.35)	69%
Total	396,610,969.00	324,110,070.80	(72,500,898.20)	

Management Response.

Hon. Chairman, the over expenditure on the Ministry of Water budget was contributed by late approval of supplementary budget by the County Assembly. During the year under review, the final supplementary budget was approved on 29th June, 2016 with amendments thus rendering the running budget then inactive. This late approval of the supplementary budget has far reaching effects including but not limited to negative balances once implemented. The under expenditure was contributed by several factors but not limited to late approval of supplementary budget, local revenue shortfall and failure by the national government to disburse all the exchequer releases on time.

Committee observation

The Committee observed that;

- i. The Accounting Officer was not honest to the Committee by copy pasting one response in several audit queries.
- ii. There was a huge over spending in recurrent expenditure of 202% and an under spending in development by 69%. This subsequently may have denied the residents of the County the much needed services in other sectors.
- iii. It was further observed nothing substantive in terms of development was done in the County during the period under review.

Committee Recommendation

The Committee recommends that a forensic audit be carried out to establish the huge over spending in recurrent expenditure of Ksh 38,217,528.15 and an under spending in development by Ksh 110,718,426.35. The audit should be completed within a period of six months from the date of tabling and approval of this report.

12.2 Payment to National Water Conservation and Pipeline Corporation Issues Raised

During the year under review, National Water Conservation and Pipeline Corporation was paid Kshs. 1,011,118 to drill boreholes in the County. However, examination of the work plan maintained by the department of water specifying activities for the year under taken and paid for revealed that the activity was not in the work plan and was therefore not budgeted for. In the circumstance, the county government breached financial management laws that prohibit use of funds not budgeted for.

Management Response.

Hon. Chairman, the drilling of boreholes in the department of Water and Irrigation was budgeted for and was in conformity with the department Work Plan. The department approved budget and work plan have been availed for audit verification.

Committee observation

The Committee observed that the drilling of boreholes was actually in the budget though the said boreholes cannot be identified.

Committee Recommendation

It is recommended that the County Assembly Committee on Implementation should confirm whether there are boreholes which were drilled in the County during the period under review.

12.3 Payments Reflected in Cashbook as Paid yet Appearing as Pending Bill. Issues Raised

Payment vouchers totalling Kshs. 8,724,383 for development expenditure were reflected in the cash book as having been paid although they were outstanding as at 9 September, 2016 as revealed in records maintained at the department of water. Management has not confirmed whether the bills have since been paid or are still pending.

Management Response.

Hon. Chairman, the payment vouchers totalling Kshs. 8,724,383.00 were only validated in the Integrated Financial Management Information System (IFMIS). After validation, the system automatically updates its cash book. The validated transactions are therefore transmitted to internet banking (IB) for actual payments. All payments in question were not paid due to delays of exchequer releases from national treasury at the close of the financial year. These payments were brought forward as pending bills and have subsequently been paid in the financial year 2016/17.

Committee observation

The Committee observes that the issue raised by the Auditor had been resolved.

Committee Recommendation

The Committee recommends that financial statements including bank reconciliation should be updated on time so as to reflect the true position of County Executive Financial affairs.

13.0 Lands, Housing and Urban Planning

13.1 Budget Performance Analysis

Issues Raised

During the year under review, the department of lands, housing and urban planning expenditure budget amounted to Kshs. 191,776,209, given as Kshs. 66,223,465 for recurrent vote and Kshs. 125,552,744 for development vote. Comparison of actual expenditure with the budget revealed that there was an over-expenditure of Kshs. 4,785,953.60 under the recurrent vote whereas there was an under-expenditure of the by Kshs. 38,716,799.45 under development vote. As a result, the recurrent budget was exceeded by seven (7%) percent while the development budget was underutilized by sixty nine (69%) percent as detailed below:

Vote	Budget Kshs	Actual Kshs	Variance Kshs	%
Recurrent	66,223,465	71,009,418.60	4,785,953.60	107

Development	125,552,744	86,835,944.55	(38,716,799.45)	69
Total	191,776,209	157,845,363.15	(33,930,845.85)	

The budget mix between recurrent and development expenditure does not appear to have been well thought out.

Management Response.

Hon. Chairman, the over expenditure in the Ministry of Lands and Urban Planning budget was contributed by late approval of supplementary budget by the County Assembly. During the year under review, the final supplementary budget was approved on 29th June, 2016 with amendments thus rendering the running budget then inactive. This late approval of the supplementary budget has far reaching effects including but not limited to negative balances once implemented. The under expenditure was contributed by several factors but not limited to late approval of supplementary budget, local revenue shortfall and failure by the national government to disburse all the exchequer releases on time.

Committee observation

The Committee observed that;

- i. The Committee observed a consistent copy pasting of one management response in several audit queries which cannot be relied on to answer huge misappropriation of public funds.
- ii. There was a significant over spending in recurrent expenditure and an under spending in development. This directly shows that Bomet County residents may have been denied essential services.

Committee Recommendation

The Committee recommends that as per the Public Finance Management Act, 2012, the County Executive should adhere to the approved budget at all times.

13.2 Failure to Acquire Land Titles

Issues Raised

It was observed that ownership documents for 10 parcels of land valued at Kshs. 15,832,000 purchased in 2015/2016 had not been obtained. The parcels of land were intended for various projects by the County Government of Bomet. However, Note 10 to the financial statements reflects acquisition of land at a cost of Kshs. 34,991,548, but only of the expenditure Kshs. 15,832,000 was supported with schedule. In the circumstance, it has not been possible to establish which of the two branches reflected in the financial statements is correct.

Management Response.

Hon. Chairman, the County incurred a total of Kshs. 34,991,548 in relation to acquisition of lands. A schedule supporting the expenditure and amended financial statements have been availed for audit verification.

Committee observation

The Committee observed that;

- i. The answer given by the County Executive was partly satisfactory since only six parcels of land have Title Deeds.
- ii. It was not possible to ascertain the actual value of the parcels of land acquired to justify expenditure of Ksh 15,832,000 since no valuation report was availed.
- iii. There was an unexplained over expenditure of Kshs. 19,159,548 above the budgeted Ksh 15,832,000.

Committee Recommendation

The Committee recommends that;

- i. The County Government must ensure that all acquisitions of parcels of land for County Development must follow due process to avoid instances of misappropriation of public funds.
- ii. The County Government should embark on acquiring ownership documents for the remaining four parcels of land that are already paid for.
- iii. That a thorough investigation be carried out by Government investigative agencies with regards to unexplained over expenditure of Kshs. 19,159,548.

13.3 Delayed Project Implementation

Issues Raised

Payments totalling to Kshs. 20,182,340.85 were made for installation of pavement works and construction of Modern Kiosks at Sotik Town by Lands, Housing and Urban Planning Department in a project contracted to take six (6) months to complete. However, physical verification carried out on 29 September, 2016 revealed that the project had not been completed nine (9) months after commencement. Management have not confirmed the date the works are expected to be completed.

Management Response.

The Chairman, the department entered into contract with Jambostar Properties Ltd for construction of modern kiosks and installation of cabro works within a period of six months. However the said assignment was not done within the stipulated period but the contractor sought for an extension for another six months citing various reasons. The request was reviewed by the project manager where he made his recommendations to Monitoring and Evaluation committee headed by the Chief Officer of the department for consideration. After consideration the contractor's request was granted.

Committee observation

The committee observed that the requests for extension and acceptance letters were not supplied for verification hence it was not possible to ascertain whether the extension was even approved.

Committee Recommendation

The committee recommends that timelines for completion of County Projects must strictly be adhered to. The County Executive should avail to the County Assembly the status of all the projects implemented.

14.0 Ministry of Agribusiness

14.1 Budget Performance Analysis

Issues Raised

During the year under review, the approved budget for County Government Ministry of Agribusiness was Kshs. 328,053,481 being Kshs. 152,140,135 allocated to recurrent vote and Kshs. 175,913,346 allocated to development vote. The actual expenditure for the recurrent vote was Kshs. 234,250,348 resulting in over expenditure of Kshs. 82,110,213. The actual expenditure for development vote was Kshs. 101,824,970, resulting in under-expenditure of Kshs. 74,088,376. The overall over expenditure was Kshs. 8,021,837 as tabulated below.

Vote	Budget Kshs	Actual Kshs	Variance Kshs
Recurrent	175,913,346	101,824,970	74,088,376
Development	152,140,135	234,250,348	(82,110,213)
Total	328,053,481	336,075,318	8,021,837

The budget utilization mix does not reflect prudence in fund allocation.

Management Response.

Hon. Chairman, the said over expenditure on **Ministry of Education** budget was contributed by late approval of supplementary budget by the County Assembly. During the year under review, the final supplementary budget was approved on 29th June, 2016 with amendments thus rendering the running budget then inactive. This late approval of the supplementary budget has far reaching effects including but not limited to negative balances once implemented. The under expenditure was contributed by several factors but not limited to late approval of supplementary budget, local revenue shortfall and failure by the national government to disburse all the exchequer releases on time.

Committee observation

- i. The Committee observed a consistent copy pasting of one management response in several audit queries which cannot be relied on to answer huge misappropriation of public funds. For instance in his response, under 14.1 the Accounting Officer is referring to the *Ministry of Education Budget* while responding to an audit query for the Ministry of Agribusiness.
- ii. There was a huge over spending in recurrent expenditure and an under spending in development. The actual expenditure for the recurrent vote was Kshs. 234,250,348 resulting in over expenditure of Kshs. 82,110,213. The actual expenditure for development vote was Kshs. 101,824,970, resulting in under-expenditure of Kshs. 74,088,376. This directly shows that Bomet County residents may have been denied essential services.

Committee Recommendation

The Committee recommends that;

- i. The Accounting Officer must be keen when answering and submitting reports to both the Auditor General and the PAC/PIC Committee to assist them make informed decisions.
- ii. The County Executive must at all times implement the Budget as approved.

14.2 Unsupported Expenditure Issues Raised

According to the cashbook maintained at the County Treasury during the year 2015/2016 the Bomet County Government transferred Kshs. 34,330,000 to various cooperative societies from the development vote. Out of the amount disbursed, Kshs. 23,120,623 was confirmed as having been received by the cooperative societies while a balance of Kshs. 11,209,377 was not accounted for. In the circumstance, it has not been possible to confirm whether the amount disbursed was received by the cooperative societies.

Management Response

Hon. Chairman, the County processed the transfer of funds to multipurpose cooperative society through the development cashbook totalling Kshs.

34,330,000. These are the payments made through the multipurpose cooperative societies but to support the programs in Livestock and Veterinary services, Crop Development and Value addition. These payments were voted for in various votes as per the budget appropriation act, 2015/16 as indicated in the payment vouchers.

Though the payments totalling Kshs. 11,209,377 were validated in IFMIS and pushed to internet banking for actual payments, funds were not transferred due to delays of exchequer releases from national treasury at the close of the financial year.

Committee Observation

The Committee observed that the response from the Accounting Officer could not be relied on. It was therefore possible that the payments totalling Kshs. 11,209,377 was misapplied.

Committee Recommendations

The Committee recommends that the relevant investigative bodies carry out further investigations.

15.0 Ministry of Trade and Industrialization

15.1 Budget Performance Analysis

Issues Raised

During the year under review, the approved budget for the ministry of Trade and Industrialization was Kshs. 60,240,304 being Kshs. 14,734,304 allocated to recurrent expenditure and Kshs. 45,506,000 allocated to development expenditure. The actual expenditure for the recurrent was Kshs. 8,540,090 resulting to under expenditure of Kshs. 6,194,214 and the actual expenditure for the development vote was Kshs. 8,494,523 resulting to under expenditure of Kshs. 37,012,477. The overall under expenditure was Kshs. 43,206,691 or 71.7% as tabulated below:

Vote	Budget Kshs	Actual Kshs	Variance Kshs

Recurrent	45,506,000	8,493,523	37,012,477
Development	14,734,304	8,540,090	6,194,214
Total	60,240,304	17,033,613	43,206,691

This indicates that the requisite services to the residents were not given.

Management Response.

Hon. Chairman, the said under expenditure on Ministry of Trade and Industrialization Budget was contributed by several factors but not limited to late approval of supplementary budget, local revenue shortfall and failure by the national government to disburse all the exchequer releases on time.

Committee Observation

The Committee observed that the Accounting Officer has not given a satisfactory response. It is further observed that failure to implement the budget as approved could have denied residents much needed services.

Committee Recommendations

The committee recommends that as per the Public Finance Management Act, 2012, the County Executive should adhere to the approved budget.

15.2 Payment Vouchers Reported as Pending Bills and yet they are shown as payments in the Development Cashbook.

Issues Raised

Payments totalling Kshs. 6,499,511 were reported by the department as pending bills yet they appeared in the cash book as paid. Therefore, the pending bills as reported are overstated. Evidently, the book keeping at the County Finance Office is poor and this could lead to loss of funds through double payments.

Management Response.

Hon. Chairman, Payment vouchers totalling Kshs. 6,499,511 were only validated in the Integrated Financial Management Information System (IFMIS). After validation, the system automatically updates its cash book. The validated transactions are therefore pushed to Internet Banking (IB) for actual payments. All Payments are made subject to availability of funds. The payments in question were not paid due to delays of exchequer releases from national treasury at the close of the financial year. These payments were brought forward as pending bills and have subsequently been paid in the financial year 2016/17.

Committee observation

The Committee observed that as noted by the Auditor, the book keeping at the County Finance Office is poor and this could lead to loss of funds through double payments.

Committee Recommendation

The Committee recommends that the County Executive should have proper book keeping and continuously update their books of account to reflect the current financial position.

16.0 Ministry of Health

16.1 Budget Performance Analysis

During the year under review, the approved budget for the County Ministry of Health was Kshs.1, 023,127,456 with Kshs. 471,912,630 allocated to recurrent expenditure and Kshs. 551,214,826 allocated to development expenditure. The actual expenditure for recurrent was Kshs. 479,649,041 resulting in over-expenditure of Kshs. 7,736,411 and the actual expenditure for development vote is Kshs. 391,643,604 resulting to under-expenditure of Kshs. 159,571,222.

Expenditure	Budget Kshs.	Actual Kshs.	Variance Kshs.
Development	551,214,826	391,643,604	159,571,222

Recurrent	471,912,630	479,649,041	(7,736,411)
Total	1,023,127,456	871,292,645	151,834,811

The Ministry of Health was only able to utilize 70% of the development funds effectively yet there were several projects that were partly paid, incomplete or abandoned for lack of payment. No explanation has been given by management as why suppliers under this Ministry were not paid even though the vote was not exhausted.

Management Response

Hon. Chairman, the said over expenditure in the Ministry of Health budget was contributed by late approval of supplementary budget by the County Assembly. During the year under review, the final supplementary budget was approved on 29th June, 2016 with amendments thus rendering the running budget then inactive. This late approval of the supplementary budget has far reaching effects including but not limited to negative balances once implemented. The under expenditure was contributed by several factors but not limited to late approval of supplementary budget, local revenue shortfall and failure by the national government to disburse all the exchequer releases on time.

Committee observation

- i. The Committee observed a consistent copy pasting of one management response in several audit queries which cannot be relied on to answer huge misappropriation of public funds. For instance in his response, under 16.1 the Accounting Officer is referring to the *Ministry of Education Budget* while responding to an audit query for the Ministry of Health.
- ii. The Committee noted with a lot of concern that the Health department did not utilize a huge percentage of the development funds despite the fact that there were several projects that were partly paid, incomplete or abandoned for lack of payment. This definitely shows that Bomet County residents may have been denied essential services.

- iii. The committee observed that the County Executive department of Health could have lost money to a tune Kshs. 159,571,222 in the process of the unexplained misappropriation.

Committee Recommendation

The Committee recommends that a forensic audit be carried out to establish the possible loss of Kshs. 159,571,222. The same should be concluded within six months from the date of approval of this report.

16.2 Purchase of Medical and Dental Equipment Issues Raised

Examination of the budget and vote book maintained at the County office revealed that a total of Kshs. 23,233,707 was budgeted for purchase of medical and dental equipment and paid for as confirmed by the cash book. Payment vouchers made available for audit review in respect of this expenditure revealed that paid bills amounting Kshs. 22,290,000 at the close of the year were reflected as pending bills. No reason or explanation has been made for including the amounts paid as pending bills. Evidently the pending bills record is not accurate and reconciliation is necessary to avoid double payments in the future.

Management Response.

Hon. Chairman, the department of Medical Services procured Oxygen Plant from Nairobi Enterprise for Longisa Hospital. The payment vouchers totalling Kshs. 22,290,000 were only validated in the Integrated Financial Management Information System (IFMIS). After validation, the system automatically updates its cash book. The validated transactions are therefore pushed to Internet Banking (IB) for actual payments. All payments in question were not paid due to delays of exchequer releases by the national treasury at the close of the financial year. These payments were brought forward as commitments and were subsequently paid in the financial year 2016/17.

Committee observation

The Committee observed that there was no evidence to prove that there was no double payment of Kshs. 22,290,000 as no evidence was ever provided either to the Auditor General or to the Committee.

Committee Recommendation

The Committee recommends that;

- i. A thorough investigation should be carried out to establish a possible loss of Kshs. 22,290,000 through deliberate double payment and appropriate remedial action taken.
- ii. The pending bills records should be accurate and up to date reconciliation is necessary to avoid recurrence of the same in future.

17.0 Incomplete Projects

17.1 Construction at Itembe Dispensary

Issues Raised

During the audit exercise, it was observed that an amount of Kshs. 2,000,000 was disbursed for construction of a dispensary block at Itembe. However, no documents were presented for audit examination to confirm how the contractors were identified, selected, and notified of the contract award. Further, no opening tender minutes and technical evaluation reports were provided for audit examination. Physical verification of the project on 22 September 2016, and from the examination of documents presented, revealed that the contractor had carried out the work up to the roofing level but was not on site and the project appeared abandoned. It is possible that the residents may not enjoy the benefit from the proposed construction of the dispensary because it has stalled and the sum paid may go to waste.

Management Response.

Hon. Chairman, the construction of Itembe dispensary block was managed by the health management committee and supervised by the County Public Works. The project file maintained at the facility with tender minutes and evaluation report, award letter, payment certificates and pictorial evidence of the construction works were availed for audit.

Committee observation

The Committee observed that the Accounting Officer failed to submit the required documents at the time of the audit depicting poor records management.

Committee Recommendation

The Committee recommends that the County Executive should put in place a proper record management system and a working accounts registry.

17.2 Stalled Project at Ndanai Health Centre

Issues Raised

The County Government disbursed a sum of Kshs. 6,214,320 for construction of a theatre at Ndanai Health Centre. However, there were no tender opening minutes and technical evaluation reports provided for audit examination.

Physical verification of the project on 22 September, 2016 revealed that the contractor had done up to roofing level but no plastering had been done, and windows and doors prescribed in the contract had not been fitted. The contractor was not on site and the project appeared to have been abandoned, even though a sum of Kshs. 6,214,320 had been paid out. In the circumstance, it is unlikely that the residents of Bomet County will enjoy the benefits expected from the project which has since been abandoned.

Management Response

Hon. Chairman, the construction of Ndanai Health Centre was managed by the health management committee and supervised by the County Public Works. The project file maintained at the facility with tender minutes and evaluation report, award letter, payment certificates and pictorial evidence of the construction works is available and attached for audit verification.

Committee observation

The Committee observed that the County Executive did not provide the required documents at the time of the audit indicating obvious poor records management.

Committee Recommendation

The Committee recommends that the County Executive should put in place a proper record management system and a working accounts registry.

17.3 Construction at Chebole Dispensary

Issues Raised

The County disbursed Kshs. 1,500,000 for construction of proposed Chebole Dispensary at Chebole Ward. However, no documents were presented for audit examination to confirm how the contractors were identified, selected, awarded and notified of the project. Physical verification of the project on 02 September 2016 and examination of documents provided revealed that the contractor had carried out the work up to the roofing level. The contractor was not on site and the work appears to have been abandoned. Further, the ownership of the land on which the dispensary was under construction could not be established in the absence of land Title documents. It is possible that the residents of the county may not enjoy the benefit from the proposed construction of the dispensary because it has stalled even though a sum of Ksh 1,500,000 has been paid and could therefore go to waste.

Management Response.

Hon. Chairman, the construction of Chebole dispensary block was managed by the health management committee and supervised by the County Public Works. The project file maintained at the facility with tender minutes and evaluation report, award letter, payment certificates and pictorial evidence of the construction works is available and attached for audit verification as Annex 21. Where the construction is being done belong to the facility as evidenced by the land sale agreements hereby attached for audit verification.

Committee observation

The Committee observed that the auditor was not supplied with the required documents at the time of the audit which indicates poor records management.

Committee Recommendation

The Committee recommends that the County Executive should put in place a proper record management system and a working accounts registry.

18.0 Ministry of Education

18.1 Budget Performance Analysis

Issues Raised

During the year under review, the approved budget for the County Ministry of Education was Kshs. 433,312,743 with Kshs. 161,802,674 allocated to recurrent vote and Kshs. 271,510,069 to development vote. The actual expenditure for recurrent vote was Kshs. 239,685,877 resulting to over-expenditure of Kshs. 77,883,203 while actual expenditure for development vote was Kshs. 286,616,732 resulting to over-expenditure of Kshs. 15,106,663.

Expenditure	Budget Kshs.	Actual Kshs.	Variance Ksh.
Development	271,510,069	286,616,732	(15,106,663)
Recurrent	161,802,674	239,685,877	(77,883,203)
Total	433,312,743	526,302,609	(92,989,866)

The ministry over-spent by forty eight (48%) percent largely under recurrent expenditure. It's not clear whether this was as a result of underfunding or lack of effective expenditure control. The county treasury should institute expenditure control measures in all ministries to avoid adverse variations.

Management Response.

Hon. Chairman, the said over expenditure in the Ministry of Education budget was contributed by late approval of supplementary budget by the County Assembly. During the year under review, the final supplementary budget was approved on 29th June, 2016 with amendments thus rendering the running budget then inactive. This late approval of the supplementary budget has far reaching effects including but not limited to negative balances once implemented.

Committee Observation

The Committee observed that;

- i. The Accounting Officer did not give a satisfactory response yet public funds were used. It is possible that the County Executive went ahead to use funds in the department of education before the Supplementary Budget was approved.
- ii. It was further observed that it was not possible for the County Executive to spend Ksh 92,989,866.00 at the very tail end of the Financial Year on 29th June, 2016 upon approval of the supplementary budget.
- iii. It is further observed that failure to implement the budget as approved could have denied residents much needed services in other sectors.

Committee Recommendations

The committee recommends;

- i. That a forensic audit be carried out (within six months of approval of this report) to establish how Kshs. 92,989,866 was spent.
- ii. That the county treasury should institute expenditure control measures in all departments to avoid adverse variations.

18.2 Incomplete ECD Projects

Issues Raised

The County awarded contracts for building 26 ECD classes in sub-counties. Construction of the classrooms started in year 2014/2015 and 2015/2016. Each class was allocated Kshs.933, 000 with total allocation of Kshs. 24,258,000. Examination and physical verification of the ECD classrooms revealed that contractors had carried out the construction to slab and roofing levels but, were not on site during the day of physical verification. No work appeared to be on as the sites visited were abandoned even though a total of Kshs. 13,981,500 had been spent. The completion of classrooms appears to have been delayed due to underfunding. The project may therefore fail to realize value-for-the-money spent on it.

Management Response

Hon. Chairman, the implementation of the ECD projects were managed by school management committee and supervised by County Public Works. The said ECD projects were implemented in phases subject to availability of funds.

The department of Education is currently quantifying the remaining works for budget provision and funding.

Committee Observation

The Committee observed that the management response was not satisfactory since the funding for the ECD projects had been adequately budgeted for. This obviously points to a possible misappropriation of public funds which led to delays in completion of ECD classrooms.

Committee Recommendation

The Committee recommends that;

- i. Section 156 of the Public Finance Management Act, 2012, should be strictly followed to deter a recurrence of this in future.
- ii. The County Executive should submit to the County Assembly a report on the status of all the ECDE classrooms in the County that have been funded by the County Government since inception.

18.3 Sigor High School

Issues Raised

Examination of expenditure records revealed that Sigor High School was allocated Kshs. 30,595,065 for construction of a new school as the old school was shifted to give space for Bomet University. It was however observed that funds for construction of this school were reallocated from ECD funds. Examination of payment vouchers and other supporting documents revealed that the request for quotation method was used. Additionally, matters of secondary school education are a national government function in accordance with the Fourth Schedule to the Constitution of Kenya. No explanation was given why the County Government undertook the task. Further, the project was implemented by the County Government through casual labour using materials bought from supplies as evidenced by payments made to the suppliers and casual labourers. No bills of quantities were presented to confirm the cost of the project and as at the time of audit in September 2016, the percentage completion was unknown as no documentation was presented to

confirm ratio of project completion. In the circumstances, the propriety of the expenditure cannot be confirmed.

Management Response.

Hon. Chairman, the construction of Sigor high school was done through public participation resolutions adopted by the department of education. The implementation and construction of Sigor High School was done through forced account method whereby the County Government procured supplies and engaged labourers to undertake the construction. Most supplies were procured through request for quotations. The project file maintained in our offices have all the correspondences with the Ministry of Education and other vital documents hereby attached for audit verification.

Committee observation

The Committee observed that;

- i. The County Government embark on implementation of a project which is not within its mandate as per the Fourth Schedule of the Constitution and no agreement with the National Government was supplied to the Auditor General or the Committee for verification.
- ii. The construction of Sigor High School was not approved by the County Assembly during the budget making process thus its construction was unlawful. Further, Procurement process was flawed.
- iii. The purported public participation could not be confirmed since the evidence was not supplied to both the Auditor and the Committee.
- iv. The funds for construction of Sigor High School were reallocated from ECD project funds without the approval of the County Assembly.

Committee Recommendation

The Committee recommends that a forensic Audit be carried out to establish the utilization of Kshs. 30,595,065 This should be completed within six months of the approval of this report.

19.0 Department of Finance and Economic Planning.

19.1 Budget Appraisal Performance

Issues Raised.

The department of finance and economic planning had a budgetary allocation of Kshs. 318,413,038 (Kshs 29,678,114 being development vote and Kshs. 288,734,924 recurrent vote) as per the approved Bomet County Supplementary Appropriation Act No. 2 of 2016. The actual expenditure as per the vote book was Kshs. 407,977,596.50 for recurrent vote and Kshs. 119,926,265 for the development vote.

Expenditure	Budget Kshs.	Actual Kshs.	Variance Kshs
Development	29,678,114	119,926,265	(90,248,151)
Recurrent	288,734,924	407,977,597	(119,242,673)
Total	318,413,038	527,903,862	(209,490,824)

The department of finance and economic planning overspent its budget by 66% which demonstrates lack of financial control as the custodian of financial resources in the county. No explanation has been given for the excess expenditure.

Management Response.

Hon. Chairman, the said over expenditure in the Department of Finance and Economic Planning budget was contributed by late approval of supplementary budget by the County Assembly. During the year under review, the final supplementary budget was approved on 29th June, 2016 with amendments thus rendering the running budget then inactive. This late approval of the supplementary budget has far reaching effects including but not limited to negative balances once implemented. The under expenditure was contributed by several factors but not limited to late approval of supplementary budget, local revenue shortfall and failure by the national government to disburse all the exchequer releases on time.

Committee observation

The committee observed that the response given by the Accounting Officer was not satisfactory yet Millions of Shillings could have been misapplied. It is obvious that the County Executive went ahead to misappropriate funds in the department Finance and Economic Planning deliberately and used the Supplementary Budget to sanitize the misappropriation. Further, it was noted that huge over expenditure could not be justified and yet this is a service department.

Committee Recommendation

The Committee recommends that a forensic audit should be carried out to establish a possible misapplication of public funds to a tune of Kshs. 209,490,824. The audit should be finalized within six months of tabling and approval of this report

19.2 Procurement of Revenue Collection Software Issues Raised.

Expenditure records made available for audit indicated that the finance department acquired revenue collection software at a total cost of Kshs. 9,046,265. However, comparison of revenue collections prior and after acquisition and installation of the software revealed a declining trend in revenue collections after the installation contrary to the expectations that procurement of the software would enhance the collections. The analysis is as follows:

Period	Total Revenue Collected Kshs	Remarks
January to June 2015	145,173,790	Prior to installation of the revenue software
January to June 2016	80,674,249	After installation of the software revenue collection

		declined by Kshs. 64,499,541
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From the analysis, acquisition of revenue collection software has resulted in decline in revenue by Kshs. 64,499,544 or 44% compared to the manual system. In the circumstance, the benefit expected from the purchase of the software has not been achieved and therefore the software did not add value for the money as spent.

Management Response.

Hon. Chairman, the revenue collected from January to June for the financial year 2014/2015 is Kshs. 145,173,790 in comparison to from January to June for the financial year 2015/16 totalling Kshs. 109,643,723.65. The decline was majorly attributed to the factors listed below:

- County hospitals revenues declined over the same period due to delayed disbursement of free maternity revenues.
- Late enactment of Finance Bill 2016.
- Bomet Water Company previously was a revenue source but currently an autonomous entity.
- The revenue collection system is in the implementation process and is being rolled out to sub-counties once fully rolled out a comparison can be concluded.

Therefore the revenue system adopted cannot be entirely deemed inefficient in revenue collection compared to the manual system due to the above factors. Furthermore the revenue automation system has not captured all the revenue streams mostly structured revenue channels like land rates

Committee observation

The committee observed that it was erroneous to attribute low revenue collection to the late enactment of the County Finance Act 2016 since the existing law was applicable. It is apparent that the revenue section is inefficient hence maximum revenue collection could not be attained.

Committee Recommendation

The Committee recommends that proper mechanism of revenue collection must be strengthened to minimize leakages and seal loopholes. Innovative

revenue collection systems through use of pay bill, spot checks and continuous training of revenue staff should be put in place. The county executive should also ensure automation of all its revenue collections to improve efficiency in revenue collection.

20.0 Department of Roads and Public Works – Budget Appraisal Performance Issues Raised

The department of roads and public works had a budgetary allocation of Kshs. 509,777,689 comprised of Kshs. 391,873,962 development vote and Kshs. 117,903,727 recurrent vote. The total actual expenditure as per the vote book for the department was Kshs. 584,917,644.10 revealing over-expenditure of Kshs. 75,139,955.10 which the management could not explain.

Expenditure	Budget Kshs	Actual Kshs	Variance Kshs
Development	391,873,962	439,041,836	(47,167,874)
Recurrent	117,903,727	145,875,808	(27,972,081)
Total	509,777,689	584,917,644	(75,139,955)

The department over-spent its votes and therefore the source of extra funding has not been explained and supported.

Management Response.

Hon. Chairman, the said over expenditure was contributed by late approval of supplementary budget by the County Assembly. During the year under review, the final supplementary budget was approved on 29th June, 2016 with amendments thus rendering the running budget then inactive. This late approval of the supplementary budget has far reaching effects including but not limited to negative balances once implemented.

Committee observation

The committee observed that in all instances where there was an unexplained over-expenditure, the County Executive gave an excuse of late approval of Supplementary Budget and delayed exchequer releases which was not satisfactory to the committee.

Committee Recommendation

The Committee recommends;

- i. That as provided by the Public Finance Management Act, 2012, the County Executive must adhere to approved budget.
- ii. That the county treasury should institute strict expenditure control measures in all departments to avoid adverse variations in their respective allocation.
- iii. Supplementary budgets should be presented to the county assembly for approval on time.

21.0 CONCLUSION

The Bomet County Executive should ensure that proper and innovative internal control mechanisms are put in place to assist in both collection of local revenue and proper utilization of the scarce resources from the National Treasury.

The strong directives that the PAC/PIC Committee has recommended should be implemented to aid in alleviating the numerous anomalies noted. The corrective mechanisms recommended by the Committee must be completed within a period six months from the date of tabling of this report and as provided by the Public Audit Act, 2015.

THE MINUTES OF THE 16TH SITTING OF THE PAC/PIC HELD ON 13TH MARCH, 2019 IN THE COUNTY ASSEMBLY COMMITTEE ROOM.

MEMBERS PRESENT.

- | | | |
|----|-------------------------|----------|
| 1. | Hon. R. Serbai | - Chair. |
| 2. | Hon Janet Turgut | -V Chair |
| 2. | Hon. Evaline Chepkemai | - Member |
| 4. | Hon. Jane C Langat | - Member |
| 5. | Hon. Barchok Kipngetich | - Member |
| 6. | Hon. Philip Korir | - Member |

ABSENT WITH APOLOGY

- | | | |
|----|----------------------|----------|
| 7. | Hon. Augustine Koske | - Member |
|----|----------------------|----------|

IN ATTENDANCE

- | | |
|-------------|--------------------------|
| Susan Koech | - Clerk of the Committee |
|-------------|--------------------------|

IN ATTENDANCE BY INVITATION.

1. Andrew Sigei (ID No. 11368276) - CECM Finance & Economic Planning.
2. David Kikwai (ID No. 7062639) – Chief Officer Finance
3. Chris Kibet (ID No. 24993543) – Accountant
4. CPA Fredrick Oluoch (ID No. 13595670) – Office of the Auditor General

AGENDA.

1. Preliminaries.
2. Confirmation
3. Matters Arising
4. Witness Examination in respect of the Financial Operations of Bomet County Executive for FY2015/16.

PRELIMINARIES.

The meeting commenced with prayers led by Hon. Jane C. Langat at 9.45 am and thereafter the agenda of the day was adopted.

MIN. 37/3/2019 CONFIRMATION OF MINUTES.

The minutes of a meeting held on 12th March, 2019 were read out. On a proposal by Hon. Barchok being seconded by Hon. Philip Korir, the minutes were confirmed and signed as true records of the previous meeting's proceedings. There were no matters arising.

MIN. 38/3/2019 WITNESS EXAMINATION IN RESPECT OF THE FINANCIAL OPERATIONS OF BOMET COUNTY EXECUTIVE FOR FY2015/16.

The Chair of the Committee welcomed the Auditor CPA . Oluoch to lead the Committee in the Witness Examination in respect of the Financial Operations of the County Executive for the period ended 30th June, 2016.

1.0 Use of Goods and Services.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

An issue was raised as to why the Accounting Officer did not give the schedule to the auditors during the audit exercise.

1.1 Unsupported Domestic Travel Expenditure of Kshs. 115,805,900.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not adequate.

Some of the issues raised by the Members included;

- a) A Concern as to why no approval of the purported employment by the CPSB was availed for verification;
- b) How Many staff members were recruited;

c) Clarification as to whether the staff composition complies with the PFM Act and regulations on ceiling.

1.2 Unsupported Foreign Travel expenditure of Kshs. 32,267,630.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not adequate.

The members noted with concern as to why the accounting officer did not give a schedule of the foreign travel during the audit exercise and even now before the Committee witness examination day.

1.3 Unsupported training expenses of Kshs. 66,858,347.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning.

After some deliberations, the verdict was partly satisfactory since training needs assessment reports were missing. Therefore the Hon. Members insisted that there is need to always prepare a needs assessment report signed and approved appropriately.

1.4 Specialized Materials and Services.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not satisfactory since other audit issues raised such as procurement, delivery.

The members further raised concern as to where the procurement procedures.

1.5 Fuel, Oil and Lubricants

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not satisfactory since since procurement procedures, proper accounting of fuels, oils and lubricants drawn was not prove.

The member noted with concern whether procurement regulations were followed and how the County Executive account for the fuel, oils and lubricants that was drawn.

2.0 Pending Accounts Payable

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was unsatisfactorily answered. LPOs/LSOs were missing because of the issue of commitments being undertaken before confirming availability of cash was addressed.

Concerns raised by the Committee;

- a) Where are the LPOs/LSOs to support the pending bills?
- b) Did the Accounting Officer (CECM) confirm the availability of cash before committing the County Government?

3.0 Bank and Cash Balances.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was unsatisfactorily answered. This was because there were no police abstracts to confirm the fire tragedy. The

County Treasury should embarked on preparation of incomplete financial records.

Other concerns raised by the members were;

- a) Where the police abstract was and whether the accounts department initiated the process of preparing incomplete records.

4.0 Transfer to Bomet Water Company

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was unsatisfactorily answered.

The members asked with concern where the evidence of the electricity bills paid.

5.0 Transfer to Hospitals

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactorily answered. However members were concerned why the schedules were not provided during the time of Audit.

6.0 Other Expenses

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was adequately answered.

7.0 Revenue Budget Analysis

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

7.1 Collection of Local Revenue.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

7.2 Market and Slaughter

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

7.3 Property Rates

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

However, the members wondered whether the Valuation Role has been updated.

7.4 S.B.P

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was adequate.

7.5 Cess Collection

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

However the members were concerned with the current state of the case in court.

7.6 Unilever Tea Kenya (Land Rates)

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was unsatisfactory.

This is because the committee wondered how mere minutes can override an Act of the County.

7.7 Williamson Tea Kenya (Land Rates).

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not adequate.

The Committee minutes cannot override an Act of the County Assembly of Bomet.

7.8 Revenue from James Finlay Land Rates.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not satisfactory because the Committee felt minutes cannot be used to override an Act of the County Assembly.

7.9 Land Rates for Kipsigis Highlands.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was deemed adequate.

7.10 Unrealized Revenue under Land Rates for Sotik Tea.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given as not adequate because the County Executive cannot use minutes to override an approved Act of the County Assembly.

7.11 Revenue on Property Rates.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

8.1 Development Expenditure.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

8.2 Recurrent Expenditure

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and

Economic Planning. After some deliberations, the verdict was given and it was adequate.

9.1 Budget Appraisal Performance – Governor’s Office.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not satisfactory.

The Members noted with concern how the office of the Governor was able to absorb funds at **the tail end** of the financial year.

9.2 Construction of Sotik Sub-County Offices.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not adequate.

The members noted as follows:

- a) Whether the cracks noted during audit inspection are waiting for the funds for the same to be repaired;
- b) What happens if the building collapses;
- c) And finally who owns the land in question as there was no title deed.

9.3 Construction of Kembu Ward Office

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was an unsatisfactory response.

The members further asked where the title deed is and who is responsible for the signpost.

9.4 Construction of Chemaner Ward Office.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not adequate.

The member were concerned that the county spent money to put up a structure on land without a valid title deed, why construction went on without NEMA and NCA approvals and no sign post erected.

9.5 Construction of Rongena Ward Office

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not adequate.

10.1 Over expenditure by the Social Department

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not adequate.

10.2 Violation of Age Limit Regulations

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not adequate.

10.3 Payments of Persons with Disability Cash Stipend

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and

Economic Planning. After some deliberations, the verdict was given and it was not adequate.

10.4 Bomet IAAF Stadium

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was inadequate.

The members pointed out why the project has not been completed and why the title deed to prove ownership was not availed for audit verification.

11.1 Budget Appraisal for public health and environment department.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

12.1 Budget Appraisal for Water Department

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given was adequate.

12.2 Payment to National Water Conservation and Pipeline Corporation

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

12.3 Payments reflected in cashbook as paid yet appearing as pending bill.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was adequate.

13.1 Budget appraisal for lands, housing and planning department.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was adequate.

13.2 Failure to acquire land titles.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was partly satisfactory.

The following observations were made;

* only six title deeds availed and so what is the state of the remaining 4 parcels of land. Where are the amended financial statements?

13.3 Delayed project implementation

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not satisfactory.

The members noted that a letter of request from the contractor was not availed and the CO's response. So how was it possible to delay project implementation in the absence of the two crucial documents?

14.1 Budget Appraisal for Agribusiness Department

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

14.2 Unsupported expenditures to cooperative societies

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not adequate.

15.1 Budget Performance Analysis

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was adequate.

15.2 Payment Vouchers Reported as Pending Bills and yet appearing in the development cash book.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

16.1 Budget performance Analysis

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

16.2 Purchase of Medical and Dental Equipment.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory on condition that the committee is supplied with evidence of the purported payments.

17.1 – 17.3 Stalled Projects

- a) Itembe Dispensary;
- b) Ndanai Dispensary;
- c) Chebole Dispensary

After the Audit query was raised by the Auditor Mr, Oluoch in respect of all the above listed stalled projects, he response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was satisfactory.

18.1 Budget Performance Analysis.

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was adequate.

18.2 Incomplete ECD Projects

After the Audit query was raised by the Auditor Mr, Oluoch, The response was read out by the CEC Member for Finance and Economic Planning. After some deliberations, the verdict was given and it was not satisfactory.

Members reactions.

The members noted with concern that the response was too general and yet the works carried out in different Wards with completion time taking place at different stages **and** time.

At this point the CEC Member pointed out that only 12 ECD centres were completed out of the planned 154 budgeted for in the year under review. He reiterated that the current Government has budgeted and completed or in the process of completing the remainder of the projects.

**MIN. 50/6/2019 ADOPTION OF THE COMMITTEE REPORT ON THE
FINANCIAL OPERATIONS OF THE COUNTY EXECUTIVE FOR FY 2015/16.**

The Chair led members in a brief perusal of the report on the Financial Operations of the County Executive for FY 2015/16. After some discussions, it was

RESOLVED

That the Committee Report on the financial operations of the County Executive for FY 2015/16 be adopted and signed for onward transmission for tabling and debate.

MIN. 51/6/2019 ADJOURNEMENT.

There were no any other business and the meeting adjourned at 11.57 am with closing prayers led by Hon. Barchok Kipngetich.

CONFIRMED

DATE.....

HON. ROBERT SERBAI.

CHAIR PAC/PIC

CERTIFIED.....

DATE.....

S. KOECH,

SECRETARY/COMMITTEE CLERK