BCA/PACPIC/01/2014/12.

REPUBLIC OF KENYA

COUNTY GOVERNMENT OF BOMET

COUNTY ASSEMBLY

REPORT

OF THE PUBLIC ACCOUNTS/ INVESTMENTS COMMITTEE

(PAC/PIC)

ON FINANCIAL OPERATIONS OF BOMET COUNTY

FOR 1ST JANUARY TO 30TH JUNE, 2013

DATE: 7TH MAY, 2014

BOMET COUNTY ASSEMBLY
CLERK
07 MAY 2014
P.O. Box 590-20400 BOMET

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PREFACE

Mr. Speaker Sir,

On behalf of the Members of the County Public Investment and Accounts Committee and as required under standing order 187, I take this opportunity to present to the House, the Committee's report on the auditor general's report on financial operations of Bomet County.

Mr Speaker sir,

The committee as currently constituted comprises the following Honorable members:

1. Hon. Stephen Changmorik................Chairperson
2. Hon. Patrick Chepkwony..................V. Chair
3. Hon. Bency Too..............................Member
4. Hon. Leah Kirui...............................Member
5. Hon. Robert Serbai..........................Member
6. Hon. Robert Bett.............................Member
7. Hon. William Mosonik.....................Member
8. Hon. John Chepkwony....................Member
9. Hon. Josephine Rotich.....................Member

Mandate of the Committee

The standing order No. 187 establishes the County Public Investment and Accounts Committee with the following specific mandates;

1. *Examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County assembly as the Committee may think fit*

2. *Examination of the reports, accounts and workings of the County public investments*

3. *Examination, in the context of the autonomy and efficiency of the County public investments, whether the affairs of the county public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices*

Mr. Speaker Sir,

Article 229 of the Constitution of Kenya stipulates that;

Within six months after the end of each financial year, the Auditor General shall audit and report, in respect of that financial year, on-

a) *the accounts of the National and County Governments;*
b) *the accounts of all funds and Authorities of National and County Governments*
c) *the accounts of the National Assembly, the Senate and the County Assemblies*

The Constitution furthers states that,

"Within three months after receiving an audit report, Parliament or the County Assembly shall debate and consider the report and take appropriate action"

The basis of this report, **Mr. Speaker Sir,** was a special audit prepared by the Auditor General covering County Government of Bomet and defunct Local authorities' transactions for the period 1st January to 30th June, 2013 with the main objective of verifying the County government's preparedness to receive and utilize devolved funds before, during and after the transition period.

ACKNOWLEDGEMENT

Mr. Speaker sir,

The Committee is grateful to the Offices of the Speaker and the Clerk of County Assembly for the support received as it discharged its mandate of reviewing Auditor General's Report. On the same note, 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. The Committee is also grateful to the Executive Committee Member of Finance, Director of supply chain management, the Clerk of the Assembly, Chief Officer of finance, the Secretary of Public Service Board and Transitional authority officer for finding time to debrief the members and for their written submissions on the queries raised in the audit report.

Mr. Speaker sir,

It is therefore my pleasant duty and privilege, on behalf of the County Public Investment and Accounts Committee to table this Report and commend it to the House for adoption.

Signed--

THE HON. STEPHEN CHANGMORIK

CHAIRPERSON, COUNTY PUBLIC INVESTMENT AND ACCOUNTSCOMMITTEE

Date------------7th MAY 2014--

We Members of the Public Accounts and Investment Committee (PAC/PIC) do hereby affix our Signatures to this report to affirm the correctness of the contents and support for the report:-

(i) The Hon. Stephen Changmorik..

(ii) The Hon. Patrick Chepkwony ....

(iii) The Hon. Bency Too..

(iv) The Hon. Leah Kirui..

(v) The Hon. Robert Serbai..

(vi) The Hon. Robert Bett..

(vii) The Hon. William Mosonik..

(viii) The Hon. John Chepkwony..

(IX) The Hon. Josephine Rotich..

EXAMINATION OF THE AUDITOR GENERAL'S REPORT

Mr. Speaker sir,

In reviewing the Auditor General report, the County Public Investment and Accounts Committee held fourteen (14) sittings culminating in a final meeting to prepare this report.

KEY AUDIT OBSERVATIONS AND RECOMMENDATIONS BY THE COMMITTEE

Arising from the evidence taken, the Committee made the following general observations and recommendations:-

1. **Taking over of former Local Authorities**

   In the course of Audit, the Auditor general noted that there was no official handover/takeover of assets, liabilities and staff despite that all the three former Local Authorities of Bomet Municipalities, Bomet County Council and Sotik Town Council having prepared a detail listing of the assets, liabilities and staff.

   The Committee noted with concern that the County Government seems to embrace possession and use of the assets held by the former Councils, but it was reluctant to accept liabilities in equal measure.

   Transition Authority expressed their concern that they had not been given adequate time to prepare and validate an inventory of all the existing assets and liabilities. The Committee also heard that the T.A were not involved by the County government in the process as they were construed as interfering with the management of the devolved units.

   The Committee was further informed that the T.A was in the process of engaging a consultant to conclude the exercise.

   The Committee noted that the scope of the Audit did not capture the Defunct Bureti Municipal Council despite the current sub-counties of Sotik and Konoin being part of Bomet County.

   The Committee therefore recommends that;

i. The T.A should fast track the handover of assets, liabilities and staff to the County government.

ii. A Committee should be constituted by County Executive Member of Finance in consultation with the PAC/PIC, within two weeks of receiving this report so as to address issues of assets and liabilities which belonged to the Defunct Bureti County Council. The T.A (Bomet and Kericho) and persons who had knowledge of assets and liabilities should be involved to ascertain the existence, completeness and accuracy. The final report of which should be submitted to the County assembly.

2. Cash and Bank Balances

Former Councils bank accounts were not closed and balances transferred to the County Government Revenue Account by 28th Feb. 2013, the deadline set by the T.A. but was instead left operational up to 27th June, 2013

The Committee further noted with concern that there was no board of survey constituted to verify cash and bank balances at the closure and transfer of those balances to the County Government.

The T.A, in their submissions, informed the Committee that the accounts were not closed immediately as they were used as collection accounts for rates and other revenue especially on direct banking. However, the T.A acknowledged that any expenditure incurred by the County government before they received their allocations from the National Treasury ought to have been treated as internal borrowing subject to ratification by the County Assembly.

The Committee therefore recommends that;

i. **Cashbook records should be updated and monthly bank reconciliations done to support the accuracy of the balances in all future transactions.**

ii. **The County Government should ensure that instructions and directives issued from time to time are adhered to.**

3. Debtors Balances

According to the unsigned handing over notes held by the county Government office, debts totaling Kshs. 318,552,468 for takeover from the constituent local authorities were as follows:

(i)	The County council of Bomet	197,727,700
(ii)	Town council of Sotik	57,146,982
(iii)	The Bomet municipal	63,677,786
	Total	318,552,468

The committee further noted with concern that the County Executive did not officially take over the debtors and did not prepare any records to be used in follow up.

The Committee observed that failure to hand over the debtors result to risk of debtors not being traced. The Committee further observed that as a result of this, the County Government may lose revenue.

The T.A in their written submissions informed the committee that the chief officers of the defunct local authorities did reports that confirmed the assertion and this was ascertained by the County Government before taking over.

The Committee therefore recommends that;

(i) Appropriate systems for recording debtors by the County Government should be developed to ensure accuracy of records.

(ii) Debt collection policy should be put in place by the Treasury to facilitate collection of County debts as and when they fall due.

(iii) Proper analysis of debts owed to the constituent defunct local authorities should be carried out. The process should involve the Treasury, the T.A and former chief officers of the defunct councils

(iv) Debtors' records should be reconstituted starting with the audited balances as at 30th June 2012 and recorded in the debtor's ledger.

(v) Monthly debtors reconciliations should be done.

3. Creditors

The three former local authorities provided handing over notes of outstanding creditors of Kshs.75, 269,174 as follows:

(i)	The County council of Bomet	10,062,384
(ii)	Town council of Sotik	53,994,740
(iii)	The Bomet municipal	11,212,050
	Total	75,269,174

The County Executive did not officially take over the creditors worth Kshs.75, 269,174 remaining as outstanding and did not prepare any records arguing that it was the responsibility of the Transitional Authority to settle the financial obligations of the former Councils and that there were no sufficient basis for payments.

Through their submissions, the T.A informed the committee that the former chief officers of the defunct local authorities conducted reports confirming the position of the creditors and this was to be confirmed by the County Government before taking over. T.A. further informed the committee that the same written reports have been handed over to the County executive.

The committee noted with concern that there were no creditors invoices and statements to support the individual suppliers balances hence the accuracy of the total creditors balances of Kshs.75,269,174 was not confirmed.

The Committee therefore recommends that;

(i) The creditors should be promptly recorded in the creditors' ledger with detailed particulars of each creditor noted and the same updated regularly.
(ii) The creditor's balances should be confirmed independently before effecting any payments.
(iii) The County government and Transitional Authority should move fast to address this matter as it may result in penalties and interest accruals.
(iv) The County Government should fast track official takeover of the correct assets, liabilities and other functions as provided under the Act.

5. Non-Current Assets

The status of the assets held by former Councils is as follows:

(a)Motor vehicles:

The County Government had a total of 35 motor and related machinery out of which two (2) motor vehicles were involved in accidents during transition period. One (1) vehicle with Reg.No.KYG 808 was not physically availed for audit inspection. The vehicle, inherited from the defunct County Council of Bomet was not included in the list of motor vehicles handed over to the County Executive.

The County Executive did not provide the following details:

(i) Cause of the accident and whether there was any negligence for the accident
(ii) Whether the motor vehicle was on official duties at the time of the accident

The committee was informed that the motor vehicle with registration No.KYG 808 was at Koiwa estate, Kimaru Tea Factory.

The committee heard through written submissions, from the Executive Member of Finance that the County Government did purchase forty (40) new vehicles.

The Committee therefore recommends that;

(i) **The County Executive should ensure that the transport department is managed efficiently and professionally.**
(ii) **Physical verification of all the motor vehicles, including KYG 808 and related machinery should be done by the County executive to confirm their existence.**

(b) Furniture, fittings and computers

The County Executive did not maintain inventory of furniture, fittings and computers at its disposal. The committee observed that failure to maintain inventory would make it impossible to establish the quantities of assets either inherited or acquired during the transition period.

The committee heard through written submissions from the T.A that furniture and fittings were fully recorded by the chief officers of the defunct local authorities.

The Committee recommends that;

(i) **The County Government should identify, take stock and tag all the assets taken over from the National government and the three defunct Local Authorities and those being acquired by the County Government.**
(ii) **All the assets should systematically be recorded in the fixed assets register of the County Government. The register should be updated on a regular basis.**
(iii) **The assets should be valued to ascertain their fair values. Any movable asset proven to be of no value should be disposed.**

(c) Land

The detailed list of assets of the County Council of Bomet excluded parcels of land valued at Kshs.65, 007,000 made up as follows:

Chebunyo Open Air market	4,410,000
Chebunyo Cattle Auction yard	3,520,000

Siongiroi Market Centre	55,607,000
Kericho/Kaboson Open market	1,470,000
Total	65,007,000

The Committee found that the Defunct Town Council of Sotik handed over to the County Government Land Assets amounting to Kshs.21, 034,000 but the land did not have title deeds.

(d) Office buildings

The defunct Town Council of Sotik handed over office buildings worth Kshs.18, 973,614 while office buildings of the defunct Municipal Council of Bomet had not been valued and therefore no values were assigned. The Defunct County Council of Bomet had eleven (11) office buildings transferred to the County Government but were not valued and therefore no values assigned.

The Committee recommends that;

- **(i) All assets of the County Government should be identified, valued and recorded in the County Government Fixed Assets Register.**
- **(ii) County Government Land without title deeds should be checked, confirmed and title deeds processed.**

4. Revenue

The County Government of Bomet received Kshs. 185,696,194 from the Transition Authority between April and June 2013 as follows:

On the 26th April 2013	70,916,580
On the 28th June 2013	53,187,414
On the 17th June 2013	61,592,200
Total	185,696,194

As at 30th June 2013 the Bank balance for the Cooperative bank County operation Account No. 01141356751900 was Ksh.128, 707,916. The main cash book was not maintained and no revenue reconciliations were done to confirm the cash and cash equivalent as at that date. The Committee therefore noted that it was not possible to confirm the cash and bank balance as at the closure of the financial year on 30th June 2013.

The Committee also expressed concern over the sudden net decline in revenue collected by the County Government between January to June 2013 as compared to the same period in 2012 as follows:

Defunct Councils	January –June 2012	January-June 2013	Net decline	Remarks
County Council of Bomet	78,328,408	20,973,783	57,354,625	
Municipal Council of Bomet	14,170,390	8,568,209	5,602,390	
Town council of Sotik				No records availed for audit review

The Committee heard from the Transition Authority that the drop in the revenue was due to transitional uncertainties after the general election.

The Committee recommends that;

- **(i)** **Proper systems should be put in place to ensure that revenue collected is promptly received, recorded and banked intact.**
- **(ii)** **Detailed analysis of revenue collected during the transition period at each of the defunct Local Authority should be undertaken and the variances explained.**
- **(iii)** **Proper systems should be put in place to ensure that revenue collected is promptly receipted, recorded and banked**

7. Procurement

A number of irregularities were noted in respect to the manner the County Government procured some of its goods and services and the following information was reported:

(i) The County Executive two-way workstations and filing cabinets at a cost of Kshs.1,300,000.Although the right procurement procedures was followed in acquiring the items, the assets were not taken on charge in the assets register.

(ii) Further, the County Executive did not maintain an inventory of the furniture and fittings. Again four (4) HP laptops and one (1) photocopier costing Kshs.593, 000.The receipt and issue of the laptops were not made available for audit and the whereabouts of the computers was not established.

As a result, assets valued at Kshs.1, 893,000 were purchased but were not taken on charge and its location could not be established.

Through submissions the Director of procurement acknowledged that there was weakness in documentation during transition period and capacity issues but the assets mentioned has since been recorded in stores ledger and stock control card and its location identified.

The Committee therefore recommends that;

(i) All procurements be correctly and promptly recorded therein upon receipt of any purchases of goods, stocks and consumables. The goods should then be authorized by designated senior staff

(ii) The County Government should ensure that all procurement is based on the provisions of the Procurement and Disposal Act of 2005 and Regulations 2006.

7. Audit of Human Resources and IPPD payroll and Establishment.

According to the Auditor General Report the employees of the three councils as per that period were as follows:

Council	No. of Permanent staff	No. of temporary staff	Total No. of staff
Municipal Council of Bomet	46	85	131
County Council of Bomet	55	42	97
Town council of Sotik	28	12	40

Total employees	129	139	268

The report revealed that all the staff of the defunct local authorities were transferred to the County Government but have not been subjected to the County Public Service Board for confirmation and redeployment as employees of the County Government. The audit further revealed that there was no job evaluation done to determine the personnel requirement/human resource requirement in the new County Government dispensation. The qualification, experience and optimal number of the staff required to run the County Government effectively, efficiently and economically was therefore not determined.

The Committee expressed their concerns that there was a risk of bloated payroll and certain jobs being done by either unqualified or overqualified staff as well as possibility of job duplications.

Via written submission from the Secretary of County Public Service Board, he informed the Committee that;

(i)Job evaluation is a national exercise which may not be initiated by individual Counties and professionals will undertake it where the Board would be involved.

(ii) 113 out of 209 of the former local authority employees who appeared before the Board was recommended to be retained and deployed to relevant department. Ninety two (92) officers were released to the National Government. Two (2) officers who were on sick leave were also among this group. He further informed the Committee that the Board recruits staff based on a structure incorporated in the County Integrated Development Plan and as per the intent of the executive.

The Committee therefore recommends that;

- **(i) Job evaluation should be carried out by a professional institution assisting the County Government with job contents for each position, the salary structures and the requisite qualifications of personnel for each key position in the entire County Government structure.**
- **(ii) There should be urgent staff head count, staff rationalization and redeployment of under-utilized and redundant staff.**
- **(iii) An organizational structure /organogram of County Government should be professionally drawn with clear roles and responsibilities of each key position.**

8. ICT, IFMIS and G-Pay Systems

REPUBLIC OF KENYA

COUNTY GOVERNMENT OF BOMET

Telephone:0202084070

Email: info@treasury.bomet.go.ke

When replying please quote Ref. No. and Date

Office of the Governor
Bomet Headquarters
P.O. Box 19-20400
BOMET.KENYA

Date: 20th March 2014

PCA
24/03/14

The Clerk
County Assembly of Bomet
Bomet

Dear Sir

RE: PIC METING REPORT

This report is reference to PIC and Executive Finance Meeting held at the County Assembly on 2/3/2014.

VEHICLES

So far the county government has purchased new vehicles 40 new vehicles. They are mainly for the Sub-Counties. There existed other vehicles exist through not transferred by Transition Authority. These includes, a tractor, exhauster and vehicles fom devolved functions.

We are however informed that there is a vehicle KYG 808 at Koiwa Estates. We are yet to extablish it existence and the committee will be informed in due course. Double cablin KAW 217 was released to Kericho as per the agreement between the two Governors. Bomet County was left with one dozer

The County Government will also consider some motivation to workers in Embomos as earlier agreed before the formation of County Government.

PIC Committee Members will be involved in the discussion between Kericho and Bomet in sharing of assets as some ot its members have a background to this information.

Indeed, the Transition Authority released Ksh.177 Million which was used for salaries upto june30. Report is attached for scrutiny . Transition Authority also released Kshs. 61.2 Million for infrastructure. This was not used as we run of time and was released to

CBK and requisitoned back. The County is still holding the money architerial designs are in progress.

The County has also advertised for ERP to help boost Revenue Collection. The County Government has also signed a contract to tag and value assets and is expected to be finalized by April 30 2014.

The Director, Procurement has started a program to ensure that goods and services are recorded on receipts and also a mechanism for stores issues in any case all requisitions are now transacted online on IFMIS System.

The County Government intends to undertake a job evaluation to ensure it has the right staff in the right roles.

It is also confirmed that the store for medicine in Silibwet is safe as is located at the hospital as confirmed by the Executive- Health.

If there are any further clarification, please do not hesitate to notify us.

Thank you.

Yours Sincerely

David Cheruiyot

Executive Member - Finance

5. County Statement of Financial Performance

COUNTY GOVERNMENT OF BOMET				
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2013				
	NOTE	BUDGET 2012/2013 Ksh.	ACTUAL 2012/2013 KSh.	2012/2013 KSh.
OPERATING REVENUE				
Allocation		238,000,000	238,885,644	
Local Revenues		40,000,000	17,238,693	
Total Revenues		278,000,000	256,124,337	
OPERATING EXPENSES				
Employee costs		40,000,000	38,218,806	
Operating costs		207,979,999	70,105,097	
Repair and maintenance costs		30,000,000	26,249,108	
Depreciation & Armotization				
Total Operating Expenses		277,979,999	134,573,011	
Net Surplus / Deficit from Operating Activities			121,551,326	
Bad debt provision				
Interest Earned				
Interest paid & Bank charges		20,000	17,440	
Gain/loss on disposal of fixed assets				
Total Non-Operating Revenues (Expenses)			121,533,886	
Net surplus (Deficit) after extra-ordinary items			121,533,886	
Extraordinary Items			0	
Net Surplus /(Deficit) for the year			0	
Provision for Renewals Fund			0	
Net surplus (Deficit) carried to General Rate Reserve Fund			121,533,886	

General Rate Reserve Fund

		2012/2013	2011/2012
	NOTE	KSh.	KSh.
Net surplus (Deficit) for the year		121,533,886	
Bal b/f		0	
Prior year and other adjustments		0	
Surplus / deficit c/f		121,533,886	

6. County Statement of Financial Position

COUNTY GOVERNMENT OF BOMET STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013	NOTE	2012/2013 KSh.	2011/2012 KSh.
ASSETS		121,538,353	0
Current Assets		5,875,156	0
Cash & cash equivalents			
Receivables / Debtors		17,238,693	0
Deposits			
Prepayments			
Inventory		144,652,202	0
Total Current Assets			
Non-current Assets		0	0
Investment		0	0
Land & buildings		0	0
Capital work in progress		0	0
Plant & equipment		0	0
Infrastructure		0	0
Motor vehicles		0	0
Furniture, fittings & equipment		0	0
Community Assets		0	0
Housing Schemes		0	0
Heritage Assets			
Total non-current assets		144,652,202	0
TOTAL ASSETS			
LIABILITIES			
Current Liabilities		24,783,134	0
Payables/creditors/accruals		0	0
Consumer deposits		0	0
Current Portion of Long Term Loans		0	0
Bank overdraft		24,783,134	0
Total current liabilities			
Non-Current Liabilities		0	0
Long-term borrowing		0	0
Total non-current liabilities		24,783,134	0
TOTAL LIABILITIES		119,869,068	0
NET ASSETS			
NET ASSETS / CAPITAL & RESERVES		0	0
Capital contributed by Government Entities		0	0
Renewals Fund		0	0
Other reserves		119,869,068	0
General Rate Reserve Fund		0	0
Housing Fund		119,869,068	0
TOTAL NET ASSETS / CAPITAL & RESERVES			

Signed ....
Chief Finance Officer
Date: 30th January, 2014

Signed
HEAD OF ACCOUNTS
Date: [illegible]

9. County Cash flow Statement

COUNTY GOVERNMENT OF BOMET		
COUNTY CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2013		
	2012/2013	2011/2012
	KSh.	KSh.
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts:		
Property Rates	7,334,244	0
Single Business Permit	4,219,440	0
Fees and charges	0	0
Grants	0	0
LATF	0	0
Roads Maintenance Levy	0	0
Interest received	0	0
House Rents & TPS Schemes	338,290	0
Dividends	0	0
Lease Income	0	0
Other Receipts – Misc. Fees and Market Fees	5,346,719	0
TOTAL	17,238,693	0
County Allocation	238,885,644	0
TOTAL INFLOWS	256,124,337	0
Cash Payments	0	0
Employee Costs	38,218,806	0
Superannuation	0	0
Supplies	96,354,205	0
Interest Paid	17,440	0
Other Payments	0	0
TOTAL	134,590,451	0
Net Cash Flows from Operating Activities	121,533,886	0
CASH FLOWS FROM INVESTING ACTIVITIES	121,533,886	0
Purchase of Plant and Equipment	0	0
Proceeds from sale of investment/property	0	0
Purchase of Investments	0	0
Net Cash Flows from Investing Activities	121,533,886	0
CASH FLOWS FROM INVESTING ACTIVITIES	0	0
Proceeds from borrowings	0	0
Repayment of borrowing	0	0
Net cash flow from financing activities	0	0
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents at the Beginning of Period	0	0
Cash and cash equivalents as at 30th June 2013	121,533,886	0

12. Statement of Financial Performance Summary by Fund

COUNTY GOVERNMENT OF BOMET
STATEMENT OF FINANCIAL PERFORMANCE SUMMARY BY FUND
FOR THE YEAR ENDED 30TH JUNE 2013

	GENERAL RATE FUND 2012/13 KSh.	L.A.T.F FUND 2012/13 KSh.	PRF1 FUND 2012/13 KSh.	TOTAL 2012/13 KSh.
OPERATING REVENUE				
Own Source of Revenues				
Property Rates	7,334,244	0	0	7.334 244
Contribution in lieu of Rates		0	0	
Cess and other levies		0	0	
Single Business Permit	4,219,440	0	0	4 219 440
Licenses		0	0	
Market Fees		0	0	
House Rent	338,290	0	0	338 290
Other Fees and Charges		0	0	-
Lease Income		0	0	
Miscellaneous Revenue	5,346,719	0	0	5 346 [illegible]
Total Own Source of Revenues	**17,238'693**	0	0	17.238'693
Central Government and other Transfers				
LATF		0	0	
Road Maintenance Levy Fund		0	0	
Other Government Recurrent Grants	238,885,644	0	0	238 885 644
Total Central Government and other Revenues	238,885,644	0	0	238 885 644
Total Income	**256,124,337**	0	0	256,124.337
Operating Expenses				
Employee costs	38,218,806	0	0	38 2[illegible] 806
Operating costs	70,105,097	0	0	[illegible]
Repairs and maintenance costs	26,249,108	0	0	26 24[illegible] [illegible]
Depreciation & Amortization		0	0	
Total Operating Expenses	134,573,011	**0**	**0**	134 573 [illegible]
Net Surplus / (Deficit) from Operating Activities	121,551,326	0	0	12[illegible] 55[illegible] 326
Bad Debts Provision	0	0	0	0
Interest earned	0	0	0	0
Interest paid	17,440	0	0	[illegible] 440
Gain/(Loss) on disposal of Fixed Assets	0	0	0	0
Total Non-Operating Revenue (Expenses)				
Net Surplus/(Deficit) from Ordinary Activities	0	0	0	0
Share of Surplus/(Deficit) of Associate	0	0	0	0
Net Surplus/(Deficit) before Extraordinary Items	0	0	0	0
Extraordinary Items	0	0	0	0
Net Surplus / (Deficit) for the year	**0**	0	0	0
Provision for Renewals Fund	**0**	0	0	0
Net Surplus / (Deficit) for the year	**121,533,886**	0	0	121.533.886

13. STATEMENT OF FINANCIAL POSITION SUMMARY BY FUND

COUNTY GOVERNMENT OF BOMET
STATEMENT OF FINANCIAL POSITION SUMMARY BY FUND AS AT 30th JUNE 2013.

	GENERAL RATE FUND	LATF FUND	SERVICE CHARGE FUND	KKV FUND	PRF 1, 2 FUND	TOTAL
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
ASSETS						
Current Assets						
Cash & Cash Equivalents	121,538,353					121,538,353
Debtors	5,875,156					5,875,156
Deposits	17,238,693					17,238,693
Inventory	0					0
Prepayments	0					0
Short-Term Deposits	0					0
Total Current Assets	144,652,202					144,652,202
Non-Current Assets						
Long-Term Receivables	0					0
Investments	0					0
Land & Buldings	0					0
Work in progress	0					0
Plant & Equipment	0					0
Infrastructure	0					0
Motor Vehicles	0					0
Furniture, Fittings & Equipment	0					0
Housing Schemes	0					0
Community Assets	0					0
Heritage Assets						
Total Non-Current Assets	144,652,202					144,652,202
TOTAL ASSETS						
LIABILITIES						
Current Liabilities						
Creditors, Accruals & Provisions	24,783,134					24,783,134
Consumer Deposits	0					0
Short-term Borrowings	0					0
VAT	0					0
Current Portion of Long Loans	24,783,134					24,783,134
Prepayments	0					0
Bank Overdraft	0					0
Total Current Liabilities	24,783,134					24,783,134
Non-Current Liabilities	24,783,134					24,783,134
Total Non-Current Liabilities						
NET ASSETS	119,869,068					119,869,068
Inter Funds Balances	0					0
CAPITAL AND RESERVES						
Capital contributed by Govt Entities	0					0
Other Fund Reserves	0					0
Housing Funds						
TOTAL NET ASSETS/CAPITAL & RESERVES	119,869,068					119,869,068

16. County Changes in Net Assets/Capital and Reserves

COUNTY GOVERNMENT OF BOMET

CHANGES IN NET ASSETS/CAPITAL AND RESERVES AS AT 30TH JUNE 2013

KShs.(000's)

	Contributed Capital	Other Reserves	General Rate Reserve Surplus/ (Deficits)	Total
Balance as at 01/07/2012			0	0
Changes in Accounting Policy			0	0
Restated balance			0	0
Surplus on revaluation of property			0	0
Deficit on revaluation of investments			0	0
Renewal Fund			0	0
Net gains and losses not recognized in the			0	0
Statment of Financial Performance			0	0
Net surplus for the Period			121,533,886	121,533,886
Balance at 30/06/2013			0	0
Deficit on revaluation of Property			0	0
Surplus on revaluation of Investments			0	0
Net gains and losses not recognized in the			0	0
Statment of Financial Performance			0	0
Net deficit for the period			0	0
Balance as at 30/06/2013			121,533,886	121,533,886

GRAND TOTAL

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BOMET COUNTY GOVERNMENT

AUDITOR GENERAL REPORT RESPONSE

a) Taking over of former Local Authorities

If the TA had been given time to exercise its mandate as per S 7(2) (e), it could have prepared and validate an inventory of all the existing assets and liabilities. But now, the TA is organizing to have a consultant to do the validation. When the County government came to power they did not want to see TA as it was construed as interfering with the management of devolved units.

b) Cash and Bank balances

The former LA chief officers should be in a position to explain the collections and expenditures made after 28th Feb 2013, the deadline set by the TA. Accounts could not be closed immediately as they were collection accounts for rates and other revenue especially on direct banking. Any expenditure used by the County governments before they received their disbursement from the National government ought to have been treated as internal borrowing that was to be ratified by the County Assembly and reimbursed to County Revenue account.

c) Debtors' and Creditors' status

The former chief officers of the former defunct local authorities did reports that confirmed the position of the above and this was to be ascertained by the County governments before taking over. The same written reports have since been handed over to the county executive.

c) Non-current Assets.

Furniture and fittings

Furniture and fittings were fully recorded by the chief officers of the defunct local authorities.

d) Revenue

After elections many tax payers delayed in paying their taxes due excitements caused by political promises that had been made by the governors.

e) Use funds in the Accounts of former Local Authorities.

The County governments came in without funds and therefore did internal borrowing from the accounts of former councils for take-off. These funds were to be reimbursed once County governments were given their funds which were to be preceded by ratification of the same expenditure by the County Assembly.

Report compiled by;

Mr Joe Sigei

County Transition Coordinator

BOMET COUNTY

On 19/03/2014

REPUBLIC OF KENYA
BOMET COUNTY ASSEMBLY
OFFICE OF THE CLERK
P. O. Box 590-20400 BOMET Cell: 0727 887 146
Website: www.bometbunge.com
Email: info@bometbunge.com

06 May 2014

The Chairman
PAC/PIC Committee
Bomet County Assembly
BOMET

Dear Sir,

RE: AUDITOR GENERAL'S REPORT

Refer to the above report and the inquiry by your committee regarding the queries raised by the Auditor General in respect of the operations of the Assembly and particularly on the separation of powers.

I do confirm that the Assembly has been operating its own bank account at the Equity Bank for the last seven months. We are now almost autonomous save for the payroll which is still being managed by the Executive. We are working on mechanisms of operating our own payroll and we have already initiated discussions with the County Treasury and the Transition Authority on the same.

In case you need any further clarification I will be most oblige to assist.

Yours faithfully,

ISAAC K KITUR
CLERK OF THE ASSEMBLY

MINUTES OF PUBLIC ACCOUNTS COMMITTEE/ PUBLIC INVESTMENT COMMITTEE (PAC/PIC) HELD ON 2ND MAY IN THE CHAMBERS AS FROM 10.00AM.

Members present:

1. Hon.Stephen Changmorik................ ...Chairperson
2. Patrick Chepkwony.........................Vice Chairperson
3. Hon.William Mosonik........................Member
4. Hon.John Chepkwony........................Member
5. Hon.Robert Serbai...........................Member
6. Hon.Robert Bett..............................Member
7. Hon. Leah Kirui...............................Member

Absent

Hon.Bency Too...............................Member.

Apology

Hon.Josphine Rotich.........................Member.

In Attendance

1. County Executive Member of Finance...........Mr.Cheruiyot
2. Chief Procurement Officer........................Mr. Kirui
3. Secretary Public Service Board...................Mr.Tonui
4. Chief Finance Officer.............................Rose Kositany

Agenda

1. Preliminaries.
2. Communications from the County Executive member of Finance, Bomet County Assembly Clerk, Bomet County Chief Procurement Officer and The Secretary of Public Service Board.
3. A.O.B

Min 41/5/2014 Preliminaries.

The Chairperson called the meeting to order then requested honorable Leah Kirui to pray. He then welcomed the County Executive member of Finance, the Chief Procurement officer and the Secretary of Public Service Board for honouring the invitation by the Committee.

Min 42/5/2014 Audit of Homan Resources and IPPD payroll and Establishment.

The issue raised in the Auditor General Report was that there was no job evaluation done to determine the personnel requirements and suitability of each staff under the new government dispensation. The Secretary of Public Service Board was given the opportunity to clarify the issues raised and the responses were as:

(i) Only a total of 270 staff have been employed while all the former 209 employees of the defunct councils were all observed by the new County Government.

(ii) A head count has been carried out in the Agriculture, Health and Trade. A head count shall be conducted again in the health department to ascertain the exact number of employees.

(iii) Every December each year a recruitment and office establishment report is normally prepared and submitted to monitor the number of employees recruited and the offices created.

(iii)The Board have a recruitment policy but not yet approved. Currently they are using human resource manual, code of regulation and procedures.

(iv) The casuals are employed by the respective department.

(v)He also clarified that their work entails recommending qualified interviewees but they does not issue appointment letters.

(vi) He also clarified that the County wage bill in at 26%, below the recommended 30%.This means the County wage bill is manageable as at now.

(vii)The payment of ECD teachers has not been effected and would soon be paid.

Committee recommendations:

(i)A comprehensive report detailing structure of employment, number of staff employed timeframe on staff head count and job evaluation. The report should also capture the three redundant staff.

(ii) The Public Service Board must always make follow ups once appointment has been effected to ensure those who qualified through the recruitment process are actually the ones on payroll.

(iii) Every institution or department should be allowed to carry out their mandate.

(iv) The Public Service Board of Bomet County has to address the issue of personnel employment so that the wage does not ballooned beyond control.

Min 43/5/2014 Taking over of former local Authorities

The County Executive member of Finance clarified that it is the responsibility of the T.A to handle all the issues of taking of the former local authorities.

Min 44/5/2014 Assets and Liabilities

Clarifications by County Executive member of finance;

(i)All Assets and Liabilities are with the County Government.

(ii)Most assets of the defunct Bureti County council were left in Kericho County yet the territory of the former Bureti County council came to Bomet County and a classic example is the Konoin District.

(iii)Indeed the Auditor General Report did not capture assets of former Bureti County Council.

Min 45/5/2014 Cash Balances.

Clarifications by County Executive member of finance;

The 28th February deadline was not adhered to due to the politics of 2013 General elections.

Min 46/5/2014 Debtors

Clarifications by County Executive member of finance;

(i) TA was supposed to record them and authenticate before handing over.
(ii) Admits that debtors are still pending and they are still working on the Auditor General Auditor General report.

The Committee recommends that;

-A special Audit on Bureti Assets be carried out by the Auditor General.

-TA should give a report and conclude on the issues of Debtors.

-Report on the letter showing the official handing over be given by the TA.

Min 47/5/2014 Creditors

Clarifications by County Executive member of finance;

(i) A great percentage of the creditors are due PAYE.The outstanding Kshs.75, 269,174 is attributed to NSSF, Laptrust, legal fees, KENAO et cetera.

The Committee recommends that the TA needs to fast track the payments of Creditors.

Min/48/5/2015 Revenue

There was an unexplained sharp decline in the revenue collected during the period of January to June 2013.As compared to the same period of 2012,the revenue drop by Kshs.57,354,625 for which no proper explanation has been given.

Clarifications by County Executive member of finance;

(i) The decline was due to the elections and the transition whereby there was no collections from the road, motor bikes and groceries.

Min 49/5/2014 IFMIS and G-PAY

Clarifications by County Executive member of finance;

(i) The IFMIS and G-PAY are now installed and fully operational
(ii) Procure to pay module are operational in the sub-counties as at now.

Min50/5/2014 Procurement

The issues raised was that there was no proper record of issuance services rendered and goods purchased.

Committee recommends the procurement department to submit a progress report of the matter on Monday 5th May 2014.

Min51/5/2014 Separation of Powers between the County Assembly and the County Executive.

The issue of lack of separation of powers and financial reliance on the executive of the Assembly could compromise its oversight role as at that period.The Clerk of the Assembly will also brief the Committee concerning the matter.

A report will be submitted to address all the matters on expenditure.

Min 52/5/2014 A.O.B

The Committee recommends that all drugs shall be supplied by the KEMSA and not MED.The County Executive for health shall be consulted to clarify the matter concerning Cheboin dispensary which is not in operation yet drugs have been already supplied. The Chief procurement officer informed the Committee that a procurement officer has been recruited to handle material stores in the County.

The Committee recommended that a security officer should be recruited by the County to be in charge of security in Longisa Hospital.

Min 53/5/2024 Adjournment

There being no other business the meeting ended with a word of prayer from Honourable Changmorik.

CONFIRMATION

Committee Chairperson

Name... STEPHEN CHANKMORIK. ...

Date... 6th MAY 2014 ...Signature... [signature] ...

Committee Secretary

Name... Dickson ... Cheruiyot ...

Date... 6/5/2014 ...Signature... [signature] ...

MINUTES OF PUBLIC ACCOUNTS COMMITTEE/ PUBLIC INVESTMENT COMMITTEE (PAC/PIC) REPORT WRITING RETREAT HELD ON 3RD AND 4TH MAY IN KERICHO TEA RESEARCH AS AT 10.00AM

Members present:

1. Hon.Stephen Changmorik.................Chairperson
2. Patrick Chepkwony.........................Vice Chairperson
3. Hon.William Mosonik.......................Member
4. Hon.John Chepkwony.......................Member
5. Hon.Robert Serbai ....Member
6. Hon.Robert Bett.............................Member
7. Hon. Leah Kirui..............................Member
8. Hon. Bency Too.............................Member
9. Hon.Josphine Rotich.........................Member

Agenda

1. Preliminaries
2. Report writing on the key findings in the Auditor General Report for the period of January to June 2013 by the County Assembly Public Accounts and Investment Committee.
3. A.O.B

Min 54/5/2014 **Preliminaries**

The chairperson called the meeting to order then requested honourable Leah Kirui to lead the Committee with a word of prayer. He thanked the members for their commitment in their effort to ensure the report is satisfactorily concluded.

Min 55/5/2014 Taking over of the Local Authorities

According to a Report compiled by the Defunct ministry of local Authorities the Assets were to be shared between Bomet and Kericho with Bomet taking 75% of the Assets of the defunct Bureti county council. Instead 75% of personnel of the defuct Bureti county council were transferred to Bomet County leaving behind a huge amount of assets ranging from land,vehicles,motor bikes,computers,grass moor,guarage and buildings.Embomus Tea Farm including the proceeds was also not mentioned in the Auditor General Report

The Committee recommends that:

(i) Since the Assets of the defunct county council of Bureti was not captured in the Auditor General's Report the Committee recommends that special audit be conducted to ascertain the Assets in Bureti.

(ii) Committee to be constituted by County Executive member of finance, having considered advice of the PAC/PIC, within two weeks of receiving this report so as to address issues of Assets and Liabilities which belonged to the Defunct Bureti County Council. The T.A Bomet and Kericho should be involved in the exercise. The report of the stated committee to be constituted should be submitted to the County assembly.

(iii) The county government and the T.A should involve persons who had knowledge of assets and liabilities to ascertain the existence, completeness and accuracy.

(iv) Asset sharing will be based on the Report compiled by the Defunct ministry of local Authorities

Min 56/5/2014 Cash and Bank balances as at end of 30th June 2013.

The Auditor General failed to capture the Kshs.278,000,000.Out of which,Kshs.177,000,000 was for TA,Kshs.61,000,000 and Kshs.40,000,000 were collections in two months. It was not stated how much was in the Account before the end of 30th June 2013.

The Committee therefore recommends that;

The PAC/PIC within three months to investigate and confirm the expenditure incurred during the period whether they were a proper charge to public funds. Cashbook records should be updated and monthly bank reconciliations done to support the accuracy of balances.

Min 57/5/2014 Debtors

A total of Kshs.318, 552,468 amounts to debts owed to the three defunct county Councils .The committee further noted with concern that the County Executive did not officially take over the debtors and did not prepare any records to be used in follow up.

The Committee observed that failure to hand over the debtors result to risk of debtors not being traced. The Committee further observed that as a result of this, the County Government may lose revenue.

The T.A in their written submissions informed the committee that the chief officers of the defunct local authorities did reports that confirmed the assertion and this was ascertained by the County Government before taking over.

The Committee therefore recommends that;

(i) Appropriate systems for recording debtors by the County Government should be developed to ensure accuracy of records.
(ii) Debt collection policy should be put in place by the treasury to facilitate collection of County debts as and when they fall due.
(iii) Proper analysis of debts owed to the constituent defunct local authorities.
(iv) Debtors' records should be reconstituted starting with the audited balances as at 30th June 2012 and recorded in the debtor's ledger.
(v) Monthly debtors reconciliations should be done.

Min 58/5/2014 Creditors

An outstanding value of Kshs.75, 269,174 amounts to creditors. The T.A in their written submissions informed the committee that the chief officers of the defunct local authorities did reports that confirmed the assertion and this was ascertained by the County Government before taking over. The committee noted with concern that there were no creditors invoices and statements to support the individual suppliers balances hence the accuracy of the total creditors balances of Kshs.75,269,174 was not confirmed.

The Committee therefore recommends that;

(i) The creditors should be promptly recorded in the creditors' ledger with detailed particulars of each creditor noted and the same updated regularly.
(ii) The creditor's balances should be confirmed independently before effecting any payments. The lead responsibility in this case is the PIC/PAC committee
(iii) The Transitional Authority should move fast to address this matter so that the County Government can officially take over the correct assets, liabilities and other functions as provided under the Act.

Min 59/5/2014Non Current Assets

(i) These include land, furniture, buildings, motor vehicles, office equipment, plant and machinery.

The committee recommends that all Assets of the County Government should be identified, valued and recorded in the County Government Fixed Assets Register. Hence PAC/PIC needs to have a closer interaction with TA to enhance accountability through both and informal meetings. County Government Land without title deeds should be checked, confirmed and title deeds processed

Min 60/5/2014 Lack of separation of powers/authority.

The committee was concerned that the Assembly failed as per that period in exercising its independence and the consequential outcome was that County Assembly failed in its financial oversight role. At that time the County Executive controlled the financial resources needed by the Assembly to operate and discharge its duties as mandated in law. But as at now the County Assembly operates its own separate approved budgets in accordance with the County

Government Act No.17 of 2012. Through a written submission from the Clerk of the Assembly, Bomet County Assembly has been operating its own Bank Account with Equity Bank for the last seven (7) months. He informed the Committee that they are working on mechanisms of operating its own payroll. Once the issue of payroll is implemented the Assembly becomes fully autonomous. With this regard the Assembly has initiated discussions with the County Treasury and the Transition Authority to address the payroll of the Assembly

The Committee therefore recommends that in order for the Assembly to be fully autonomous;

(i) There is need for the County Executive to cede payroll control to the County Assembly. The Assembly should fast track and work with the County Treasury to ensure it operate and control its own payroll

Min 61/5/2014 Revenue

The Committee was not satisfied with the submission of the CEC Finance on the expenditures incurred during Transition period and their reluctant to furnish the PAC with relevant documents and clarifications.

Min 62/4/2014 Procurement

Through written submission the Director of Supply chain management agreed with the Committee that there was weakness in documentation during transition period but the Assets mentioned has been recorded in stores ledger and stock control card and its location identified.

Min 63/5/2014 Human Resources and IPPD payroll estabishment

In a written submission from the Secretary of County Public Service Board, he informed the Committee that;

(i) Job evaluation is a national exercise which may not be initiated by individual Counties and professionals will undertake it where the Board would be involved.

(i) The 209 former local authority employees appeared before the Board and were recommended that 113 as qualified retained and deployed to relevant department.92 officers were released to the National Government. Two (2) officers who were on sick leave were also among this group deployed to National Government. He further informed the Committee that the Board recruits staff based on a structure incorporated in the County Integrated Development Plan.

Therefore the Committee recommends that;

(ii) Job evaluation should be carried out by a professional institution assisting the County Government with job contents for each position, the salary structures and the requisite qualifications and number of personnel for each key position in the entire County Government structure.

(ii) An organizational structure /organogram of County Government should be professionally drawn with clear roles and responsibilities of each key position

There being no other business the meeting retreat ended and was closed with a word of prayer from Honourable Changmorik.

CONFIRMATION.

Committee Chairperson

Name... STEPHEN CHANGMORIK ....

Date... 6th MAY 2014 ....Sign........................

Committee Secretary

Name......Dickson......Cheruiyot......................................

Date.......6/5/2014.....................Sign.............................

COUNTY GOVERNMENT OF BOMET

PUBLIC SERVICE BOARD

P.O. BOX 605 – 20400
BOMET.

Ref: CPSB/Let/109/2014

BOMET COUNTY ASSEMBLY
RECEIVED
06 MAY 2014
P. O. Box 590-20400
BOMET

5th May , 2014

THE CLERK,
BOMET COUNTY
ASSEMBLY

RE: ISSUES RAISED BY THE AUDITOR GENERAL.

Your letter Ref: BCA/Adm/01/03 of 29th April and the subsequent appearance of the Secretary/C.E.O of the Board before the PAC/ PIC refers.
The Board met and deliberated on the issues raised by the Auditor general and would wish to communicate their response as itemized below:-

1. **Job Evaluation.**

   This is a national exercise which may not be initiated by individual Counties. Professionals will undertake it where the Board would as well be involved.

2. **Former Local authority Staff**

   Two hundred and nine (209) former local authority employees appeared before the Board.

COUNTY GOVERNMENT OF BOMET
INVENTORY OF ASSETS BOUGHT BETWEEN THE PERIOD JAN 2013 TO JUNE 2013.

Reference is made to the audit query on lack of inventory of Furniture and Fittings (Two way work-station & filling cabinets & 4HP Laptops & 1 Photocopier worth **Kshs 1,300,000 & Kshs 593,000 respectively** which were purchased and not taken in-charge. I wish to explain that the following were allocated as shown and the same as been taken charge as shown in the stores ledger cards.

No	Item description	Suppliers name	Current Location
1	Photocopier Taskalfa 180,Kyocera with -Print module -Duplex -Automatic feeder (Worth Kshs 395,000)	M/s Kimcoms enterprise . p.o Box 052-20971 KERICHO.	County ASSEMBLY
2	4 HP Laptops worth **Kshs 198,000.**	M/s Kimcoms enterprise . p.o Box 052-20971 KERICHO.	Office of the speaker County Assembly.
3	Two way working stations & filling WORTH **KSHS 1,300,000**	M/S splash general suppliers .	Treasury offices

S.K Kirui
DIRECTOR SCM