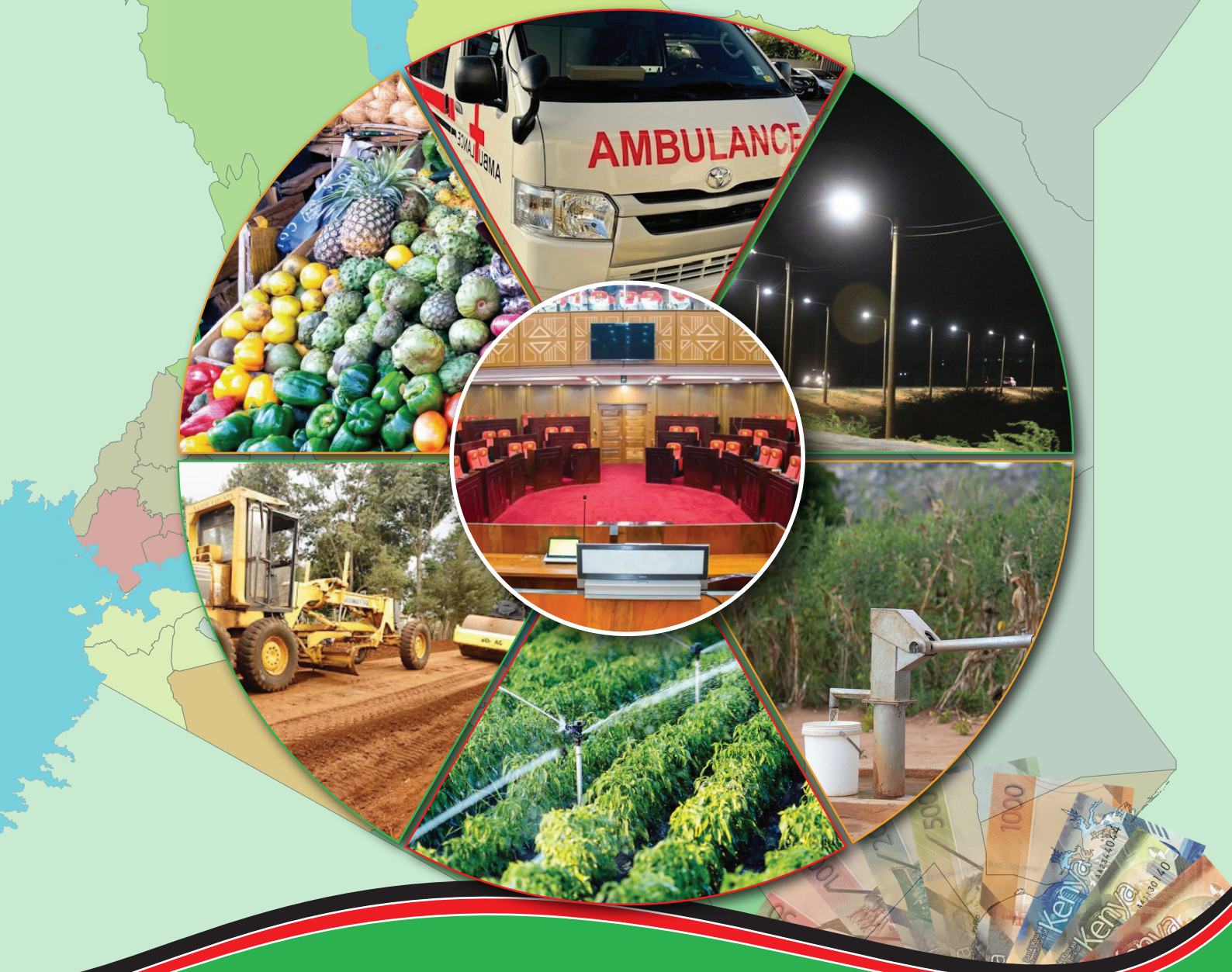
COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

COUNTY ASSEMBLIES



AUDITOR-GENERAL'S REPORT ON THE COUNTY GOVERNMENTS

COUNTY ASSEMBLIES 2024/2025

VOLUME 2

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
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VISION

Making a difference in the lives and livelihoods of the Kenyan people

MISSION

Audit services that impact on effective and sustainable service delivery

OUR CORE VALUES

Integrity • Credibility • Relevance • Accountability • Independence

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AUDITOR-GENERAL'S REPORT

ON

THE COUNTY GOVERNMENTS

FOR

THE YEAR 2024/2025

VOLUME II: COUNTY ASSEMBLIES

COUNTY ASSEMBLIES FORUM (CAF)
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Foreword

This report, commonly referred to as the Green Book presents the consolidated audit reports of County Governments which constitute County Executives and County Assemblies for the year ended 30 June, 2025. The report is printed in two volumes where Volume I constitutes consolidated audit reports for the County Executives and Volume II constitutes consolidated audit reports for the County Assemblies. The separate reports for each County were submitted to Senate, respective County Assemblies and Accounting Officers by 31 December, 2025.

Under Article 229(4) of the Constitution of Kenya, the Auditor-General is mandated to audit and report on the use of public resources by all entities funded by public funds. These entities include the National Government, County Governments, the Judiciary, Parliament, State Corporations, Constitutional Commissions, Independent Offices, public debt, publicly funded political parties, and any other publicly financed entity. Article 229(6) further requires the Auditor-General to confirm whether public resources have been applied lawfully and effectively. The Public Audit Act, 2015, provides additional details on the execution of this mandate.

Article 229(7) requires the Auditor-General to submit audit reports to Parliament or the relevant County Assembly within six (6) months after the end of the financial year. There has been perennial challenges faced by the Office as Section 81(4) of the Public Finance Management Act, 2012, effectively shortens the audit and reporting window to three months, by allowing entities until the end of September to prepare and submit their financial statements. This has adversely affected the audit scope, which affects the efficiency and effectiveness of oversight by Parliament and the County Assemblies.

Circular No. AG.3/88 Vol. VII (41) of 4 December, 2024 by the Cabinet Secretary, The National Treasury and Economic Planning, directed all public entities to submit their annual reports and financial statements for the year ended 30 June, 2025 to the Auditor-General by 31 August, 2025. This accorded my Office an extra month to execute the audit. We take cognizance of this gesture as a culmination of concerted efforts by my Office and other stakeholders such as Parliament and oversight bodies to increase the audit period to four (4) or five (5) months in future. We remain optimistic that the above directive will be entrenched in law through an amendment to the Public Finance Management Act, 2012 and the Public Audit Act, 2015.

In addition, as previously reported, the mechanisms for following up on the implementation of audit recommendations are still not effective. Consequently, many audit queries recur in subsequent years due to the absence of decisive corrective action. Section 204(1)(g) of the Public Finance Management Act, 2012, empowers the Cabinet Secretary responsible for finance to apply sanctions to any national government entity that fails to address issues raised in the Audit Reports to the Auditor-General's satisfaction.

The above notwithstanding, a number of County Executives have recorded significant progress and registered gradual improved reports where none of the County Executives reported a Disclaimer of Opinion, two (2) County Executives recorded an Adverse

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Opinion, forty-four (44) County Executives had a Qualified Opinion while only one County Executive had an Unmodified Opinion. On the other hand, reports of the County Assemblies improved significantly. Nine (9) County Assemblies had an Unmodified Opinion up from three (3) County Assemblies during the previous year, while all the other thirty-seven (37) County Assemblies had a Qualified Opinion.

Despite repeated reports highlighting weak accountability and inadequate documentation to support the lawful and effective use of public resources, the continued failure to enforce sanctions has allowed some Accounting Officers to avoid fully accounting for the resources under their management. Some Accounting Officers continue to breach Section 62 of the Public Audit Act, 2015 by failing to adequately prepare for audit, as evidenced by inaccurate financial statements, missing supporting documents, and in some cases, limited cooperation with auditors. The absence of consequences has contributed to fiscal indiscipline, including misallocations, resource wastage, loss of public funds, and failure to achieve value for money in project implementation. These shortcomings undermine development programmes, hinder economic growth, and threaten the sustainability of quality service delivery to citizens.

For the year ended 30 June, 2025, all entities which were previously preparing financial statements under the International Public Sector Accounting Standards (IPSAS) cash basis presented IPSAS accrual basis financial statements for the first time for audit. This created audit risks around evidencing opening balances and IPSAS cash to IPSAS accrual reconciliations, confirmation of the completeness of liabilities (pending bills) and assessment of receivables and prepayments. Other challenges related to identifying and valuing non-financial assets, addressing estimation uncertainties, lack of accrual comparatives and evaluation of the use of transitional reliefs and disclosure adequacies as provided for under IPSAS 33. The documentation gaps pose heightened fraud risk from extensive manual adjustments.

The Office of the Auditor-General continues to enhance the effectiveness and quality of the audit process to ensure audit results and recommendations are credible, relevant, reliable, and value-adding. These improvements aim to support better decision-making and generate positive impact for citizens and other stakeholders. Delivery of quality and effective audits, while confirming the lawfulness and effectiveness of programmes, requires thorough scrutiny of supporting documents and verification of projects and programmes implemented across the country. Achieving this requires an independent, well-resourced Office of the Auditor-General with assured funding for timely, effective oversight and optimal staffing. The Office is pursuing financial independence and support from Parliament and the Executive to build technical capacity, expand county presence and broaden audit coverage.

We continue to bring audit services closer to citizens by establishing Regional Offices. To date, we have operationalized fifteen (15) Regional Offices and completed the constructing own premises in Garissa, Kakamega, Eldoret, and Embu. Plans for construction of a Mombasa Regional Office and the Nairobi Headquarters, which are both at the design stage have been delayed by inadequate funding. We will continue to seek adequate resources from Parliament and The National Treasury to facilitate efficient and

closer delivery of our mandate across the National Government and County Governments and all other publicly funded entities.

The expansion of the national budget and establishment of additional entities have expanded our audit mandate. The scope has increased with the expansion of government programmes to support sustainable development and continuous provision of quality services. In addition to the eighty-three (83) Ministries, Departments and Agencies (MDAs), State Owned Enterprises and forty-seven (47) County Governments together with their respective entities, nine thousand three hundred and ninety-seven (9,397) public secondary schools were required to submit financial statements for audit, and some have complied. I am also required to audit and report separately on the financial statements of three hundred and twenty-nine (329) Level 4 hospitals, twenty-five (25) Level 5 hospitals and nine (9) teaching and referral hospitals. In addition, my mandate further includes thirty-seven (37) Teachers' Training Colleges, two hundred and fifty (250) Technical and Vocational Education and Training (TVET) institutions, and over one thousand and two hundred (1,200) Community Vocational Training Institutions.

The Office has continued to strengthen audit service delivery through partnerships with regional Supreme Audit Institutions (SAIs), global professional bodies, and domestic oversight institutions, including the Ethics and Anti-Corruption Commission (EACC), State Corporations Advisory Committee (SCAC), Salaries and Remuneration Commission (SRC), Commission on Revenue Allocation (CRA), and the Controller of Budget (COB), among others, to enhance audit impact through learning, knowledge sharing, innovation, and collaboration.

Entity-specific reports, together with my opinion, are presented in the audited financial statements of the respective Counties for the year ended 30 June, 2025, which I have submitted to Senate, respective County Assemblies and to each Accounting Officer. A separate Summary Report of key cross-cutting audit findings across the Counties will be issued.

I extend my sincere appreciation to the staff of the Office of the Auditor-General for their commitment, professionalism, and resilience in delivering these audits despite funding constraints and tight reporting timelines. Special recognition goes to the Team that compiled this Consolidated Audit Report.

I also extend my appreciation to our clients (auditees) for their cooperation throughout the audit process.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 January, 2026

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VOLUME 2 – COUNTY ASSEMBLIES

1.0 Introduction

1.1 Constitutional Mandate of the Auditor-General

The Office of the Auditor-General (OAG) is an Independent Office established by Article 229 of the Constitution of Kenya. The Office is charged with the primary oversight role of ensuring accountability in the use of public resources within the three arms of government (the Legislature, the Judiciary and the Executive) at the national and county levels as well as the Constitutional Commissions and Independent Offices. The mandate of the Auditor-General is further expounded by the Public Audit Act, 2015.

The Constitution requires the Auditor-General to audit and submit the audit reports of public entities to Parliament and the relevant County Assemblies by 31 December, every year. In carrying out the mandate, the Auditor-General, is also required, under Article 229 (6) to assess and confirm whether public entities have utilised the public resources entrusted to them lawfully and in an effective way.

Further, the objects and authority of the Auditor-General, as outlined in Article 249 of the Constitution, are: to protect the sovereignty of the people; to secure the observance by all State Organs of democratic values and principles; and, to promote constitutionalism. The Auditor-General has also been given powers by the Constitution, under Article 252, to conduct investigations, conciliations, mediations and negotiations and to issue summons to witnesses for the purpose of investigations.

1.2 Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSAS), as prescribed by the Public Sector Accounting Standards Board (PSASB), and for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Management is also responsible for maintaining an effective internal control environment necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and for the assessment of the effectiveness of internal controls, risk management and governance.

Further, Management is required to ensure that the activities, financial transactions and information reflected in the financial statements, are in compliance with the law and other relevant or applicable authorities, and that public resources are applied in an effective way.

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Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how each Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

1.3 Auditor-General's Responsibility

My responsibility is to conduct an audit of the financial statements in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), and to issue an auditor's report. The audit report includes my opinion as provided by Section 48 of the Public Audit Act, 2015, and the report is submitted to Parliament in compliance with Article 229(7) of the Constitution.

In addition, Article 229(6) of the Constitution requires me to express a conclusion on whether or not, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the law and other authorities that govern them, and that public resources are applied in an effective way. I also consider the entities' control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems, in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This This description forms part of my auditor's report.

I am independent in accordance with Article 249(2) of the Constitution of Kenya and ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of public entities in the Republic of Kenya.

1.4 Transition to Accrual Accounting

In March, 2024, the Cabinet approved the transition from IPSAS cash basis to IPSAS accrual basis of accounting across the National Government, County Governments, and their entities effective 1 July, 2024. The reform, which is phased over three years, requires that financial assets and financial liabilities be recognized in year 1, inventories be brought on board in year 2, and all remaining assets and liabilities be recognized in year 3. The financial statements for the year ended 30 June, 2025 were the first transitional IPSAS accrual statements which required, at a minimum, inclusion of all financial assets and liabilities.

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Key deliverables for the transition includes complete assets registers, comprehensive liabilities recording, accrual-based general purpose financial statements, an IFMIS upgrade to support accrual modules and strengthened internal controls to reflect period-end adjustments, asset management and commitment controls. These are to be supported by updated policies and procedures including revised accounting manuals and audit methodologies.

The shift to accrual accounting is designed to improve transparency, accountability and decision-making by providing a complete financial representation that captures assets, liabilities and non-cash transactions, thereby strengthening resource and liability management, improving asset stewardship, enabling clearer performance measurement, and risk identification, thus building public trust. This reform is among Kenya's most significant Public Financial Management (PFM) initiatives in decades, underpinned by strong political support, structured planning and institutional commitment, and is expected to materially strengthen the integrity of public financial reporting and overall governance.

1.1 Reporting Structure

The structure of my report addresses the reporting requirements of Article 229(4) of the Constitution of Kenya, which requires that I audit and report on preparation and fair presentation of financial statements in accordance with the International Public Sector Accounting Standards, as prescribed by the Public Sector Accounting Standards Board. Further, Article 229(6) of the Constitution requires that an audit report shall confirm whether or not public resources have been applied lawfully and in an effective way. In addition, Section 7(1)(a) of the Public Audit Act, 2015 requires that I provide assurance on the effectiveness of internal controls, risk management and overall governance.

Further, I am expected to read the other information provided by Management and report whether the other information is materially inconsistent with the financial statements.

In order to address these requirements, my audit reports contain the following:

i. **Report on Financial Statements**, in which I give an audit opinion on whether the financial statements present fairly, in all material respects the financial position and performance of the entity.

ii. **Report on Lawfulness and Effectiveness in Use of Public Resources**, in which I make a conclusion on whether or not public resources have been applied lawfully and in an effective way.

iii. **Report on Effectiveness of Internal Controls, Risk Management and Governance**, in which I make a conclusion on whether internal controls, risk management and overall governance were effective.

iv. **Report on Other Legal and Regulatory Requirements** is also included, where applicable, particularly for some donor-funded projects and for entities registered under the Companies Act, 2015, or governed by other enabling legislation or authorities that mandate such disclosures.

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1.5 Audit Opinions

I have expressed various audit opinions based on the following criteria:

a) Unmodified Opinion

The books of accounts and underlying records agree with the financial statements and no material misstatements were found. The financial statements present fairly, in all material respects, the operations of the entity. The financial statements with an Unmodified Opinion are listed in **Appendix I(A)**.

b) Qualified Opinion

Financial transactions were recorded and are to a large extent in agreement with the underlying records, except for cases where I noted material misstatements or omissions in the financial statements. The issues though material, are not widespread or persistent. The financial statements with Qualified Opinion are listed in **Appendix I(B)**.

c) Adverse Opinion

The financial statements exhibit significant misstatements with the underlying accounting records. There exists significant disagreement(s) between the financial statements and the underlying books of accounts and/or standards. The discrepancies and misstatements are widespread, and persistent which require considerable interventions by Management to rectify. None of the financial statements have an Adverse Opinion are indicated in **Appendix I(C)**.

d) Disclaimer of Opinion

The financial statements exhibit serious and significant misstatements that may arise from inadequate information, limitation of scope, inadequacy or lack of proper records such that I was not able to form an opinion on the financial operations. None of the financial statements have a Disclaimer Opinion indicated in **Appendix I(D)**.

1.6 Audit Opinions

The key findings noted during the audit of the financial statements for the year ended 30 June, 2025 are highlighted in the ensuing pages.

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COUNTY ASSEMBLY OF MOMBASA – NO.1

REPORT ON THE FINANCIAL STATEMENTS

Unmodified Opinion

1. There were no material issues noted during the audit of the financial statements.

Other Matter

2. Unresolved Prior Year's Audit Matters

In the previous year's audit report, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during the audit in 2024/2025 revealed that the following six (6) issues remained unresolved as at 30 June, 2025:

No.	Audit Issues for 2023/2024
1.	Unsupported cash and cash equivalents
2.	Inaccurate statement of financial assets and liabilities
3.	Inaccurate statement of cash flows
4.	Inaccurate statement of comparison of budget and actual amounts
5.	Employees over sixty (60) years
6.	Non-compliance with the law on ethnic composition

Other Information

3. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

4. Non-Compliance with the Law on Staff Ethnic Composition

Review of personnel records for the year under review indicated that the County Assembly had sixty-nine (69) or 46% permanent and pensionable staff from the dominant community in the County. The staff composition at various levels were thirteen (13) or 33% at top management, thirty-seven (37) or 47% at middle management and nineteen (19) or 24% at low management. Further, among the contractual/temporary employee's the dominant community constituted sixty-seven (67) or 80% of the workforce in that category. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

5. Non-Compliance with the Law on Staff Retirement Age

Review of human resource records revealed that the County Assembly had one (1) employee who had exceeded the retirement age of sixty (60) years. The officer was awarded a contract extending his term in office beyond the mandatory retirement age of sixty (60) years and was not in the category of people living with disabilities. This was contrary to Section 80(10) (a) and (b) of the Public Services Commission Act, 2017 which requires an officer to retire from the service with effect from the date of attaining the mandatory retirement age. Further, the Commission or other appointing authority is prohibited from extending the services of such retired public officer beyond the mandatory retirement age.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

6. There were no material issues raised on internal controls, risk management and governance.

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COUNTY ASSEMBLY OF KWALE – NO.2

REPORT ON THE FINANCIAL STATEMENTS

Unmodified Opinion

7. There were no material issues noted during the audit of the financial statements.

Emphasis of Matter

8. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget and actual receipts on comparable basis amounting to Kshs.1,345,909,649 and Kshs.982,188,197 respectively, resulting to under-funding amount of Kshs.363,721,452 or 27% of the budget. However, Management spent an amount of Kshs.980,091,223 out of actual receipts of Kshs.982,188,197 resulting to under-utilization amounting to Kshs.2,096,974 or 0.2% of the receipts.

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

My opinion is not modified in respect of this matter.

Other Matter

9. Unresolved Prior Year's Audit Matters

In the previous year's audit report, three issues were raised under the Report on Lawfulness and Report on Effectiveness in Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance. These were regularity of human resource management practices, irregular subscription to the County Assembly Forum and grounded motor vehicles. Review of the status during audit of the County Assembly in 2024/2025 revealed that the matters remained unresolved.

Other Information

10. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

11. Non-Compliance with the One-Third Rule on Basic Salary

Review of payroll records revealed that a number of officers drew salary of less than a third of their basic pay. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions

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made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

12. Non-Compliance with the Law on Staff Ethnic Composition

Review of human resource records revealed that out of seventy-three (73) permanent and pensionable employees, the dominant ethnic community constituted 80% (4) at top management, 85% (11) at middle management and 89% (48) at low management. Further, 80% (67) of contractual/temporary employees are from the same dominant community. This was contrary to contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires all public offices to seek to represent the diversity of the people of Kenya in employment of staff and that no public institution to have more than 30% of its staff establishment from the same ethnic community.

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

13. Irregular Payment of Subscription Fees

Review of expenditure records revealed that an amount of Kshs.3,500,000 was incurred on subscription fees to the County Assemblies Forum (CAF). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

14. Weaknesses in Assets Management

Physical inspection carried out in the month of May, 2025 showed that the assets were not tagged. The assets register did not have key information such as location, condition and the date when the assets register was last updated while the County Assembly did not have ownership documents for the land on which the County Assembly is constructed or provided evidence on steps taken to obtain the ownership documents.

Further, the County Assembly had seven (7) motor vehicles which includes one (1) motor vehicle purchased at a cost of Kshs.2,854,368 that had been grounded since financial year 2022/2023 and Management did not provide any explanation on action being taken to salvage the vehicle from further impairment and loss of value.

In the circumstances, the existence of effective measures on control of assets could not be confirmed.

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COUNTY ASSEMBLY OF KILIFI – NO.3

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

15. Non-Compliance with Transitional IPSAS Reporting Requirements

The Public Sector Accounting Standards Board (PSASB) guideline on the first-time adoption of IPSAS Accrual required entities transitioning from IPSAS (Cash Basis) to IPSAS (Accrual Basis) to disclose whether the financial statements were Transitional IPSAS Statements or were prepared in accordance with the Accrual Basis of Accounting under the International Public Sector Accounting Standards (IPSAS). However, Management did not disclose in Note 2 to the financial statements the specific transitional provisions applied, and the steps being taken towards full compliance with IPSAS Accrual and the elements of the financial statements that had not been recognized as result of taking advantage of the transition provisions outlined in IPSAS 33 on First Time Adoption of Accrual Basis IPSAS.

In the circumstances, the disclosure and the fair presentation of the financial statements could not be confirmed.

16. Misstatements in the Statement of Financial Position

Review of the statement of financial position revealed that the statement did not reflect the total net assets. Further, the statement reflects comparative balance of Kshs.710,982,594 in respect to accumulated surplus. However, the balance varies with the audited fund balance brought forward of Kshs.481,810, resulting to an unreconciled variance of Kshs.710,500,784.

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

17. Misstatement in Statement of Cash Flows

The statement of cash flows reflects net cash flows from operating activities amount of Kshs.404,237,688. However, the Note indicated on the face of the statement is Note 39 instead of Note 17 to the financial statements. Further, the amount in the Note 17 is Kshs.420,842,550 which varies with the reported amount by Kshs.404,237,688 resulting in an unreconciled variance of Kshs.16,604,862.

In the circumstances, the accuracy of net cash flows from operating activities amounting to Kshs.404,237,688 could not be confirmed.

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18. Unsupported Employee Costs

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects employee costs amounting to Kshs.484,843,192. However, the Integrated Payroll and Personnel Database (IPPD) and Human Resource Information System (HRIS) payrolls reflected employee costs of Kshs.405,773,972, resulting in an unreconciled variance of Kshs.79,069,220.

In the circumstances, the accuracy and completeness of the employee costs could not be confirmed.

19. Unsupported Clearance of Receivables from Exchange Transactions

The statement of financial position reflects a Nil balance in respect to receivables from exchange transactions and opening balance of Kshs.432,000 as at 1 July, 2024. However, the movement schedule detailing how the balance was cleared or accounted for during the year under review was not provided for audit.

In the circumstances, the accuracy of the Nil balance in respect to receivables from exchange transactions could not be confirmed.

20. Inaccuracies in the Inventories Balance

The statement of financial position and as disclosed in Note 12 to the financial statements reflects inventories balance of Kshs.3,011,755. However, the movement schedule indicating supplier name, inventory description, invoice number, quantity, cost, opening balance, purchases and usage to arrive at the closing balance was not provided for audit.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.3,011,755 could not be confirmed.

21. Unsupported Property, Plant and Equipment Balance

The statement of financial position and as disclosed in Note 13 to the financial statements reflects property, plant and equipment balance of Kshs.1,275,024,249. However, the balance includes additions for the year balance of Kshs.360,766,706 whose supporting schedule did not indicate details of assets.

Further, the balance includes land and motor vehicles valued at Kshs.50,000,000 and Kshs.35,625,000 respectively whose ownership documents were not provided for audit and provision for depreciation charge on the assets was not made in the financial statements.

In addition,, Note 13A to the financial statements reflects additions to buildings balance of Kshs.277,232,911 in respect of the County Assembly office block under construction and not in use. As such, the buildings balance of Kshs.1,017,993,109 is overstated by a balance of Kshs.277,232,911 which ought to have been classified separately as work in progress.

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In the circumstances, the accuracy and ownership of property, plant and equipment balance of Kshs.1,275,024,249 could not be confirmed.

22. Unsupported Trade and Other Payables Balance

The statement of financial position reflects trade and other payables-recurrent balance of Kshs.328,696,919 as disclosed in Note 14A to the financial statements. This balance represents an increase of Kshs.122,360,404 from the opening balance of Kshs.206,336,515. However, the supporting movement schedule for the increase was not provided for audit review. Further, included in trade and other payables-recurrent is employee payables balance of Kshs.57,840,421 and a comparative balance of Kshs.15,425,285. However, the movement schedule was not provided for audit review.

In addition, the opening trade and other payables-recurrent balance of Kshs.206,336,515 differs with the audited pending bills balance of Kshs.188,403,792 as at 30 June, 2024, resulting in an unreconciled variance of Kshs.17,932,723.

In the circumstances, the accuracy and completeness of the trade and other payables-recurrent balance of Kshs.328,696,919 could not be confirmed.

23. Voided Expenditure

The statement of comparison of budget and actual amounts reflects total actual expenditure amount of Kshs.1,266,827,989. However, data analysis of the Integrated Financial Management Information System (IFMIS) revealed one hundred and thirty-four (134) transactions with a total amount of Kshs.147,966,871 as having been voided during the year under review. However, reconciliation with the Controller of Budget (CoB) funding request approvals was not provided for review.

Further, a total of two thousand three hundred and sixty-five (2,365) transactions amounting to Kshs.682,869,804 were paid without indicating specific expenditure classification codes. Failure to classify the expenditure was an indication that the transactions were processed through suspense or below-the-line accounts.

In addition, there were seventy-three (73) transactions amounting to Kshs.74,924,856 included in system payments whose actual payments amounted to Kshs.1,482,198, resulting in an unreconciled variance of Kshs.73,442,657.

In the circumstances, the accuracy, completeness and regularity of actual expenditure amounting to Kshs.1,266,827,989 could not be confirmed.

Other Matter

24. Unresolved Prior Year Audit Matters

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly in 2024/2025 revealed that the following six (6) issues remained unresolved as at 30 June, 2025:

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No.	Audit Issues for 2023/2024
1	Inaccuracies in the Financial Statements
2	Budgetary control and performance
3	Non-Compliance with Affirmative Action on Gender, Ethnicity and Regional Distribution.
4	Delayed Construction of the County Assembly Office Block
5	Failure to Establish Audit Committee
6	Lack of Approved Staff Establishment

Other Information

25. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

26. Delayed Construction of the County Assembly Office Block

As previously reported, the construction of the County Assembly Office Block was awarded to a local company and various sub-contractors on 12 February, 2016 at a contract sum of Kshs.583,873,202. The objective of the project was to create more office accommodation for the staff and members of the County Assembly. As at 30 June, 2025, the accumulated payments of works amounted to Kshs.288,582,700 and the project cost was reduced to an amount of Kshs.350,771,955 through a Circular from The National Treasury. During the year under review, an amount of Kshs.146,377,035 was incurred on the Project which remained incomplete.

In the circumstances, value for money for the accumulated payments of Kshs.288,582,700 could not be confirmed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

27. Failure to Establish an Audit Committee

As previously reported, Management had not constituted the Audit Committee. Further, although the Internal Audit Department was in place, evidence of its plan execution and management responses to internal audit reports were not provided for audit. The governance structure of the County Assembly was not properly constituted.

In the circumstances, the effectiveness of internal controls and oversight systems during the year under review could not be confirmed.

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28. Lack of an Approved Staff Establishment

As previously reported, review of records provided revealed that the County Assembly did not have an approved staff establishment indicating the authorized staffing levels for each category of employee and any variance thereof. Further, no evidence was provided to indicate that the County Assembly had carried out job evaluation to determine the staff requirements for each category. This was contrary to Section B.5(2) of the County Public Service Human Resources Manual, 2013 which provides that all vacancies shall be declared in a prescribed format which shall include number of vacancies, date of vacancy occurrence and whether it's within the authorized staff establishment and other relevant details.

In the circumstances, Management may not be able to evaluate whether the current staff levels in each functional area are optimal.

29. Failure to Constitute Transition to Accrual Accounting Committee

Management did not establish the Project Co-ordination Committee at the entity level made up of officers from the relevant departments to ensure coordinated adoption of accrual accounting within County Assembly. Such committee was allowed to co-opt members from other institutions to provide technical assistance and advice during the transition process. Further, the responsibility of the Committee would include identifying, recognizing, measurement and disclosure of assets and liabilities of the entity.

In the circumstances, the effectiveness of the identification of assets and liabilities could not be confirmed.

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COUNTY ASSEMBLY OF TANA RIVER – NO.4

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

30. Unsupported Expenditure on Sitting Allowances

The statement of financial performance reflects expenditure totalling Kshs.338,754,209 in respect of employee costs as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.135,387,010 in respect of personal allowances paid as part of salary out of which an amount of Kshs.23,464,254 was in respect of sitting allowances arrears. However, the payment was not supported by members attendance registers and Hansard Reports.

In the circumstances, the accuracy and completeness of expenditure on sitting allowances amounting to Kshs.23,464,254 could not be confirmed.

31. Use of Goods and Services

The statement of financial performance reflects expenditure on use of goods and services totalling Kshs.539,856,293 as disclosed in Note 10 to the financial statements. Review of the records revealed the following:

31.1. Unsupported Expenditure on Domestic Travel and Subsistence

Included in the expenditure is an amount of Kshs.271,691,609 in respect of domestic travel and subsistence. Review of the supporting documents revealed that an amount of Kshs.43,134,334 was paid in respect of safari imprest issued to seventeen (17) officers. However, expenditure totalling Kshs.26,749,834 incurred on the safari imprests was not supported by imprest warrant, motor vehicle work ticket or bus tickets/boarding pass and attendance schedules. The payments were made in respect of discussion meetings held in a hotel in Kilifi without approval by the Speaker of the County Assembly as required. Further, an expenditure of Kshs.11,327,434 was paid as claims without approval by the Accounting Officer while an amount of Kshs.15,401,000 was not supported with payment vouchers. In addition, payments totalling Kshs.140,753,055 were made in respect to imprests issued to eighty-four (84) staff members of the County Assembly. However, eleven (11) employees were issued with imprest amounting to Kshs.15,422,400 which was not supported with imprest warrants and IFMIS imprest register.

31.2. Unsupported Expenditure on Routine Maintenance

Included in expenditure on use of goods and services is an amount of Kshs.129,242,490 in respect of routine maintenance-refurbishment and repairs out of which, expenditure totalling Kshs.67,226,879 was paid to contractors. However, the expenditure was not supported by certificate of measured works, detailed inspection and acceptance reports while the procurement for the activities is not in the annual procurement plan.

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In the circumstances, the accuracy and completeness of use of goods and services expenditure amount of Kshs.539,856,293 could not be confirmed.

32. Inaccuracies in Property, Plant and Equipment Balance

The statement of financial position reflects additions to property, plant and equipment balance of Kshs.69,155,115 as disclosed Note 26 to the financial statements. However, the additions were not supported by a comprehensive list of assets that were acquired in the year. Further, the expenditure incurred on buildings, construction of roads and infrastructure assets was not supported by completion certificates while the depreciation charge on the assets has not been determined.

In the circumstances, the accuracy of property, plant and equipment balance of Kshs.69,155,115 could not be confirmed.

33. Inaccuracies in Trade and Other Payables Balance

The statement of financial position reflects trade and other payables balance of Kshs.328,682,282 as disclosed in Note 32 to the financial statements. However, the supporting schedule provided had not been updated to include the invoice number and date. Further, the aging analysis for the trade and other payables was not disclosed in the financial statements.

In the circumstances, the accuracy and obligations of trade and other payables balance of Kshs.328,682,282 could not be confirmed.

Other Matter

34. Unresolved Prior Year Audit Matters

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit revealed that the following eight (8) issues remained unresolved as at 30 June, 2025:

S/No.	Audit Issues for 2023/2024
1	Inaccurate other pending payables balance
2	Regularity of human resource management practices
3	Lack of training policy/training needs assessment
4	Accounts payables
5	Failure to clear backlog in the interrogation of audit reports
6	Delay in the construction of speaker's residence
7	Grounded and unaccounted for motor vehicles and motor cycles
8	Action on internal audit reports by the board

Other Information

35. There were no material issues relating to Other Information.

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Basis for Conclusion

36. Non-Compliance with the Persons with Disabilities Act, 2025

Review of records revealed that out of the total of one hundred and twenty-four (124) employees, none was representing persons with disabilities. This was contrary to Section 5(1)(e) of Persons with Disabilities Act, 2025 which provides that the Management shall endeavor to secure the reservation of five (5%) percent positions in employment for persons with disabilities.

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

37. Overstaffing of the County Assembly

Review of human resource records revealed that the County Assembly recruited fourteen (14) Ward staff in the period under review. However, the County Assembly did not develop annual recruitment plans at the beginning of financial year while the staff establishment of one hundred and twenty-four (124) was in excess of the limit of sixty-nine (69) staff allowed. This was contrary to Paragraph B 2(ii) of the revised Human Resource Manual of the County Assemblies, 2015 which requires the County Assemblies Service Board to develop annual recruitment plans at the beginning of each financial year to enable it plan to fill the vacancies and Salaries and Remuneration Commission Circular Ref CRA/CSO/CMG//9 VOL V (43) dated 3 August, 2020 which capped the number of ward staff to sixty-nine (69) staff.

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

38. Failure to Withhold and Remit Public Procurement Capacity Building Levy

Review of procurement records revealed that the County Assembly made payments amounting to Kshs.47,174,338 as from 19 December, 2024. However, the payment to suppliers were made without deducting the 0.03% public procurement capacity building levy amounting to Kshs.14,153. This was contrary to the levy Order, 2023 which provides that it shall apply to signed contracts from 1 September, 2024 and apply to contract that are long term in nature (Term Contracts) where Local Service Orders (LSOs) or Local Purchase Orders (LPOs) are raised as and when orders are made.

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

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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

39. Failure to Develop a Strategic Plan

As previously reported, the County Assembly did not have an approved Strategic Plan to guide its operations from 2022-2027 upon the lapse of the previous Strategic Plan which covered the five (5) years period from 2018-2022. Failure to develop and approve the Strategic Plan is contrary to Section 149(2)(g) of the Public Finance Management Act, 2012 which states that in carrying out a responsibility, an Accounting Officer shall in respect of the entity concerned prepare a Strategic Plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the entity.

In the circumstances, the effectiveness of operations of the County Assembly for the medium term could not be confirmed.

40. Failure to Establish Audit Committee and Non-Operational Audit Function

As previously reported, the County Assembly had not constituted an Audit Committee. This was contrary to the provision of Regulation 42 1(e) of the Public Finance Management (County Governments) Regulations, 2015 which requires that an Accounting Officer shall ensure each County Government entity has an audit committee in place.

Further, review of the operations of the Internal Audit Department revealed that there was only one (1) staff member, a Principal Internal Auditor, who during the year under review did not perform any internal audit assignment. As previously reported, the Department had not developed an Annual Work Plan and Internal Audit Charter.

In the circumstances, the existence of an effective oversight mechanism could not be confirmed.

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COUNTY ASSEMBLY OF LAMU – NO.5

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

41. Non-Compliance with Transitional IPSAS Reporting Requirements

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

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

42. Inaccuracies in Revenue from Non-Exchange Transactions

The statement of financial performance reflects transfers from County Revenue Fund (CRF) amount of Kshs.424,072,974. However, the amount differed with the Fund's financial statements amount of Kshs.423,978,090 resulting to an unreconciled variance of Kshs.94,884.

In the circumstances, the accuracy and completeness of transfers from County Revenue Fund amount of Kshs.424,072,974 could not be confirmed.

43. Inaccuracies in Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.15,916,200 as disclosed in Note 26 to the financial statements. However, the balance excludes prior year historical cost balance of Kshs.607,430,275. Further, Management did not provide a detailed listing of all assets indicating their description, date of acquisition, cost, and supporting ownership documents such as title deeds for the land.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.15,916,200 could not be confirmed.

44. Inaccuracies in the Expenditure

The statement of comparison of budget and actual amounts reflects total actual expenditure amount of Kshs.423,803,983 comprising of recurrent expenses amounting to Kshs.407,887,783 and development expenses amounting to Kshs.15,916,200. However, analysis of the Integrated Financial Management Information System (IFMIS) payments revealed that seventeen (17) transactions totalling Kshs.11,831,602 were voided during the year. However, no reconciliation against Controller of Budget (CoB) funding request approvals was provided.

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Further, analysis of the Local Purchase/Service Orders (LPO/LSO) processed against the invoices generated revealed that there were seventeen (17) invoices amounting to Kshs.23,329,101 that differed with LPO/LSO amount of Kshs.11,286,115 resulting in an unreconciled variance of Kshs.12,042,986.

In addition, analysis of the IFMIS Payment Reports processed against the payments made revealed that there were 851 transactions amounting to Kshs.480,269,572 paid but not captured in payment details as at 30 June, 2025.

In the circumstances, the accuracy, completeness and regularity of the expenditure reflected in the financial statements could not be confirmed.

Emphasis of Matter

45. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.571,368,427 and Kshs.426,911,860 respectively resulting to an under-funding of Kshs.144,456,567 or 25 % of the budget. However, the County Assembly spent an amount of Kshs.423,803,983 against actual receipts of Kshs.426,911,860 resulting to under-utilization of Kshs.3,104,847.

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

My opinion is not modified in respect of this matter.

Other Matter

46. Unresolved Prior Year Audit Matters

In the previous year's audit report several issues were raised under the Report on Financial Statements and the Report on Lawfulness and Effectiveness in the Use of Public Resources as shown below. However, the four (4) issues shown below had not been resolved as at 30 June, 2025.

No.	Audit Issues for 2023/2024
1.	Variance between Financial Statements and IFMIS
2.	Inaccuracies in the Financial Statements
3.	Lack of Internal Audit Function and Audit Committee
4.	Lack of Ownership Documents

Other Information

47. There were no material issues relating to Other Information.

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REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

48. Budget Variations Above the Set Thresholds

The approved budget estimates provided for audit revealed that thirty-five (35) expenditure items with original budget of Kshs.286,666,390 were adjusted to an amount of Kshs.253,363,580 in the supplementary budget resulting to a decrease of Kshs.33,302,810. The adjustment made were in excess of ten (10%) percent limit on the original budget. This was contrary to Regulation 39(9) of the Public Finance Management (County Governments) Regulations, 2015 which states that in approving any estimates under Sections 135 and 154 of the Act, the County Assembly approval shall not exceed ten (10%) percent of the approved budget estimates of a program of Sub-Vote unless it is for an unforeseen and unavoidable need as defined in Section 112 of the Act.

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

49. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

Review of the annual report and financial statements with the template issued by Public Sector Accounting Standards Board Reporting (PSASB): revealed that, table of contents reflects eighteen (18) items instead of fifteen (15) as recommended by the reporting template. In addition, report on projects implemented during the year as well as the transfers from other Government entities were not included in the financial statements. Also the financial statements reflect appendices from page 9 to 22 instead of after page 68.

In the circumstances, presentation of the financial statements is not consistent with the PSASB's reporting template requirements.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

50. Failure to Constitute the Transition to Accrual Accounting Committee

Management did not establish Cash to Accrual Transition Committee at the County Assembly. This was contrary to The National Treasury Circular No. 03/2025 dated 14 April, 2025 paragraph 2.1.1 which guided on formation of an entity steering committee.

In the circumstances, effectiveness of the transition from cash based to accrual-based reporting framework could not be confirmed.

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COUNTY ASSEMBLY **OF** TAITA/TAVETA – NO.6

REPORT ON THE FINANCIAL STATEMENTS

Unmodified Opinion

51. There were no material issues noted during the audit of the financial statements.

Other Matter

52. Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit in 2024/2025 revealed that the following twelve (12) issues remained unresolved as at 30 June, 2025:

No.	Audit Issues for 2023/2024
1	Unexplained Variance in Cash and Cash Equivalents
2	Unsupported Domestic Travel and Subsistence
3	Irregular Payment of Subscription to County Assembly Forum
4	Unsupported Fuel, oil and Lubricants
5	Presentation of the Financial Statements
6	Unsupported Project Implementation-Proposed Construction of County Assembly Chambers
7	Non-Compliance with Law on Ethnic Diversity
8	Non-Adherence to the One-Third Salary Rule
9	Irregular Promotions
10	Regularity of Imprest Management
11	Internal Controls and rRsk Management
12	Slow Implementation of Internal Audit and Audit Committee Recommendations

Other Information

53. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

54. Non-Compliance with Law on Staff Ethnic Composition

Review of human resource records revealed that the County Assembly had one hundred and thirty-five (135) employees engaged on contract and permanent terms, out of whom one hundred and eight (108) or 80% were from the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration

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Act, 2008 which requires that no public establishment will have more than one third of its staff from the same ethnic community.

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

55. Non-Compliance with the One-Third Rule on Basic Salary

Review of the Human Resource Information System (HRIS) for the month of June 2025 revealed that the County Assembly made deductions from ten (10) employees and were drawing net pay of less than one-third of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which requires that deductions made by an employer from the wages of his employee not to exceed two-thirds (2/3) of their basic salaries.

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

56. Irregular Payment of Subscription Fees

Review of records revealed that Management transferred amounts of Kshs.500,000 and Kshs.1,000,000 being subscription and membership fees to County Assemblies Sport Association (CASA) and County Assembly Forum (CAF), respectively. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

57. Delay in Construction of the County Assembly Chambers

The statement of financial position and Note 26 to the financial statements reflect property, plant and equipment balance of Kshs.397,446,968. Included in this balance is work-in-progress amounting to Kshs.91,268,251 relating to the construction of the County Assembly Chambers. Management awarded a contract to a firm for the proposed construction of the County Assembly Chambers at a contract sum of Kshs.247,010,748 for a contract period of 1,440 days, commencing on 20 February, 2022 and the works were scheduled for completion on 30 June, 2026. In addition, Clause 3 of the contract required the County Assembly to allocate an amount of Kshs.100,000,000 to the project during the 2024/2025 financial year. However, review of the approved supplementary budget showed that an amount of Kshs.70,000,000 was appropriated, resulting in a shortfall of Kshs.30,000,000.

Further, audit review established that total expenditure on the project stood at Kshs.91,268,251 as at 30 June, 2025, representing under-absorption of Kshs.98,731,749 (52%) of the cumulative budgetary allocation. Physical verification conducted in the month of September, 2025 established that the project was 32% complete despite having been under implementation for over three (3) years. This indicates that the project is significantly behind schedule relative to the planned timelines.

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In the circumstances, the value for money has not been realized with the continued delays in completing the project while the risk of cost escalation is high.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

58. Weakness in Management of Assets

The statement of financial position and Note 26 to the financial statements reflects property, plant and equipment balance of Kshs.397,446,968. The fixed assets register in support of this amount, did not indicate, date of acquisition, terms and value of the County Assembly's land. Further, motor vehicle, office equipment, electronics, ICT computer and furniture and fittings being movable assets lacked cost, and book value. Further, physical verification of the laptops and other electronics revealed that the assets were not tagged.

In the circumstances, the effectiveness of controls over the County Assembly's assets could not be confirmed.

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COUNTY ASSEMBLY OF GARISSA – NO.7

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

59. Irregular Payment of Mileage Allowances

The statement of financial performance reflects expenditure of Kshs.685,514,107 on employees' costs as disclosed in Note 6 of the financial statements. Included in the expenditure is an amount of Kshs.221,547,009 on personal allowances paid as part of salary, out of which an amount of Kshs.67,950,468 was paid as mileage claims to Members of the County Assembly (MCAs).

However, it was noted that sixteen (16) nominated MCA's were consistently paid the maximum reimbursable monthly mileage allowance of Kshs.147,481 and cumulatively were reimbursed Kshs.28,316,352. The basis for Management's decision to award the maximum monthly reimbursement to nominated Members was not explained or supported by documentation.

In the circumstances, the regularity of the mileage reimbursements amounting to Kshs.28,316,352 could not be confirmed.

60. Unsupported Domestic Travel and Subsistence Allowances

The statement of financial performance reflects expenditure of Kshs.280,376,966 on use of goods and services as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.149,360,851 paid as domestic travel and subsistence allowances. Review of payment records provided for audit revealed that an amount of Kshs.2,488,400 was paid to officers as allowances for attending workshops, training and other duties outside Garissa County. However, the payments were not supported by minutes of the meetings, workshop attendance registers and evidence of travel.

In the circumstances, the accuracy and occurrence of expenditure of Kshs.2,488,400 on domestic and subsistence could not be confirmed.

Emphasis of Matter

61. Budgetary Control and Performance

The statement of comparison of budget and actual amounts, reflects final receipt budget and actual on comparable basis of Kshs.1,168,235,453 and Kshs.1,028,333,260 respectively, resulting in an under-funding of Kshs.139,902,193 or 12% of the budget. However, Management spent an amount of Kshs.1,028,325,425 out of total receipts of Kshs.1,028,333,260 resulting to under-utilization of Kshs.7,835.
The under-funding may have affected the planned activities which may have negatively impacted on service delivery to the public.

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My opinion is not modified in respect of this matter.

Other Matter

62. Unresolved Prior Year Matters

In the audit report for the previous year several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the County Assembly in 2024/2025 revealed that the following five (5) matters remained unresolved:

No.	Audit Issues for 2023/2024
1.	Budgetary Control and Performance
2.	Non-adherence to Fiscal Responsibility
3.	Non-Compliance with County Assembly Staffing Levels
4.	Failure to Deliberate Audit Reports of the Auditor-General
5.	Non-Compliance with One Third Rule in Employee Composition

Other Information

63. Non-Achievement of Performance Targets

The statement of performance against predetermined objectives highlights three (3) strategic pillars in the County Assembly's Strategic Plan, which includes promoting legislative and oversight process, promoting supportive environment for members of the public and staff and promoting governance and human resource management. However, the reported activities and achievements for the year are not specific and measurable outputs. In several instances, performance is expressed in percentages without a clear basis or linkage to quantifiable targets, limiting the ability to assess actual progress.

Further, under Strategic Pillar 1 (promote legislative and oversight functions), the County Assembly had planned to develop and implement training and development programmes and to publish ten bills and acts. However, the County Assembly did not develop any training programmes and only six (6) bills were published, representing a shortfall of 40%.

In addition, under Strategic Pillar 2 (promote supportive environment for members of the public and staff), the County Assembly aimed at establishing a toll-free communication line. However, this was not implemented.

The County Assembly did not also achieve key targets as set out in the Annual Work Plan. The lack of clearly defined and verifiable performance indicators undermines effective performance evaluation and accountability.

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

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REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

64. Employment of Partisan Staff Above the Approved Ceiling

Review of the human resource records revealed that the County Assembly had engaged two hundred and fourteen (214) partisan staff members against the maximum recommended number of one hundred and forty-four (144), resulting in an excess of seventy (70) partisan staff members. This was contrary to Commission on Revenue Allocation Circular No. CRA/CSO/CMG//9/VOL V/59 dated 21 October, 2020 which recommended maximum number of three staffs to be attached to Members of County Assembly both elected and nominated, each earning a minimum salary of Kshs.30,341.

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

65. Non-Compliance with Staffing Level Ceiling for County Assemblies

Review of the County Assembly's Human Resource Information System (HRIS) revealed that the County Assembly had one hundred and twenty (120) permanent employees. The Commission on Revenue Allocation recommendation through Circular Number CRA/FA/01 VOL 11 (22) dated 28 June, 2018 on County Government Recurrent Expenditure ceilings, capped the maximum number of employees of County Assemblies under group 2 under which County Assembly of Garissa falls, at one hundred (100). As a result, the total number of staff exceeded the approved ceiling by twenty (20) employees.

In the circumstances, Management was in breach of the Commission on Revenue Allocation Circular.

66. Non-Compliance with the One-Third Rule on Basic Salary

Review of the County Assembly Human Resource Information System (HRIS) Payroll for the financial year 2024/2025 revealed that seven (7) employees received net salaries that were less than one third of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

67. Non-Compliance with the Law on Staff Ethnic Composition

Review of the County Assembly Human Resource Information System (HRIS) payroll revealed that the County Assembly had a total of one hundred and twenty (120) employees. However, analysis of the employees' data revealed that 95% of the employees were from the dominant ethnic community with only 5% from other ethnic communities. This was contrary to Section 7(1) and (2) of the National Cohesion and

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Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

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

68. Long Outstanding Trade Payables

The statement of financial position reflects trade and other payables balance of Kshs.139,910,028 as disclosed in Note 12 to the financial statements. However, trade payables totalling Kshs.6,000,000 were not treated as a first charge in the 2024/2025 budget and were outstanding for over one (1) year. This was contrary to Regulation 41(2) of the Public Finance Management (County Government) Regulations, 2015 which provides that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations. Further, the current year under review budget did not include provisions to settle the pending trade payables.

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

69. Non-Compliance with the Fiscal Responsibility Principle on Disbursement to County Assembly

The County Executive transferred an amount of Kshs.1,028,333,260 to the County Assembly, representing 10.25% of the County Government's total revenue of Kshs.10,027,297,456. This was contrary to Regulation 25 (1) (f) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the approved expenditures of a County Assembly shall not exceed seven per cent (7%) of the total revenues of the County Government or twice the personnel emoluments of that County Assembly, whichever is lower.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

70. Processing of Salary Through Manual Payroll

Review of the County Assembly's payroll revealed that Management maintained two (2) parallel payrolls: one in the Human Resource Information System (HRIS) and another in an MS Excel spreadsheet. The Excel payroll included thirty-three (33) staff members, among them three (3) Members of the County Assembly who were elected three (3) years ago. Management attributed the continued use of the manual payroll to the lack of personal numbers. However, no satisfactory explanation was provided for the prolonged delay in obtaining personal numbers.

Manual payroll systems are susceptible to payroll fraud, such as non-existent employees, unauthorized earnings and deletions without audit trail.

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In the circumstances, the effectiveness of internal controls on payroll processing could not be confirmed.

71. Lack of an Approved Internal Audit Charter

Review of the governance structures revealed that the County Assembly did not have an approved Internal Audit Charter that spells out the internal audit purpose, authority and responsibility.

In the circumstances, the effectiveness and independence of the internal audit may not be guaranteed.

72. Lack of an Approved Risk Management Policy and Fraud Prevention Mechanisms

Audit review revealed that the County Assembly Management has developed a formal Risk Management Policy and Fraud Prevention Mechanisms. However, it was noted that the document was not approved by the Chairperson of the Audit Committee, was not endorsed by the Secretary to the Board and was not signed by the chairperson of the County Assembly Service Board. This omission undermines the formal adoption and effective operationalization of the policy and limits its authority within the governance and internal control framework of the County Assembly.

In the circumstances, existence of effective risk management and governance measures could not be confirmed.

73. Unconfirmed Ownership of Land

The statement of financial position reflects property, plant and equipment balance of Kshs.257,512,380 as disclosed in Note 11 to the financial statements. Included in the balance is an amount of Kshs.60,000,000 relating to a parcel of land on which the County Assembly Chambers, Office Block and other buildings are built. However, Management did not provide ownership documents, such as land title deeds or allotment letters, to confirm ownership of the land.

In the circumstances, the existence of an effective governance structure to safeguard the land could not be confirmed.

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COUNTY ASSEMBLY **OF** WAJIR – NO.8

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

74. Overpayment of Mileage Allowances to Members of the County Assembly

The statement of financial performance reflects employee costs of Kshs.639,865,947 as disclosed in Note 7 to the financial statements. The expenditure includes an amount of Kshs.275,256,695 in respect of personal allowances paid as part of salary. The amount includes mileage allowances to Members of the County Assembly (MCAs) totalling Kshs.111,520,140. However, review of the claims records revealed that the distances indicated from Wajir Town to the respective wards were at variance with the actual distances provided by the Ministry of Transport and Infrastructure. As a result, the MCAs received payments above the allowable amounts by Kshs.52,290,590.

Further, the MCA's applied mileage at the rate of Kshs.109 per kilometer instead of the approved rate of Kshs.77.35 per kilometer, contrary to the Salaries and Remuneration Commission Circular Vol. CXXV—No. 177 dated 9 August, 2023.

In the circumstance, the regularity of mileage claims amounting Kshs.52,290,590 could not be confirmed.

Emphasis of Matter

75. Late Exchequer Remittance

Review of records provided for the audit indicated that the County Assembly received Exchequer releases amounting to Kshs.98,048,922 on diverse dates in the months of June and July, 2025. This was contrary to Section 17(6) of the Public Finance Management Act, 2012 which provides that The National Treasury shall, at the beginning of every quarter and in any event not later than the fifteenth day from the commencement of the quarter, disburse monies to county governments.

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

My opinion is not modified in respect of this matter.

Other Matter

76. Unresolved Prior Year Matters

In the previous year audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit in 2024/2025 revealed that the following fifteen (15) matters remained unresolved:

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No.	Audit Issues for 2023/2024
1.	Over-Payment of Mileage Allowance
2.	Unsupported Procurement for Advertisement Services
3.	Irregular Cash Payments in IFMIS
4.	Late Exchequer Releases
5.	Long Outstanding Pending Bills
6.	Non-Compliance with Staffing Level Ceiling
7.	Non-Adherence to Ethnic Composition Balance
8.	Staff Receiving Net Salary of Below a Third of Basic Salary
9.	Non-Compliance with Ward Partisan Staffing Level
10.	Irregular Payment to the County Assembly Forum and Clerks Society
11.	Non-adherence to Fiscal Responsibility Principle on County Assembly Expenditure
12.	Processing of Salary by Use of Manual Payroll
13.	Failure by the County Assembly to Deliberate Audit Report
14.	Effectiveness of the Internal Audit and Audit Committee

Other Information

77. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

78. Non-Compliance with Ward Partisan Staffing Levels

As previously reported, the County Assembly engaged Ward partisan staff for the elected and nominated Members of County Assembly (MCAs). Review of the ward staff for the month of June, 2025 payroll revealed that the County Assembly employed a total of two hundred and fifty-seven (257) partisan staff for the Wards against the recommended limit of one hundred and thirty-four (134) for the forty-five (45) elected and nominated MCAs in the County. This was contrary to Commission on Revenue Allocation Circular Number CRA/CSO/CMG//9/VOL V/59 dated 21 October, 2020 which recommended maximum number of three staffs to be attached to each Member of County Assembly both elected and nominated, each earning a minimum salary of Kshs.30,341. Further, the County Assembly exceeded the maximum number of staff by one hundred and twenty-three (123) and paid a monthly salary ranging from an amount of Kshs.8,000 to Kshs.68,000 instead of the minimum of Kshs.30,341 recommended by the Commission on Revenue Allocation.

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

79. Irregular Payment of Subscriptions

During the year under review, the County Assembly paid an amount of Kshs.500,000 to the County Assembly Forum in respect of subscriptions to the Organization. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the

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operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

80. Non-Compliance with Staffing Ceiling for County Assemblies

Review of the County Assembly's Human Resource Information System (HRIS) revealed that the County Assembly had one hundred and seventy-nine (179) employees. The Commission on Revenue Allocation recommendation through Circular Number CRA/FA/01 VOL 11 (22) dated 28 June, 2018 on County Government Recurrent Expenditure ceilings capped the maximum number of employees of County Assemblies under group 2 under which the County Assembly of Wajir falls at one hundred (100). The County Assembly, therefore, surpassed the set limit by seventy-nine (79) employees.

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

81. Non-Compliance with Law on Staff Ethnic Composition

Review of the County Assembly's Human Resource Information System (HRIS) revealed that the County Assembly had one hundred and seventy-nine (179) employees. Analysis of the employees' data revealed that one hundred and seventy-three (173) or 97% of the employees were from the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

82. Non-Compliance with Persons with Disabilities Act, 2025

Review of human resource records, revealed that only six (6) or 3% of the staff were persons living with disabilities. This was contrary to the requirements of Section 5(1)(e) of the Persons with Disabilities Act, 2025, which states that every County Government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities.

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

83. Non-Compliance with One Third Rule on Basic Salary

Review of the payrolls revealed that three (3) employees received net salaries that were less than one third of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

84. Failure to Appoint Accrual Transition Committee and Project Manager

Management did not provide evidence of the appointment of Cash to Accrual Transition Committee as well as a Project Manager who is vital in guiding the County Assembly through the transition to accrual accounting period. This was contrary to paragraph 2.1.1 and 2.2.2 of The National Treasury Circular No.03/2025 which requires the accounting officers of all public entities to form a Cash to Accrual Transition Committee and appoint a project manager among the senior serving staff.

In the circumstances, the effectiveness of measures put in place to ensure successful transition from cash basis of accounting to accrual accounting could not be confirmed.

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COUNTY ASSEMBLY **OF** MANDERA – NO.9

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

85. Non-Compliance with Public Sector Standards Board Reporting Requirements

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

In the circumstances, presentation and disclosure of the financial statements could not be confirmed.

86. Unsupported Domestic Travel and Subsistence Allowances

The statement of financial performance reflects an expenditure of Kshs.337,761,464 in respect of use of goods and services as disclosed in Note 8 to the financial statements. Included in the expenditure is domestic travel and subsistence amount of Kshs.84,637,763. However, payments amounting to Kshs.2,088,800 were not supported by invitation letters, letters nominating staff to participate in official activities outside Mandera County Headquarters, copies of certificates of training, evidence of participation and the signed expenditure schedules with participant details.

In the circumstances, the accuracy of the domestic travel and subsistence amount of Kshs.2,088,800 could not be confirmed.

Other Matter

87. Unresolved Prior Year Issues

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in the Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly in 2024/2025 revealed that the following thirteen (13) issues remained unresolved as at 30 June, 2025:

No.	Audit Issues for 2023/2024
1	Unsupported Domestic Travel and Subsistence Allowances
2	Unconfirmed Cash and Cash Equivalents Balances for: - i. Equity Bank Retention Account ii. Kenya Commercial Bank (KCB) Account iii. Central Bank of Kenya (CBK) Recurrent Account
3	Un- procedural Voiding of Payments
4	Budgetary Control and Performance

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No.	Audit Issues for 2023/2024
5	Unresolved Prior Year Matters
6	Irregular Expenditure on Subscriptions
7	Delayed Exchequer Releases
8	Non-Compliance with Ward Partisan Staffing Levels
9	Non-Compliance with Provisions for Regional Balance and Affirmative Action on Gender and Disabilities.
10	Non-adherence to Fiscal Responsibility Principle on Disbursements to County Assembly.
11	Failure to Deliberate on the Audit Reports and Implement Senate Resolutions.
12	Non provision of Project Implementation Status Records for: – i. Proposed works at County Assembly in Mandera Town. ii. Proposed Speakers Residence in Mandera Town
13	Failure to Establish Audit Committee

Other Information

88. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

89. Irregular Payment of Subscriptions

Review of the records revealed that amounts of Kshs.5,500,000 and Kshs.750,000 were paid to the County Assembly Forum (CAF) and Society of Clerks At the Table in Kenya (SOCATT(K), respectively as subscription fees. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

90. Non-Compliance with Fiscal Responsibility Principles on Wages

The statement of financial performance and Note 7 to the financial statements reflect employee cost amounting to Kshs.455,691,457 against the total revenue of Kshs.932,664,153, representing 49% of the revenue. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

91. Unoccupied Speaker's Residence

Note 10 to the financial statements discloses buildings balance of Kshs.120,901,863 which includes capital expenditure of Kshs.19,949,730 on the construction of servant

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quarters and other amenities at the Speaker's residence. Physical inspection conducted in the month of October, 2025 revealed that the speaker's residence was complete but remained unoccupied. Management did not provide explanations for failure of the Speaker to occupy the residence.

In the circumstances, the value for money on the expenditure of Kshs.19,949,730 on the Speaker's residence could not been confirmed.

92. Non-Compliance with the Law on Gender Balance in Employment

Review of the payroll data revealed that the County Assembly had a total of ninety-seven (97) staff members out of whom twenty-six (26) were female accounting for 27% of the staff composition. This was lower than the set threshold of at least one third for each gender as set out under Paragraph B22 of Human Resource Policies and Procedure Manual for the Public Service which provides that the Government will endeavor to have a gender balance civil service by ensuring that not more than two thirds of positions in its establishment are filled by either gender.

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

93. Non-Compliance with the Law on Staff Ethnic Composition

Review of records revealed that the County Assembly had a total of ninety-seven (97) staff members, out of whom fifty- one (51) staff or 53% of the employees were from the dominant community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

94. There were no material issues raised on internal controls, risk management and governance.

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COUNTY ASSEMBLY OF MARSABIT – NO.10

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

95. Unsupported Trade and Other Payables

The statement of financial position and Note 32 to the financial statements reflect trade and other payables balance of Kshs.216,803,829 (2023/2024 - Kshs.431,767,745). However, the County Assembly did not undertake the mandatory supplier circularization and reconciliation exercise as guided under Paragraph 2.3.1 of The National Treasury and Economic Planning Circular No. 03/2025 of 14 April, 2025, which provides guidelines on transition from cash to accrual accounting. Further, supplier confirmations, reconciliations, and supporting documentation were not provided for audit verification.

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

96. Failure to Disclose Contingent Liabilities

The financial statements reflect nil contingent liabilities as disclosed in Note 44 to the financial statements. However, the status update by the Legal Department revealed that the County Assembly had four (4) ongoing court cases but Management did not disclose any contingent liabilities of potential court awards arising from the cases, in the financial statements.

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

Emphasis of Matter

97. Budgetary Control and Performance

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

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

98. Late Exchequer Releases

The statement of financial performance and Note 6 to the financial statements reflect transfers from the County Revenue Fund (CRF) balance of Kshs.1,110,860,951.

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However, the amount includes disbursements totalling Kshs.154,789,795 which were received after 30 June, 2025. Late disbursement may have affected the County Assembly's operations and negatively impacted on its cash flow.

My opinion is not modified in respect of these matters.

Other Matter

99. Unresolved Prior Year's Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly in the year 2024/2025 revealed that the following nine (9) matters remained unresolved;

S/No	Audit Issues for 2023/2024
1	Non-Compliance with the One-Third Rule of Basic Salary
2	Wasteful Expenditure - Report Writing on Projects Inspection in Isiolo
3	Delayed Completion of the Construction of Chambers
4	Nugatory Expenditure to Society of Clerks at the Table and County Assembly Forum
5	Irregular Payment of Rental Allowance to the Speaker
6	Staff Payment Outside Integrated Payroll and Personnel Database (IPPD)
7	Lack of Risk Management Policy and Disaster Recovery Plan
8	Lack of ICT Strategic Plan and ICT Steering Committee
9	Use of Personal Email for Official Government Business

Other Information

100. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

101. Non-Compliance with the One-Third Rule on Basic Salary

During the year under review, five (5) employees earned net salaries of less than one-third (1/3) of their respective salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

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102. Non-Compliance with the Law on Staff Ethnic Composition

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

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

103. Salaries Paid Outside Integrated Payroll and Personnel Database System

The County Assembly paid an amount of Kshs.3,545,821 as salaries to one hundred and eighteen (118) temporary staff members for the months of July to December, 2024, outside the Integrated Payroll and Personnel Database (IPPD) system. This was contrary to Section 1.5.1 of The National Treasury Financial Accounting Recording and Reporting Manual which requires salaries, allowances or arrears of County Government employees to be processed through Integrated Payroll and Personnel Database (IPPD).

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

104. Irregular Payment of Subscription

The statement of financial performance and Note 13 to the financial statements reflect other grants and subsidies balance of Kshs.2,750,000, representing the annual subscriptions of Kshs.750,000 made to Society of Clerks at the Table (SOCATT) and an amount of Kshs.2,000,000 made to the County Assemblies Forum (CAF). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

105. Delayed Completion of Projects

The statement of financial position and Note 26 to the financial statements reflect property, plant and equipment balance of Kshs.622,657,341, which includes a balance of Kshs.527,711,317 in respect of work-in-progress. The work-in-progress balance includes an amount of Kshs.20,028,611 being certificate number 13 paid to a local contractor for the construction of the Marsabit County Assembly Chambers at a contract sum of Kshs.344,205,660 for a period of seventy (70) weeks and expected completion date of 28 August, 2019. However, examination of project records and physical inspection conducted in June, 2025 revealed that the project had taken approximately three hundred and sixty-six (366) weeks, which was a delay of about two hundred and ninety-six (296) weeks, and was still incomplete as at that time. No evidence was provided to confirm the approval of the project extension beyond the original expected completion date.

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Further, the work-in-progress balance includes an amount of Kshs.40,919,947 paid to a local contractor for the construction of office extension at a contract sum of Kshs.64,993,106. The contract was entered into on 4 July, 2024 and was to take thirty-six (36) weeks, or nine (9) months, ending in April, 2025. However, review of the project file and physical inspection conducted in the month of June, 2025 revealed that the project was incomplete with only the superstructure done and was behind the schedule by two (2) months.

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

106. Unoccupied Speaker's Residence

Review of records revealed that the County Assembly incurred a total expenditure of Kshs.76,845,679 on the construction of the Speaker's residence, which was completed in June 2025. However, as at the time of audit, in October, 2025, the Speaker had not occupied the residence. Further, the expenditure exceeded the approved limit amount of Kshs.35,000,000 by approximately 219% with no justification or approval provided for the excess amount. This was contrary to Salaries and Remuneration Commission Circular Ref No.SRC/TS/CGOVT/3/61/VOL.V(44) dated 14 August, 2020, which set the ceiling for the construction cost of an official Speaker's residence.

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

In the circumstances, Management was in breach of the law and value for money for the construction of the Speaker's residence amounting to Kshs.76,845,679 could not be confirmed.

107. Failure to Approve the Appointment of Head of Internal Audit

Review of the appointment letter of the Head of Internal Audit Unit revealed that the Audit Committee did not approve the appointment done by the Clerk of the County Assembly on 18 July, 2022. This was contrary to Section 3.3.5 (g) of the Gazette Notice Vol. CXVIII-No 40 of 2016 by the Public Sector Accounting Standards Board that requires the Audit Committee to approve appointment and/or termination of appointment of the Head of Internal Audit Unit.

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

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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

108. Failure to Hold Audit Committee Meetings

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

In the circumstances, the effectiveness of the governance mechanism could not be confirmed.

109. Weaknesses in the Internal Controls Structure

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

In the circumstances, the existence of an effective mechanism of internal controls built within the financial and operational systems could not be ascertained.

110. Failure to Insure County Assembly Buildings

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

In the circumstances, existence of effective mechanisms to safeguard assets could not be confirmed.

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COUNTY ASSEMBLY OF ISIOLO – NO.11

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

111. Unsupported Expenditure – Other Operating Expenses

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services expenditure of Kshs.148,344,600, which includes other operating expenses of Kshs.42,894,000. Included the latter balance was a payment of Kshs.600,000 whose supporting documents including work tickets, payment schedules, procurement files, store records, and appropriate authority were not provided for audit review.

In the circumstances, the accuracy and completeness of use of goods and services amount of Kshs.600,000 could not be confirmed.

112. Unsupported Domestic Travel and Subsistence Expenditure

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services balance of Kshs.148,344,600, which includes an amount of Kshs.53,287,000 on domestic travel and subsistence expenses, and other transportation costs. However, the following anomalies were noted:

112.1. Unsupported Domestic Travel and Subsistence

Although the domestic travel and subsistence expenses are reflected as Kshs.53,287,000, IFMIS payments indicated a total of Kshs.29,287,780 resulting in a variance of Kshs.23,999,220 which was not reconciled or explained. Further, payments to the bank were not supported by beneficiary details including officers' names, approved travel authorizations, itineraries, or imprest warrants.

112.2. Retreat Expenses for Members of Sectoral Committees

Included in domestic travel and subsistence, and other transportation costs were payments totalling Kshs.4,496,400 incurred on daily subsistence allowances to Members of Sectorial Committees for a retreat for scrutiny of the County Review and Outlook Paper 2024/2025. However, the attendance registers to confirm that the members participated in the activities and the number of days paid for were not provided for audit review.

Further, an additional amount of Kshs.2,444,400 was incurred on daily subsistence allowances to Members of Sectorial Committees accompanied by County Assembly staff in Meru for four (4) days, from 3 December to 6 December, 2024 for scrutiny of the County Review and Outlook Paper 2024/2025. However, the Committee report and the deliberations of the meeting were not provided for audit review.

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112.3. Retreat Expenses for Members of County Assembly

The domestic travel and subsistence and other transportation costs include an amount of Kshs.2,052,000 incurred on the Members of the County Assembly retreat to deliberate on the calendar and house business sessions, in Nanyuki. However, evidence in form of venue details where the retreat took place, attendance registers, evidence of procurement of conference facility and back-to-office reports were not provided for audit.

In the circumstances, the accuracy and occurrence of domestic travel expenditure amounting to Kshs.53,287,000 could not be confirmed.

113. Unsupported Cash Payments to Isiolo County Assembly Account

Review of IFMIS payment records revealed that the County Assembly processed payments totalling Kshs.106,693,211 to its own accounts, comprising of an amount of Kshs.33,032,500 to the County Assembly of Isiolo account and an amount of Kshs.5,300,000 to the Isiolo County Assembly Development account. However, no supporting documentation, including invoices, approvals, schedules, or expenditure breakdowns, was provided to show the activities undertaken or the beneficiaries of the payments. Further, the accounting treatment for these payments have not been explained.

In the circumstances, the accuracy of the financial statements could not be confirmed.

114. Unreconciled Payment of Staff Salaries

The statement of financial performance and Note 7 to the financial statements reflect compensation of employees amount of Kshs.405,922,104. Analysis of the payroll data revealed that the County Assembly paid an amount of Kshs.28,653,220 for nine (9) months' salary from July, 2024 to April, 2025 for fifty-four (54) Members of the County Assembly and staff outside the IPPD System. However, no explanation was given why the salaries were not processed through the IPPD system.

Further, analysis of IFMIS payments transfers to salary account showed that a total of Kshs.342,227,500 was transferred to the salaries account while the reported expenditure on salaries amount to Kshs.405,922,104, resulting to an unreconciled and unexplained variance of Kshs.63,694,604.

In the circumstances, the accuracy of compensation of employees amount of Kshs.405,922,104 could not be confirmed.

115. Unsupported Staff Medical Insurance

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services expense amounting to Kshs.148,344,600, which includes insurance costs of Kshs.12,325,782, where an amount of Kshs.12,000,000 was incurred on provision of medical insurance cover for Members of the County Assembly and staff. However, the insurance policy document was not provided for audit review and, therefore, the cover terms and conditions including the number of staff covered, limits and exclusions of the policy could not be confirmed. Further, the total contractual premium amount of Kshs.22,141,560 was not paid in full and in advance, contrary to Section 156(1)

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of the Insurance Act, 2020, which requires that no insurer shall assume a risk unless and until the full premium payable is received by the insurer.

In the circumstances, the accuracy and completeness of the expenditure could not be confirmed.

116. Irregular Payment of Allowances

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services amount of Kshs.148,344,60, which includes an amount of Kshs.53,287,000 in respect to domestic travel and subsistence and other transportation costs. However, payments totalling Kshs.5,670,000 were incurred on per diem allowances for Members of the County Assembly and staff for the end-of-year party for four (4) days held at a hotel which was approximately 10 Km from the Isiolo County Assembly offices. This was contrary to the Salaries Remuneration Commission Circular dated 7 August, 2023 on payment of daily subsistence allowance which states that payment of daily subsistence allowance shall not be payable for a location within a radius of 50 Km of the affected duty station of the respective officers. Further, attendance registers to confirm that the members participated in the activities for the days paid for were not provided for audit review.

In the circumstances, the occurrence and regularity of the expenditure could not be confirmed.

Other Matter

117. Unresolved Prior Year's Audit Issues

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit revealed that seventeen (17) matters remained unresolved as listed at the end of this report.

Other Information

118. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

119. Non-Compliance with the Law on Staff Ethnic Composition

Review of the human resource records revealed that the County Assembly had a staff workforce of two hundred and five (205) staff members out of whom one hundred and twenty-five (125), or 61% are from the dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates

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that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

120. Non-Compliance with the Persons with Disabilities Act, 2025

Review of payroll data revealed that the County Assembly had two hundred and five (205) members of staff, out of whom two (2), or 0.01% were persons with disabilities. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 requires a reservation of five (5%) percent of all positions in employment in the Counties for persons with disabilities.

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

121. Late Submission of Financial Statements

During the year under review, Management failed to submit the financial statements for the financial year 2024/2025 to the Auditor-General by the statutory deadline date of 31 August, 2025. The financial statements were submitted on 23 October, 2025. This was contrary to The National Treasury and Economic Planning Circular Ref No.AG/88/Vol.VII(41) dated 4 December, 2024.

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

122. Irregular Payment of Subscription Fees

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services expense of Kshs.148,344,600, which includes other operating expenses of Kshs.42,894,000. Included in the balance is an amount of Kshs.1,000,000 paid by the County Assembly in respect of subscription fees to the County Assemblies Forum (CAF). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

123. Stalled County Assembly Ward Offices Projects

The County Assembly engaged various contractors for the construction of five (5) Ward Offices. The contracts for Ngaremara and Sericho Wards were signed on 29 June, 2025, Oldonyiro Ward signed on 19 June, 2018 and those for Burat and Wabera Wards signed on 29 June, 2018, at a contract sum of Kshs.4,999,000 each, totalling Kshs.24,995,000. By 31 March, 2025, a total of Kshs.19,386,920 had been paid, leaving an outstanding balance of Kshs.5,608,080. However, Management did not indicate the expected completion dates for the offices which were between 64% to 88% complete.

In the circumstances, the value for money for the construction of Ward Offices at a total contract sum of Kshs.24,995,000 could not be confirmed.

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124. Construction of Debating Chamber and Restaurant

During the financial year 2019/2020, a local contractor was awarded the contract for the construction of a debating chamber and restaurant for the County Assembly at a contract sum of Kshs.314,000,768 commencing on 10 July, 2019 for a period of ninety (90) weeks to be completed on 31 March, 2021. However, the contractor requested for an extension of the contract period from 31 March, 2021 to 22 June, 2022, which was an additional sixty-four (64) weeks.

Review of the payment details for the financial year 2024/2025 revealed that County Assembly paid an amount of Kshs.5,778,693 for the second interim payment for supply, delivery, installation, testing, and commissioning of sanitary fittings, plumbing, drainage, water storage, and fire protection works. However, there was no interim certificate showing the extent and value of work done or what was being paid for. Further, despite the project time extension for completion by June, 2022, it remained incomplete as at the time of audit in October, 2025.

In the circumstances, the value for money for the construction of debating chambers and restaurant at a contract sum of Kshs.5,778,693 could not be confirmed.

125. Non-Compliance with Law on Fiscal Responsibility on Wages

The statement of financial performance and Note 7 to the financial statements reflect employees' costs of Kshs.405,922,104, representing 71 % of the County Assembly's total revenue of Kshs.569,809,817. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

126. Lack of Functional Audit Committee

As previously reported, the County Assembly had an Audit Committee appointed on 19 October, 2020 as evidenced by the appointment letters provided for audit review. However, evidence available showed that the Committee held only one meeting in the year under review, contrary to Regulation 172(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Committee to meet once every three months.

Further, the Committee did not carry out annual review of the independence, performance, and competency of the Internal Audit Unit. This was contrary to Regulation 159(2) of the Public Finance Management (County Governments) Regulations, 2015, which requires that in each financial year, the Audit Committee to carry out an annual review.

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In addition, there was no evidence provided to show that the Committee carried out any of its roles and responsibilities in the Audit Charter and as envisaged in Section 2.2(a) of the Gazette Notice No. 2691 on Audit Committee, which requires the Audit Committee to provide assistance to the accounting officer or governing body and adhere to its roles and responsibilities that are set out in its charter.

In the circumstances, the effectiveness of the Audit Committee in discharging its mandate could not be confirmed.

127. Lack of Internal Audit Reports

During the year under review, the Internal Audit Unit prepared an Annual Work Plan which was approved by the Audit Committee and the same included in the County Assembly`s budget in line with Regulation 163(2) of Public Finance Management (County Governments) Regulations, 2015. However, there was no internal audit report for the year under review as evidence of adherence to the approved work plan.

In the circumstances, the effectiveness of the internal audit unit to provide an independent appraisal of the County Assembly's operations, internal controls and risk management could not be confirmed.

128. Weaknesses on Information and Communication Technology Controls

During the year under review, the County Assembly did not have an approved Information Communication Technology (ICT) Strategic Committee, ICT Strategic Plan, ICT Steering Committee, and ICT Security Policy. Further, review of the ICT Data Centre room revealed lack of smoke detectors, fire suppression systems, environmental monitoring system to monitor humidity and temperature and closed-circuit television (CCTV) system. This was contrary to Regulation 110(3)(d) of the Public Finance Management (County Governments) Regulations, 2015, which provides that users of the system under this regulation shall not do anything that damages, restricts, jeopardizes, impairs, or undermines the performance, usability, reliability, confidentiality, or accessibility of any digital information system, programme, or other stored information/data.

In addition, Chapter 2 of the Isiolo County Assembly ICT Policy stipulates that the ICT Department shall be responsible for maintaining a current inventory of the hardware and software to be used by the County Assembly. However, evidence of such an inventory was not provided for audit review.

In the circumstances, the reliability and effectiveness of the County Assembly's ICT internal controls could not be confirmed.

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List of Unresolved Previous Year's Audit Issues

S/No	Audit Issues for 2023/2024
1	Unreconciled Variance Between the Payroll and Financial Statement Amounts
2	Misclassified Expenditure
3	Irregular Payment of Special Salary Allowances
4	Unsupported Responsibility Allowances
5	Non-compliance with Public Sector Accounting Standards Board (PSASB) Reporting Requirements
6	Anomalies in Performance Information
7	Non-Compliance with the Law on Staff Ethnic Composition
8	Failure to Effect the New NSSF Rates
9	Un-remitted Statutory Deductions
10	Manual Payment of Staff Salaries
11	Employment of Partisan Staff above the Approved Ceiling
12	Payment of Subsistence Allowance within 50km Radius
13	Failure to Submit Monthly Bank Reconciliation Statements
14	Delayed Completion of the Construction of Debating Chamber and Restaurant
15	Lack of an Information Technology Steering Committee
16	Lack of a Functional and Effective Audit Committee
17	Ineffective Internal Audit Arrangements

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COUNTY ASSEMBLY **OF** MERU – NO.12

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

129. Unsupported Insurance Cover for Meru County Assembly Building

As previously reported, the statement of financial performance reflects use of goods and services amount of Kshs.479,456,512 which includes insurance costs amount of Kshs.43,756,161 as disclosed in Note 8 to the financial statements. This further includes a balance of Kshs.673,004 paid to an insurance company as insurance premium towards insurance of the building housing the Meru County Assembly offices and the plenary. However, the valuation report and the block number for the building were not provided. Management has not explained how the sum assured and the premium paid were arrived at.

In the circumstances, the regularity and valuation of the insurance costs of Kshs.673,004 could not be confirmed.

Other Matter

130. Unresolved Prior Year Matters

In the audit report of the previous year an issue on unsupported legal services was raised under Report on the Financial Statement, Non-compliance with two-thirds gender rule and late remittance of PAYE deductions were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and lack of effective Audit Committee was raised under Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not provided an explanation on how the issues were addressed and have been reiterated as substantive paragraphs since they are recurring.

Other Information

131. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Basis for Conclusion

132. Non-Compliance with the Law on Staff Ethnic Composition

As previously reported, review of human resources data provided revealed that during the year under review, one hundred and forty-eight (148) or 96% out of the one hundred and fifty-four (154) of the County Assembly staff belonged to the dominant ethnic community in the County. This was contrary to Section 7 (1) and (2) of the National

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Cohesion and Integration Act, 2008 which provides that all public offices shall seek to represent the diversity of people of Kenya in employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

133. Non-Compliance with the One-Third Rule on Basic Salary

As previously reported, review of the payroll for the financial year under review revealed that the County Assembly had twenty-six (26) employees whose net pay was below a 1/3 of their basic pay. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

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

Review of records reveals that the County Assembly entered into contracts but no documentary evidence has been provided to confirm that the County Assembly complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity , at the rate of point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority by the 20th day of the subsequent month and also file monthly returns.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis of Conclusion

135. Unapproved Staff Establishment and Incomplete Staffing Levels

As previously reported, review of payroll records revealed that the staff establishment provided for review was not approved. Further, several positions indicated on the establishment had no staffing levels specified.

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

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136. Lack of Annual Report of Operations of the Board

Review of the County Assembly Services Board revealed that the County Assembly did not provide annual report of operations of the Board for audit. There was no evidence that the report was tabled in the County Assembly Chambers for adoption. This contravenes, Section 36(1) of the County Assembly Services Act, 2017 which provides that within three months after the end of each calendar year, the Board shall prepare and lay before the County Assembly a report of its operations during that year.

In the circumstances, effectiveness of how the County Assembly Services Board discharged its mandate could not be confirmed.

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COUNTY ASSEMBLY OF THARAKA-NITHI – NO.13

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

137. Unsupported and Unreconciled Opening Balance

The statement of financial position and as disclosed in Note 14 to the financial statements reflects a comparative balance of Kshs.189,829,989 in respect to trade and other payables which is at variance with the corresponding balance of Kshs.115,506,646 reflected in the previous year's audited financial statements resulting to an unreconciled variance of Kshs.74,323,343. Further, no evidence was provided for audit review to confirm that the County Assembly's suppliers were circularized, supplier statements as at 30 June, 2024 obtained and reconciled to their records to ensure completeness of trade and other payables.

In the circumstances, the accuracy and completeness of trade and other payables opening balance of Kshs.189,829,989 could not be confirmed.

138. Late Exchequer Releases

As previously reported, the statement of financial performance reflects Exchequer releases balance of Kshs.500,090,691 as disclosed in Note 6 to the financial statements. Included in the balance is an amount of Kshs.161,293,776 relating to Exchequer released by the County Treasury to the County Assembly for fourth Quarter, which further includes an amount of Kshs.43,327,504, released and received on 30 June, 2025. This was contrary to Section 17(6) of the Public Finance Management Act, 2012 which requires that The National Treasury shall, at the beginning of every quarter, and in any event not later than the fifteenth day from the commencement of the quarter, disburse monies to County Governments.

The late release of the Exchequer to the County Assembly caused delays in the delivery of goods and services to the public.

My opinion is not modified in respect of this matter.

Other Matter

139. Unresolved Prior Year Audit Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status revealed eleven (11) matters remained unresolved as shown below:

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No.	Audit Issues for 2023/2024
1.	Unsupported and Unaccounted for Imprest Issued to Officers
2.	Unreconciled Summary of Fixed Assets
3.	Late Exchequer Releases
4.	Late Remittances of Statutory Dues and Deductions
5.	Failure to Comply with Fiscal Responsibility Principles on Wages and Benefits
6.	Employees Earning Below a Third of Their Basic Salary
7.	Non-Compliance with the Law on Staff Ethnic Composition
8.	Irregularities in Procurement of Legal Services
9.	Delayed Construction of Speaker's Official Residence
10.	Failure to Prioritize Payment of Pending Accounts Payables
11.	Ineffective Internal Audit and Audit Committee

Other Information

140. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

141. Failure to Budget for Climate Change and Financing

Review of the County Assembly annual budget revealed that no provisions for climate change mitigation, adaptation programs, or climate financing initiatives were made. There was no evidence of planned allocation of funds for projects or activities that address climate risks, such as water source protection, energy-efficient operations, or climate resilience measures. This was contrary to Section 19(1) of the National Climate Change Act, 2016 which requires that a County Government shall, in performance mainstreaming its functions, integrate and mainstream climate change actions, interventions and duties set out in this Act, and the County National Climate Change Action Plan into various sectors.

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

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

Review of records revealed that the County Assembly entered into contracts but no evidence has been provided to confirm that the County Assembly complied with Paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which provides that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. Further, Public Procurement Regulatory Authority (PPRA) Circular No. 01/2024 dated 30 August, 2024 also requires procurement entities to remit the levy to the Authority by the 20th day of the subsequent month and also file monthly returns.

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

143. Non-Compliance with Fiscal Responsibility Principle

The total approved expenditure for the County Assembly amounted to Kshs.539,067,456 or 8.3% of the total County Government's revenues of Kshs.6,466,615,529. This ratio exceeded the set threshold of 7% by Kshs.86,404,368. This was contrary to Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the approved expenditures of a County Assembly shall not exceed seven percent (7%) of the total revenues of the County Executive or twice the personnel emoluments of that County Assembly, whichever is lower.

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

144. Non-Compliance with the Law on Staff Ethnic Composition

As previously reported, the County Assembly has one hundred and eighty (180) staff out of whom one hundred and forty-two (142) or 79% of the staff were from the dominant ethnic group in the County. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

145. Non-Compliance with the Persons with Disabilities Act, 2025

Review of payroll revealed that out of the one hundred and eighty (180) staff, the County Assembly had only one (1) employee with disabilities representing approximately 0.01%. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities'.

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

146. Non-Compliance with the One-Third Rule on Basic Salary

As previously reported, review of the County Assembly's monthly payrolls revealed that twelve (12) officers had their net salaries falling below a third of their basic pay. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

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147. Irregularities in Procurement of Legal Services

As previously reported, the statement of financial position reflects a balance of Kshs.224,503,523 in respect to trade and other payables, which as disclosed in Note 14 to the financial statements includes trade payables balance of Kshs.144,740,710. The latter balance includes legal cost totalling Kshs.30,465,493. However, review of documents revealed that the County Assembly engaged private legal consultants instead of using County's legal counsel whose key function is to represent the County Assembly in civil disputes and matters of public interest without justification. Further, no evidence of approval to engage the services of private legal consultants was provided for audit review.

In the circumstances, the value for money of public funds totalling Kshs.30,465,493 could not be confirmed.

148. Irregularities and Delay in Proposed Construction of the County Assembly's Chambers

The statement of financial position reflects property, plant and equipment balance of Kshs.10,626,476 which as disclosed in Note 13 to the financial statements includes work in progress balance of Kshs.9,960,810 in respect to proposed construction of County Assembly's Chambers. Review of records revealed that the contract for the above was awarded on 2 December, 2024 at a contract sum of Kshs.172,137,365 with the project completion duration of thirty-six (36) months. However, review of measured Bills of Quantities (BQs) revealed the following anomalies;

i. An exit clause that gives each party the right to terminate the agreement under specified circumstances, and sets out the conditions and procedures for ending the contract was not included in the contract. This was contrary Section 153(2) of the Public Procurement and Asset Disposal Act, 2025, Revised 2022 which requires that a contract document shall specify the grounds on which the contract may be terminated and specify the procedures applicable on termination.

ii. The measured BQs revealed that the amount includes provisional sums of Kshs.932,600 which was not supported by recommendation of the Evaluation Committee and approval by the Accounting Officer. In addition, evidence of utilization and accounting for the same provision was not provided for audit verification. This was contrary to Section 139(2) of Public Procurement and Assets Disposal Act, 2025, Revised 2022, which requires that an Accounting Officer of a procuring entity, on the recommendation of an evaluation committee or as prescribed in the signed Contract Agreement, may approve the request for— (a) use of prime costs; (b) use of contingencies; (c) reimbursable costs; and (d) use of provisional sums.

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iii. Review of re-measured work for Element 1 in the BQs revealed that the contracted works value totalled to Kshs.1,709,170 against actual work done of Kshs.7,633,610, resulting to a variance of Kshs.5,924,440, representing variations of quantities which exceeded the 15% allowable limit under Section 139(4) of the Public Procurement and Asset Disposal Act, 2015.

iv. Further, the variations were not supported by request from the contractor or the County Assembly and there was no evidence that Evaluation Committee considered these variations and the same were approved by the Accounting Officer.

In the circumstances, the value for money in the implementation of the project may not be realized.

149. Delayed Construction of Speaker's Official Residence

As previously reported, the County Assembly awarded contract for construction of the Speaker's official residence to a contractor at a contract sum of Kshs.33,709,617 with commencement date of 20 May, 2021 for a contract period of two (2) years. However, the project stalled at 57% of completion with no ongoing works and the contractor was not on site. The total amount paid by the time of audit in September, 2025, was Kshs.14,591,536. The contract had been extended twice to 20 May, 2024 and second extension to 20 May, 2025 which as at the time of the audit has since expired. This was contrary to the Salaries and Remuneration Commission Circular of Ref.No.SRC/TS/CGOVT/3/61 dated 24 October, 2016 which provides guidelines on prioritization of funds for construction of Speaker's official residence in the year 2018/2019 budget cycle and in any case not later than 30 June, 2022.

In the circumstances, the intended benefit and value for money paid totalling Kshs.14,591,536 may not be realized as further delays may increase the project cost due to escalating prices of materials and services.

150. Failure to Prioritize Payment of Pending Accounts Payable

As previously reported, the statement of financial position and as disclosed in Note 14 to the financial statements revealed a balance of Kshs.224,503,523 in respect to trade and other payables. The balance includes an amount of Kshs.213,544,713 comprising Kshs.144,740,710 and Kshs.68,804,003 relating to trade payables and employee payables, respectively relating to financial year 2023/2024 and earlier years and remained long outstanding for long period. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulation, 2015 which provides that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county Government does not default on debt obligations.

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Further, the balance includes employee payables balance of Kshs.68,804,003**.** The latter balance includes employee wages of Kshs.53,475,936, LAPFUND deductions of Kshs.3,577,346 and LAPTRUST arrears of Kshs.11,750,720. However, Management had not remitted deducted amounts to the respective Institutions. This was contrary to Section 19(4) of the Employment Act, 2007 which provides that an employer who deducts an amount from an employee's remuneration in accordance with Subsection (1)(a), (f), (g) and (h) should pay the amount so deducted in accordance with the time period and other requirements specified in the law remittance /deductions.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

151. Ineffective Internal Audit and Audit Committee

As previously reported, review of records in respect to Internal Audit Department revealed that the Audit Committee was not in place and Management had not made any effort to establish the same as part of governance and oversight activities. Further, although the Internal Audit Department was in existence, there were no approved Internal Audit Charter, Audit Plan and Audit Reports on areas reviewed during the year. Management did not provide for audit review any quarterly or annual internal audit reports and no follow-up on the implementation of the recommendations of external auditors.

In the circumstances, the effectiveness of the internal controls at the County Assembly could not be confirmed.

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COUNTY ASSEMBLY **OF** EMBU – NO.14

REPORT ON THE FINANCIAL STATEMENTS

Unmodified Opinion

152. There were no material issues noted during the audit of the financial statements.

Other Matter

153. Unresolved Prior Year Matters

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

No.	Audit Issues for 2023/2024
1	Unconfirmed Cash and Cash Equivalents
2	Unsupported Fuel, Oil and Lubricants
3	Non-Remittance of Provident Fund and Pension Scheme Deductions
4	Non-Compliance with the Law on Staff Ethnic Composition
5	Irregular Payment of Subscriptions
6	Lack of an Audit Committee
7	Lack of Disaster Recovery Plan
8	Lack of Risk Management Policy

Other Information

154. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

155. Wasteful Expenditure on Hire of Office Space

The statement of financial performance reflects use of goods and services amount of Kshs.399,832,040 which includes rentals of produced assets amount of Kshs.32,203,391 as disclosed in Note 8 to the financial statements. Further, the balance includes cost of hire of office space for Members of the County Assembly (MCA's) amounting to Kshs.17,620,319.

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Review of supporting documents revealed that the County Assembly entered into a lease agreement for lease of office space for use by MCAs through an agreement dated 10 April, 2024.

However, the following observations were made;

i. No explanation was provided why the County Assembly resulted to hiring of offices for the Members of County Assembly yet they have Ward offices resulting to duplication of office spaces.

ii. Physical inspections of the leased offices in the month of September, 2025 revealed that the offices had remained unutilized for a long period as evidenced by dusty floors and furniture.

iii. One floor of the hired office space was being used by the County Executive of Embu. However, the agreement between the County Assembly and the County Executive of Embu was not provided for audit review.

In the circumstances, value for money for the expenditure amount of Kshs.17,620,319 on hire of office space could not be confirmed.

156. Irregular Payment of Subscriptions

Management paid membership fees, dues and subscriptions to professional and trade bodies amount of Kshs.4,900,000 which includes an amount of Kshs.2,250,000 paid to County Assembly Forum (CAF) and Society of Clerks at The Table (SOCATT). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

157. Non-Compliance with the Two-Third Gender Rule

As previously reported, review of payroll records of the County Assembly in Senior Cadre revealed that Twelve (12) out of seventeen (17) representing 71% were of the same gender. This exceeded the legal threshold and therefore, contravened the two-thirds gender rule. This was contrary to Section 36(3)(b) of the Public Service Commission Act, 2017 which states that no one gender constitutes more than two thirds of those appointed.

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

158. Non-Compliance With One the Third Rule on Staff Ethnic Composition

As previously reported, review of the staff bio data revealed that the County Assembly had a total of eighteen (18) employees on its payroll from senior cadre. However, nine (9) or 50% of employees were from one dominant community at the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which

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stipulates that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

Review of records revealed that the County Assembly entered into contracts but no documentary evidence was provided to confirm that the County Assembly complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. Further, the County Assembly did not adhere to the Public Procurement Regulatory Authority (PPRA) Circular No.01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority by the 20th day of the subsequent month and also file monthly returns.

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

160. Non-Compliance with the Data Protection Act, 2019

Interviews conducted revealed that the County Assembly had not registered with the Data Commissioner which poses a risk on the protection of sensitive information. The County Assembly was therefore in breach of the section 18(1) the Data Protection Act, 2019 which provides that “subject to sub-section (2), no person shall act as a data controller or data processor unless registered with the Data Commissioner”.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

161. Lack of Audit Committee

As previously reported, Management did not establish an Audit Committee contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 states that each County Government entity shall establish an Audit Committee.

In the circumstances, existence and effectiveness of governance mechanism could not be confirmed.

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162. Lack of Disaster Recovery Plan

As previously reported, the County Assembly did not have in place an approved Disaster Recovery Plan to ensure that the County Assembly was able to respond to disasters or other emergencies affecting information systems.

Further, it was observed that the County Assembly did not have an approved ICT Strategic Plan, back up and retention strategy which could result in ICT governance challenges. In addition, no evidence was provided to show that the entity had in place a training program to build ICT capacity.

In the circumstances, the County Assembly may not recover from unexpected disasters and may not derive maximum benefits from investments in ICT infrastructure.

163. Lack of Risk Management Strategies

As reported previously, interviews conducted revealed that the County Assembly had not developed a Risk Management Strategy for fraud prevention mechanism contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, existence of an effective mechanism to mitigate any risk in a timely manner could not be confirmed.

164. Use of Outdated Information and Communications Technology Policy

Review of the Information and Communications Technology (ICT) policy revealed that Management was using a policy developed over four (4) years ago (January 2021) and approved in 2022. However, the Policy had not been updated since implementation to reflect current technological, legal, and operational changes. This resulted in potential security gaps, outdated procedures, and missed opportunities to leverage new technologies.

In the circumstances, the adequacy of existing policy to guide Management response to emerging challenges and opportunities could not be ascertained.

165. Lack of Human Resources Manual

As previously reported, audit review for human resource records, revealed that the County Assembly did not have Human Resource Policies and Procedures providing guidance on human resource matters, including but not limited to minimum qualification or experience criteria for recruiting skilled and competent staff, training and continuous development of employees and skills retention and monitoring of the competency.

In the circumstances, the existence of an effective human resources management could not be confirmed.

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166. Lack of Annual Work Plan

The statement of performance against County Assembly predetermined objectives reflects programmes, strategic objectives, targeted outcomes and progress made since inception from the latest CIDP. However, the County Assembly Annual Work Plan for the year under review was not provided for audit review.

In the absence of annual work plan with clear parameters and annual targets for specific departmental and Committees activities, oversight activities and policy development, the entity's performance information against predetermined objectives not be evaluated.

In the circumstances, it has not been possible to evaluate the performance of the operations and determine the achievement of the objectives.

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COUNTY ASSEMBLY OF KITUI – NO.15

REPORT ON THE FINANCIAL STATEMENTS

Unmodified Opinion

167. There were no material issues noted during the audit of the financial statements.

Emphasis of Matter

168. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.1,271,031,113 and Kshs.1,008,108,759 respectively resulting to under-funding of Kshs.262,922,354 or approximately 21% of the budget. However, the County Assembly spent an amount of Kshs.1,007,708,119 against actual receipt of Kshs.1,008,108,759 resulting to a difference of Kshs.400,640 of actual receipts.

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

My opinion is not modified in respect of this matter.

Other Information

169. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

170. Irregular Payment of Subscriptions

As previously reported, the statement of financial performance reflects use of goods and services totalling Kshs.518,148,766, which as disclosed in Note 10 to the financial statements includes other operating expenses amounting to Kshs.45,034,136. Included in the expenditure is an amount of Kshs.3,750,000 in respect to subscriptions amounts of Kshs.3,000,000 paid to County Forums and Society of Clerks respectively. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

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171. Delay in Construction of County Assembly Building

Review of records revealed that the County Assembly awarded a contract for the construction of a new County Assembly building at a contract sum of Kshs.249,507,369 which was to start on 9 October, 2024 with a completion date of 7 October, 2026. By the time of audit in October, 2025, the County Assembly had paid an amount of Kshs.58,871,497 or approximately 24% of the contract sum while the percentage of completion was only 8%. Further, physical verification of the building revealed that the base was excavated and left open which poses danger to the already existing structure which may collapse due to weakened base and the contractor had abandoned the site.

Further, the procurement records including the bid documents and the BQs were not provided for audit review as they were said to be with Ethics and Anti-Corruption Commission under investigations.

In the circumstances, the value for money for the expenditure of Kshs.58,871,497 paid for the project could not be confirmed.

172. Non-Compliance with the Law on Staff Ethnic Composition

During the year under review, the total number of employees of the County Assembly was seventy-nine (79) out of whom seventy-four (74) or approximately 94% of the total number were members of the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

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

Basis for Conclusion

173. Lack of an Updated Strategic Plan

During the year under review, the County Assembly operated without a Strategic Plan as they were operating on an expired Strategic Plan for the year 2018-2023. Management had therefore not developed a Strategic Plan in conformity with the Medium-Term Fiscal Framework financial objectives for the County Assembly for the next five (5) years. This was contrary to Section 149(2)(g) of the Public Finance Management Act, 2012 which states that in carrying out a responsibility imposed by Sub-Section (1), an Accounting Officer shall, in respect of the entity concerned, prepare a Strategic Plan for the entity in conformity with the Medium-Term Fiscal Framework financial objectives of the County Government.

In the circumstances, the existence of an effective governance, coordination and strategic adjustment could not be confirmed.

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COUNTY ASSEMBLY **OF** MACHAKOS – NO.16

REPORT ON THE FINANCIAL STATEMENTS

Unmodified Opinion

174. There were no material issues noted during the audit of the financial statements.

Emphasis of Matter

175. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.293,727,536 as disclosed in Note 32 to the financial statements. Included in the balance are payables totalling Kshs.199,614,864 which have been outstanding for more than one year. Further, the statement reflects borrowings-non-current portion balance of Kshs.37,700,000 as disclosed in Note 38 to the financial statements. The amount relates to borrowings from Machakos County Assembly's Car and Mortgage Loan Fund that has remained outstanding since the year 2018.

Failure to settle payables during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

176. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.1,118,556,126 and Kshs.969,588,406 respectively resulting to under-funding of Kshs.148,967,720 or approximately 13% of the budget. However, the County Assembly spent an amount of Kshs.967,646,190 of the actual receipts of Kshs.969,588,406 resulting to a difference of Kshs.1,942,215 of the actual receipts.

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

177. Late Transfer of Revenue

The statement of financial performance and as disclosed in Note 6 to the financial statements reflect transfers from County Revenue Fund totalling Kshs.969,439,335. Review of receipts records revealed that funds amounting to Kshs.195,354,750 were received in the Month of July, 2025. Late disbursement of funds negatively affected service delivery to the public.

My opinion is not modified in respect of these matters.

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Other Matter

178. Unresolved Prior Year Matters

In the previous year's audit reports, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of Machakos County Assembly in 2024/2025 revealed that the following three (3) matters remained unresolved.

No.	Audit Issues for 2023/2024
1	Delay in completion of Mutituni Ward Offices
2	Delay in Construction of New Chambers
3	Delay in Completion of Ward Offices

Other Information

179. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

180. Irregular Payment of Subscriptions

As previously reported, Management incurred an amount of Kshs.5,000,000 in respect to subscriptions paid to County Assembly Forums and Society of Clerks-At-The-Table (SOCATT). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

181. Non-Compliance with the Law on Staff Ethnic Composition

During the year under review, the total number of employees at the County Assembly was one hundred and thirty-four (134) out of whom one hundred and twenty-four (124) or approximately 92% of the total number were members of the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public Institution shall have more than one-third of its staff establishment from the same ethnic community".

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

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182. Sponsorship to an International Training

The statement of financial position reflects trade and other payables balance of Kshs.293,727,536 which as disclosed in Note 32 to the financial statements includes an amount of Kshs.1,601,300 in respect of flight cost for two (2) members of staff attending a Strategic Leadership and Planning Program in London during 2022/2023 financial year. The Programme was to run from 27 January, 2023 to 5 February, 2023 and the cost of the flight amounted to Kshs.1,601,300 which is currently an account payable.

However, the following anomalies were noted:

i. The payment voucher for the air ticket was not supported by boarding passes to confirm that the officers travelled to London.

ii. One of the staff member was paid an amount of Kshs.356,405 as training fees instead of the amount being paid directly to the Training Institution. Further, there was no official receipt provided for audit review from the Institution to confirm receipt of the fees.

iii. No certificate of participation was provided for audit review.

iv. A stamp on the passport copy provided indicated that the officers arrived in London on 28 January, 2023, a day after the start of the workshop and returned to Kenya on 5 February, 2023 a day when the workshop was to end.

v. The two (2) officers were paid cash allowances totalling Kshs.1,181,844 vide instead of processing the per diem through imprest warrants.

Further, independent verification by auditors on the authenticity and validity of the payment done and participation of the two (2) officers in the programme at the training Institution revealed that the two County officers pre training arrangements were made, and the necessary documentation issued to support their sponsorship applications. However, the course fees was not paid to the Institution hence their commencement letters were never issued by the Institution since they did not participate in the said Programme. This was contrary to Section 203 (1) of the Public Finance Management Act, 2012 which stipulates that a public officer is personally liable for any loss sustained by a County Government that is attributable to (a) the fraudulent or corrupt conduct, or negligence of the officer.

In the circumstances, Management was in breach of the law and value for money on the expenditure could not be ascertained.

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

Conclusion

183. There were no material issues raised on internal controls, risk management and governance.

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COUNTY ASSEMBLY **OF** MAKUENI – NO.17

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

184. Misclassification in Use of Goods and Services

The statement of financial performance and as disclosed in Note 10 to the financial statements reflect use of goods and services totalling Kshs.413,695,856. Included in the expenditure is an amount of Kshs.33,040,734 relating to hospitality, supplies and services. However, review of supporting documents including payment vouchers revealed that the expenditure included an amount of Kshs.4,785,096 which was wrongly charged to hospitality instead of training expenses.

In the circumstances, the accuracy and completeness of hospitality, supplies and services totalling Kshs.33,040,734 could not be confirmed.

Other Information

185. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

186. Non-Compliance with the Commission on Revenue Allocation Ceilings on Ward Expenditure

The statement of financial performance and as disclosed in Notes 9 and 10 to the financial statements reflects an amount of Kshs.54,059,086 and Kshs.143,098,129 in respect of basic wages of temporary employees and other operating expenses, respectively. Included in the expenditure is an amount of Kshs.53,549,086 and Kshs.56,298,332 totalling Kshs.109,847,418 paid to staff at the Wards as operating expenses and maintenance costs, from the forty-eight (48) wards. The amount was in excess of the approved ceiling by the Commission on Revenue Allocation (CRA) of Kshs.118,333 per month per Ward (MCA) as per Circular No.CRA/CSO/CMG/9/VOL V/59. The payment made to the Wards during the year under review of Kshs.109,847,418 was also in excess of the Ward expenditure ceiling of Kshs.68,159,808 by an amount of Kshs.41,687,610.

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

187. Irregular Payments During Oversight and Public Participation

As previously reported, the statement of financial performance and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.413,695,856 under use of goods and services which includes an amount of Kshs.143,098,129 in respect of other

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operating expenses. Included in other operating expenses is an amount of Kshs.31,548,700 incurred on oversight and public participation activities. Review of documents including payment vouchers revealed that Members of the County Assembly (MCAs) and the Speaker were paid an amount of Kshs.70,000 each for every public participation and oversight activity undertaken. However, the rate is not specified by Salaries and Remuneration Commission in the Gazette Notice on Remuneration and Benefits for State Officers dated 9 August, 2022. In addition, each participating MCA was paid transport facilitation allowance of Kshs.8,000 (one way) and Kshs.16,000 (return). No document was provided for audit review to support the rates used for transport facilitation.

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

188. Irregular Payment of Subscriptions

The statement of financial performance and as disclosed in Note 10 to the financial statements reflect a balance of Kshs.413,695,856 in respect of use of goods and services which includes an amount of Kshs.143,098,129 for other operating expenses. Included in the operating expenses is an amount of Kshs.6,742,220 being payment of Kshs.750,000 and Kshs.5,992,220 to Society of Clerks At-The-Table (SOCATT) and the County Assembly Forum, respectively. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

189. There were no material issues raised on internal controls, risk management and governance.

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COUNTY ASSEMBLY OF NYANDARUA – NO.18

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

190. Non-Compliance with the Reporting Framework Requirements

The annual report and financial statements did not comply with the disclosure requirement prescribed by IPSAS 33 on first-time adoption of Accrual Basis of the International Public Sector Accounting Standards (IPSAS) in the following sections;

i. The cover page discloses framework of financial reporting as transitional financial statement/prepared in accordance with the accrual basis of accounting method under International Public Sector Accounting Standards (IPSAS) instead of transitional IPSAS financial Statement.

ii. The financial statements on the statement of management responsibility discloses "The Clerk accept responsibility for the County Assembly financial statements which have been prepared in accordance with accrual basis of method of financial reporting, using, appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) instead of disclosing the fact that the financial statement are transitional IPSAS financial statements.

iii. The financial statements in Note 17(2) on the statement of compliance and basis of preparation the County Assembly did not disclose as a first-time adopter of accrual basis of accounting under the International Public Sector Accounting Standards (IPSAS) the fact the financial statements are not fully in compliance with IPSAS Accrual. In addition, the County Assembly did not disclose the extent to which it has taken advantage of transition exemptions that affect and do not affect the fair presentation of financial statements and its ability to assert compliance with accrual basis IPSAS.

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

191. Inaccuracies of Disclosures and Balances in the Financial Statements

The statement of financial position reflects a credit net asset balance of Kshs.14,208,670 and as reflected in the statement of changes in net assets. The statement of net assets under accumulated surplus includes an adjustment of Kshs.11,277,361 described as a decrease in opening payables PPE. However, the balance has been included in the liabilities balance of Kshs.168,489,008 recognized as adjustment of opening balance of accumulated surplus. As a result, the reported closing balance of Kshs.14,208,670 is overstated by an unexplained amount of Kshs.11,277,361. The balance of Kshs.11,277,361 has not been recognized as opening balance of assets in the property, plant and equipment.

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Further, the statement of financial position reflects Nil balance of intangible assets while Note 27 to the financial statements reflects intangible assets balance of Kshs.13,477,756 as opening and closing balance. However, the balance has not been disclosed in the statement of financial position while the description and documentary evidence supporting the intangible assets balance was not provided for audit.

In the circumstances, the accuracy and completeness of the property, plant and equipment balances and disclosures could not be confirmed.

192. Unsupported Surrender of Long Outstanding Government Imprest

The statement of financial position and as disclosed in Note 23 to the financial statements reflects receivables from non-exchange transaction balance of Kshs.74,935,870. The balance includes Government imprest amount of Kshs.600,000 which thought due has been outstanding for more than two (2) years. In addition, supporting documents for the surrender of Government imprest was not provided for audit.

In the circumstances, the accuracy and completeness of receivables from non-exchange transaction balance of Kshs.74,935,870 could not be confirmed.

Other Matter

193. Unresolved Prior Year Audit Matters

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

No.	Audit Issues for 2023/2024
1	Irregular Payments to Society of Clerks At -The Table
2	Non-Compliance with SRC Guidelines on County Assembly Speaker's House
3	Long Outstanding Pending Bills
4	Direct Procurement on Rent and Rates
5	Non-Compliance to One Third rule on basic Salary Rule
6	Lack of an Approved Fraud Management Policy
7	Lack of Business Continuity and Disaster Recovery Plans

Other Information

194. There were no material issues relating to Other Information.

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REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

195. Failure to Submit Quarterly Report and Financial Statements

During the year, the County Assembly did not submit for audit, the quarterly reports and financial statements. This was contrary to Section 166 (1) of the Public Finance Management Act, 2012 which provides that an accounting officer for a County Government entity shall prepare a report for each quarter of the financial year in respect of the entity.

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

196. Non- Remittance of Staff Pension

Audit of the payroll and the human resource records revealed that during the year under review, Management did not remit pension contribution for three (3) permanent and pensionable staff. This was contrary to Section 53 and 53A of the Retirement Benefits Act, No.3 of 1997 which provides for general penalty and proceedings for recovery of deductions from employers, respectively.

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

197. Non-Compliance with the Law on Staff Ethnic Composition

Review of Human Resource records revealed that during the year under review, the County Assembly had eighty-nine (89) members of staff out of whom, eighty- two (82) or 92% were from the dominant ethnic community of the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

198. Non-Compliance with the Law on Persons with Disabilities Act, 2025

The County Assembly did not reserve five percent of employment opportunities to persons with disabilities. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that ‘every county government shall promote the inclusion of persons with disability in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities’.

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

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199. Direct Payment of Subsistence Allowances

Review of records and inquiry from Management revealed that the County Assembly spent a total of Kshs.112,247,557 on domestic travel and subsistence allowance and a total of Kshs.11,752,687 on foreign travel and subsistence allowance as disclosed in Note 10 to the financial statements. However, the expenditure was incurred and paid as claims to the officers' bank accounts instead of issuance of imprest. This was contrary to Regulation 93 (4d) of the Public Finance Management (County Governments) Regulations, 2015 which provides that before issuing temporary imprests, the Accounting Officer shall ensure that adequate funds are available against the relevant items of expenditure to meet the proposed expenditure.

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

200. Irregular Payments of Subscriptions

During the year under review, the County Assembly incurred an amount of Kshs.750,000 on subscription to Society of Clerks At-The-Table (SOCCAT) and an amount of Kshs.1,000,000 on annual subscription to County Assemblies Forum (CAF). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

201. Non-Compliance with Guidelines on Housing Benefits for County Assembly Speaker

As reported earlier, review of the implementation of Housing Benefits for the County Assembly Speaker revealed that the County Assembly purchased land of approximately 1.666 hectares(4.1acres) at Kshs.10,000,000. This was contrary to the SRC circular Ref.SRC/TS/COG/6/61/48 Vol. II (64) dated 20 May 2019 which provided that the Speaker's residence should be built on public land owned by the County Government and should be on a one (1) acre parcel of land.

In addition, the total contracts executed for infrastructure development of the County Assembly Speaker's residence amounted to Kshs.106,811,605 exceeding the approved infrastructure ceiling amount of Kshs.45,406,294. This was contrary to the reviewed amount as per Salaries and Remuneration Commission (SRC) Ref. SRC/TS/29/35(15) dated 27 June, 2022.

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

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202. Unsatisfactory Construction of Boundary Walls and Guard House for The Speaker's Residence

The proposed construction and completion of boundary walls and guard house was awarded to a contractor for a contract sum of Kshs.18,954,330. The initial contract sum was revised by an amount of Kshs.4,554,628 resulting to revised contract sums of Kshs.23,508,958. Review of contract implementation and financial appraisal documents revealed the following unsatisfactory observations;

i. According to financial appraisal No. 1 dated 7 November, 2023 on re-measurements of works by the Project Manager from Department for Public Works, Roads, Transport, Housing and Energy recommended additions of contract sum by Kshs.4,554,628 composed of Kshs.4,324,878 relating to boundary wall substructures and an amount of Kshs.229,750 in respect of Guard house. However, the priced Bill of Quantities already provided contingency sums of Kshs.800,000 which was not considered to offset the additional re-measured costs.

ii. Further, the total amount as per priced Bill of Quantities included an amount of Kshs.4,330,000 for prime costs and provisional sums of Kshs.2,900,000 for electrical works. However, the electrical works were quoted at Kshs.2,660,750 resulting to savings totalling Kshs.239,250 which was not considered in the financial appraisal of re-measurements of works and the electrical works had not been completed.

iii. In addition, the costs and provisional sums included an amount of Kshs.230,000 for mechanical installations. However, the mechanical works were quoted at an amount of Kshs.197,627 resulting to contract savings of Kshs.32,373 which was not considered in the financial appraisal of re-measurements of works and the works were incomplete.

In the circumstances, value for money on the project expenditure could not be confirmed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

203. Lack of Approved Staff Establishment

Review of the human resource records revealed that the County Assembly did not have an approved staff establishment to show in post positions required, in-post and deficiency. However, the un-approved staff establishment provided for audit revealed that the optimal staffing levels of the County Assembly was one hundred (100) staff while the in-post staff were eighty-nine (89) leading to a staff shortage of eleven (11) staff. In addition, most critical directorates which include; Administrative, Legal, Research, Internal Audit and Procurement were headed by principal officers instead of directors.

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In the circumstances, the efficiency and effectiveness of critical service delivery could not be confirmed.

204. Lack of Disaster Recovery and Business Continuity Plan

During the period under review, Management had not established Business Continuity and Disaster Recovery Plans to ensure the smooth running of the County Assembly's operations in the event of a disaster or unforeseen occurrence. The County Assembly's operations could be disrupted in the event of occurrence of unexpected events that may have a negative impact its operations.

In the circumstances, existence effective measures to safeguard continued service delivery could not be confirmed.

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COUNTY ASSEMBLY OF NYERI – NO.19

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

205. Non-Compliance with the IPSAS Reporting Requirements and Transition from Cash to Accrual Accounting Reporting Requirements

The annual report and financial statements presented for audit did not comply with the reporting template where Note 2 to the financial statements under the statement of compliance and basis of preparation of financial statements did not discuss the various elements which management took advantage of IPSAS 33 on transition. Review of the compliance status by the County Assembly in implementing the guidelines on transition from cash to accrual accounting prescribed by The National Treasury at the time of audit in the month of September, 2025 revealed that Management had not implemented the requirements in the guidelines. Management did not provide any evidence of the formation of Project Management teams which includes entity Steering Committee and project manager. Further, there was no evidence that the County Assembly had developed a detailed road map outlining the key milestone achieved in implementing the guidelines on transition from cash to accrual accounting contrary to Paragraph 2.1 of The National Treasury circular No.03/2025 which provides the specific guidelines for transition.

In the circumstances, the presentation and disclosure of the financial statements could not be confirmed.

206. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.90,400,484 (2023/2024: Kshs.64,235,720) as disclosed in Note 32 to the financial statements. According to the previous year audited financial statements, the opening balance of payables was Kshs.67,585,241 out of which payables amounting to Kshs.64,058,478 were paid during the year under review leaving a balance of Kshs.3,526,763. Payables amount of Kshs.3,349,521 classified as ineligible liabilities was adjusted in the statement of net assets leaving an unexplained and unreconciled variance of Kshs.177,242. In addition, supporting documents for payables classified as ineligible were not provided for audit review. Further, supporting documents for the opening balance of Kshs.64,235,720 were not provided for audit review. In addition, as at the time of audit in the month of September, 2025 the closing balance of payables of Kshs.7,267,143 had not been paid.

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

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207. Unsupported Disclosure of Contingent Liabilities

The financial statements reflects a balance of Kshs.17,500,000 in respect of contingent liabilities as disclosed in Note 44 to the financial statements. The balance includes an amount of Kshs.2,000,000 in respect of disputed water bill by the County Assembly. However, the water bills statement provided for audit reflects an amount of Kshs.1,656,426 resulting to overstatement by Kshs.343,574. In addition, no documentary evidence was provided to confirm the existence of contingent liabilities relating to court cases against the County Assembly of Nyeri amounting to Kshs.5,000,000, compensation to employees amounting to Kshs.500,000 and KRA tax demand balance of Kshs.10,000,000.

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

Emphasis of Matter

208. Budgetary Control and Performance

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

However, the County Assembly spent an amount of Kshs.657,228,813 against actual receipts of Kshs.657,341,136 resulting to a difference of Kshs.112,323 or 0.02% of the receipts.

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

My opinion is not modified in respect of this matter.

Other Matter

209. Unresolved Prior Year Audit Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the County Assembly in 2024/2025 revealed that the following fifteen (15) matters remained unresolved.

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No.	Audit Issues for 2023/2024
1	Mis-Classification of Salary Expenditure
2	Unsupported Payment of Arrears
3	Irregular Payments of Salaries Outside Integrated Personnel Payroll Data (IPPD)
4	Irregular Transfer of Tax Liability
5	Non-Compliance with Law on Staff Ethnic Diversity
6	Irregular Promotion of Staff
7	Non-Compliance to One Third rule on basic Salary Rule
8	Subscription Fees Paid Without a Guiding Policy
9	Irregular Daily Subsistence Allowance
10	Direct Procurement of Air Ticket and Travel Services
11	Direct Procurement on Rent and Rates
12	Irregular Payment of House Allowance to Members of County Assembly
13	Non-Updated Fixed Assets Register
14	Lack of Business Continuity and Disaster Recovery Plans
15	Inadequate Internal Audit Function

Other Information

210. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

211. Payments of Salaries Outside Payroll System

The statements of receipts and payments and as disclosed under Note 9 to financial statements reflects compensation of employee balance of Kshs.244,657,117 which includes an amount of Kshs.29,623,460 paid outside the payroll system. This was contrary to the National Treasury Circular No.13/2019 which requires the allocation of personnel emoluments be supported by Integrated Personnel Payroll Data (IPPD) systems.

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

212. Non-Compliance to the Law on Staff Ethnic Composition

Review of Human Resource records revealed that during the year under review, the County Assembly had sixty-five (65) members of staff out of whom, sixty-one (61) or 94% were from the dominant ethnic community of the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, “all public offices shall seek to represent the diversity of the people of Kenya in employment

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of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

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

213. Non-Compliance with Persons with Disabilities Act, 2025

Review of records revealed that the County Assembly did not allocate 5% of employment opportunities to Persons with Disabilities. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities'.

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

214. Non-Compliance with One-Third Rule on Basic Salary

Review of the monthly payroll records revealed that twelve (12) employees' received net salary below the one-third (1/3) of the basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which requires that deductions made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages.

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

215. Direct Procurement of Rental Assets

Note 10 to the financial statement reflects expenditure balance of Kshs.396,379,859 for use of goods and services. The expenditure includes an amount of Kshs.5,643,000 in respect of rentals of produced assets for hire of Ward offices. However, no evidence was provided by the County Assembly to ascertain that the Ward office rental expenses service was procured competitively. This was contrary to Section 103(2) Public Procurement and Asset Disposal Act, 2015, which provides guidelines on circumstances under which direct procurement can be used.

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

216. Irregular Payment of Subscription Fees

The statement of financial performance and as disclosed under Note 10 to financial statements, reflects use of goods and services balance of Kshs.396,379,859 which includes other operating expenses amounting to Kshs.52,079,388 which further includes an amount of Kshs.750,000 paid to the Society of Clerks At The Table (SOCATT). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

217. Non-Compliance to the Data Protection Act, 2019

The statement of financial performance reflects an expenditure balance of Kshs.22,382,377 as disclosed in Note 15 to the financial statement in respect to social benefits remitted to LAPTRUST Pension Fund. However, there was no evidence of a written contract between the County Assembly (Data Controller) and Pension Fund (Data Processor) contrary to Section 42(2b) of the Data Protection Act, 2019, which provides that when using the services of a data processor, the data controller and the data processor shall enter into a written contract which shall provide that the data processor shall act only on instructions received from the data controller.

In the circumstances, Management was in breach of law.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

218. Failure to Maintain Optimal Staffing Levels

The Approved Staff Establishment of the County Assembly reflects staffing levels of one hundred (100) staff. However, the staff in post were sixty-six (66) leading to a staff shortage of thirty-four (34). Further, the understaffing was in critical positions which includes; Director Legal, Deputy Director Accounting, Senior Fiscal Analyst, Deputy Director Legal, Senior Legal Counsel, Deputy Director Internal Audit, Deputy Director Security, Deputy Director-Committee Services and Senior Clerk Assistant.

In the circumstances, the efficiency and effectiveness of critical service delivery could not be confirmed.

219. Failure to Prepare Annual Work Plan

Review of records maintained by the County Assembly of Nyeri revealed that during the year under review the County Assembly did not have an Operational Annual Work Plan. Without a work plan it may not be possible to determine the objectives to be achieved in the year and the performance indicators to measure.

In the circumstances, the progress of performance against predetermined objectives could not be confirmed.

220. Lack of Business Continuity and Disaster Recovery Plans

During the period under review, Management had not established Business Continuity and Disaster Recovery Plans to ensure smooth running of the County Assembly's operations in the event of a disaster or unforeseen occurrence.

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In the circumstances, the County Assembly's operations could be disrupted in the event of occurrence of unexpected events that may have negative impact on its operations.

221. Inadequate Internal Audit Function

Review of the operations of the Internal Audit Function revealed that the County Assembly had an Internal Audit Unit in place. However, the Internal Audit Unit had only one (1) staff member who could not carry out all the required internal audit functions effectively. This was contrary to Regulation 155(2) of the Public Finance Management (County Governments) Regulation, 2015 which provides that an Accounting Officer should ensure that the organizational structure of internal audit unit is sufficient.

In addition, the internal audit documents and policies which includes; Audit Committee Service Charter, Audit Committee Work Plan, Internal Audit Work Plan for the year under review, Internal Audit Service Charter and Risk Management Policy presented for audit were not signed or approved.

In the circumstances, the assurance of the operational internal controls could not be confirmed.

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COUNTY ASSEMBLY **OF** KIRINYAGA – NO.20

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

222. Expenditures Incurred After the Year End

The statement of financial performance reflects total payments amounting to Kshs.744,026,264 out of which, an amount of Kshs.47,884,104 was paid after 30 June, 2025. The expenditure was backdated in the records as incurred on 30 June, 2025.

In the circumstances, the accuracy and cut off of the expenditure amounting to Kshs.47,884,104 could not be confirmed.

Emphasis of Matter

223. Late Exchequer Releases Transfer of Fund from County Revenue Fund

The statement of financial performance reflects transfers from County Revenue amounting to Kshs.793,580,478. Review of revenue records provided for audit revealed that funds amounting to Kshs.27,674,467 of the Exchequer Transfer was received during the month of July, 2025. The late Transfer of fund by The County Treasury may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Other Matter

224. Unresolved Prior Year Matters

In the previous year's audit reports, the issue on non-compliance with law on ethnic diversity was raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the County Assembly in 2024/2025 revealed that the matter remained unresolved.

Other Information

225. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Basis for Conclusion

226. Irregular Payments of Subscription Fees

Management paid an amount of Kshs.838,000 as subscription fees to the Society of Clerks-At-The Table (SOCATT). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in

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respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

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

Review of records revealed that suppliers on all procurement contracts signed, did not pay a levy at the rate of point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. Further, the Management did not remit the Levy amounts to the Authority by the 20th day of the subsequent month. In addition, the County Assembly did not file monthly returns by the 20th day of the subsequent month on all levy amounts deducted and remitted to the Authority through the Public Procurement Information portal. This was contrary to Paragraph 5 and 6 of Public Procurement Regulatory Authority Circular No.01/2024.

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

228. Non-Compliance with the Law on Staff Ethnic Composition

The total number of employees at the County Assembly was eighty (80) out of whom seventy-eight (78) were from the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.

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

229. Non-Compliance with One-Third Rule on Basic Salary

A review of the County Assembly's payroll revealed that nineteen (19) officers drew net salaries falling below a third of their basic salary as at 30 June, 2025. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that the total amount of all the deductions which under the provisions of Sub-Section (1), may be made by the employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or any other amount as may be prescribed by the Minister either generally or in relation to specified employer or employee or class of employers or employees or any trade or industry.

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

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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

230. Lack of an Offsite Data Recovery Centre

Review of records revealed that County Assembly did not have an Offsite Data Recovery Center either within the County Assembly location or with an offsite vendor to enable it obtain critical data from its back up store in the event of a disaster occurring in compliance with the Disaster Recovery Policy.

In the circumstances, the effectiveness of the County Assembly's data recovery in case of unforeseen eventualities and the effect it may have on its efficiency and management of core functions could not be confirmed.

231. Weaknesses in Management of Assets

The financial statements reflect historical costs of assets balance of Kshs.734,623,295 as disclosed in Annex 26. However, the assets register provided for audit review was not detailed and details of reference or identification numbers, date of purchase, cost, suppliers name, source of fund, location, nature and use including current status were missing. Further, ownership documents for the lands and buildings were also not provided for audit.

In the circumstances, effectiveness in the management of assets could not be confirmed.

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COUNTY ASSEMBLY OF MURANG'A – NO.21

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

232. Expenditures Incurred After the Year End

The statement of financial performance reflects expenditure balance of Kshs.815,340,925. Included in the expenditure is an amount of Kshs.147,444,957 incurred after 30 June, 2025. The expenditure was backdated in the records of the County Assembly as incurred on 30 June, 2025.

In the circumstances, the accuracy and cut off of the expenditure amounting to Kshs.147,444,957 could not be confirmed.

233. Lack of Ownership Documents

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

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

234. Non-Compliance with the Reporting Requirement

The annual report and financial statements presented for audit did not comply with the reporting template where Note 2 to the financial statements under the statement of compliance and basis of preparation of financial statements did not discuss the various elements which management took advantage of IPSAS 33 on transition.

Further, the statement of management responsibilities did not indicate that the financial statements are transitional financial statements.

In the circumstances, the presentation and disclosure of the financial statements could not be confirmed.

Emphasis of Matter

235. Late Transfer from County Revenue Fund

The statement of financial performance reflects transfers from County Revenue Fund Transfer amounting to Kshs.853,123,458. Review of revenue records provided for audit revealed that Transfer from CRF releases amounting to Kshs.89,487,525 were received during the month of July, 2025.

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In the circumstances, the late transfer from County Revenue fund by the County Treasury may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Other Matter

236. Unresolved Prior Year Matters

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

No.	Audit Issues for 2023/2024
1	Variance between the Financial Statements and Integrated Financial Management System (IFMIS) Reports
2	Receipts and Payments after the Cut-off Date
3	Budgetary Control and Performance
4	Non-Implementation of Audit Recommendations and Lack of Parliamentary Recommendations
5	Staff Ethnic Diversity
6	Debt Payment not Considered for First Charge
7	Inadequate Environmental Control Measures on Computer Systems

Other Information

237. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Basis for Conclusion

238. Weaknesses in the Management of Allowances

Review of records revealed that officers were paid per diems and travel allowances directly to their bank accounts without the use of imprest warrants. This was contrary to Regulation 93(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that an imprest shall be issued for a specific purpose, and any payments made from it, shall be only for the purposes specified in the imprest warrant.

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Further, payment vouchers provided for audit were not supported by financial order Form 22. This was contrary to Section 6.5.2 of The National Treasury Accounting and Financial Reporting Manual for County Governments which requires that staff to use an imprest surrender form (F022) for travel and accommodation which shall form the basis of posting the specific expenditure category to the general ledger.

In addition, Management did not maintain individual imprest ledgers, and memorandum cash books.

In the circumstances, the existence of a vibrant internal control mechanism on imprest could not be confirmed.

239. Irregular Payments of Subscriptions

Review of records revealed that an amount of Kshs.2,400,000 was paid as subscription fees to the County Assemblies Forum (CAF) and the Society of Clerks-at-the Table (SOCATT). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

240. Non-Compliance with the Law on Staff Ethnic Composition

Review of the payrolls for the year under review revealed that the County Assembly had eighty-eight (88) employees out of whom eighty-one (81) or 92% were from the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

241. Non-Compliance with the Persons with the Disabilities Act, 2025

Review of staff records revealed that the County Assembly had only two persons with disabilities out of eighty-eight (88) or 2% of permanent staff. The County Assembly did not reserve five percent of employment opportunities to persons with disabilities contrary to the requirements of Section 5(1)(e) of the Persons with disabilities Act, 2025 which provides that County Governments to reserve at least five per cent of employment opportunities for persons with disabilities.

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

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242. Non-Compliance with the One-Third Rule on Basic Salary

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

243. Weaknesses in Succession Planning

During the audit exercise in the month of September, 2025, it was observed that only two out of the twenty employees at the County Assembly were below thirty-five (35) years of age in top management or job group P and above in comparison to eight who were above 50 years of age hence succession planning may not be a challenge. This was contrary to Regulation 20(1) Public Service Commission Regulations, 2020 which states that 'The Commission or other lawful authority vested with the function of making the decision to promote a public officer shall enhance succession management by making the decision in anticipation of the concerned public office falling vacant at least six months before the vacancy occurs'.

In the circumstances, the existence of a vibrant succession strategy could not be confirmed.

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COUNTY ASSEMBLY OF KIAMBU – NO.22

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

244. Unsupported Rental Expenditure

The statement of financial performance and Note 10 to the financial statements reflect an amount of Kshs.515,600,773 under use of goods and services which includes rentals of produced assets expenditure totalling Kshs.24,131,072. However, review of the records revealed that expenditure amounting to Kshs.2,966,400 was incurred on office rent for sixty (60) elected Members of the County Assembly for the months of October to December, 2024. However, the payments were not supported by invoices from the landlord.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.2,966,400 on rental of produced assets could not be confirmed.

245. Irregular Payments of Allowances

During the year under review, it was noted that two (2) external members of the County Assembly Service Board (CASB), were paid allowances amounting to Kshs.1,859,000 and Kshs.1,352,000, respectively all totalling Kshs.3,211,000. However, review of the Board minutes and related attendance records revealed that the two (2) members did not attend any Board meetings during the year. As a result, the payment of allowances to external members could not be justified, indicating irregular expenditure and potential loss of public funds.

In the circumstances, the regularity of the expenditure could not be confirmed.

Emphasis of Matter

246. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs1,368,932,748 and Kshs.1,083,382,763 respectively resulting to an under-funding of Kshs.285,549,985 or 21% of the budget. However, Management spent an amount of Kshs.1,083,382,746 out of actual receipts of Kshs.1,083,382,763 or 100% of the receipts.

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

My opinion is not modified in respect of this matter.

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Other Matter

247. Unresolved Prior Year Audit Matters

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Control, Risk management and Governance. Review of the status during the audit 2024/2025 revealed the following fifteen (15) matters remained unresolved as listed below;

No	Audit Issues for 2023/2024
1	Compensation of Employees
2	Inconsistencies in the Financial Statements
3	Budgetary Control and Performance
4	Non-Compliance with Provision of the Law on Procurement Method
5	Non-Adherence to Ethnicity Rule
6	Non-Compliance with One Third Rule on Basic Salary
7	Long Outstanding Pending Bills
8	Irregular Payments to Society of Clerks at the Table and County Assembly Forum
9	Stalled-Construction of Assembly Archives and Member Welfare Facility
10	Stalled-Construction of Ward Offices at Karai Ward and Construction of Ward Offices at Bibirioni Ward
11	Stalled-Construction of Ngoliba Ward Offices
12	Stalled-Construction of Ngewa Ward Office
13	Non-Compliance with Fiscal Responsibility Principles
14	Lack of Ownership Documents
15	Non - Adherence to Quarterly Meetings

Other Information

248. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

249. Non-Compliance with Fiscal Responsibility Principles on Wages

The statement of financial performance and as disclosed in Note 9 to the financial statements reflect total employee costs of Kshs.576,902,295 and total revenue amount of Kshs.1,083,381,683 as disclosed in Note 6 to the financial statements. However, comparison of the employee costs and total revenue revealed that the wage bill constituted approximately 53% of total revenue. This was contrary to Regulation 25(1)(b)

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of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

250. Stalled Projects

Review of Project Status Reports, physical inspection of projects, revealed that seven (7) capital projects with a total estimated cost of Kshs.83,168,650, had stalled despite a total budget allocation amount of Kshs.117,650,000 and a receipt of an amount of Kshs.1,700,000 received during the year under review. The Status Reports revealed that the works had been abandoned and stalled.

In the circumstances, the realization of the intended service delivery on stalled projects and effectiveness in the use of public resources could not be confirmed.

251. Non-Compliance with Debt Fiscal Responsibility Principles on Debt

The statement of financial position and Note 31 to the financial statements reflect trade and other payables balance of Kshs.279,590,485. Comparison of this balance with the total revenue of Kshs.1,083,381,683 as disclosed in the statement of financial performance, indicates that the payables represent 26% of the total revenue. The proportion exceeded the statutory debt ceiling of 20% by 6%. This was contrary to Regulation 25(1)(d) of the Public Finance Management (County Governments) Regulations, 2015, which requires that the County Public Debt should not exceed twenty percent (20%) of the County Government's total revenue.

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

252. Non-Compliance with the Public Procurement Capacity Building Levy Requirements

Review of a sample of payment vouchers revealed that the County Assembly made payments amounting to Kshs.18,530,955 to various suppliers under public procurement contracts. However, the payments were not subjected to the mandatory Public Procurement Capacity Building Levy of 0.03%. This was contrary to Public Procurement Regulatory Authority (PPRA) Circular No. Ref: PPRA/6/5/VOL.II (224) dated 30 August, 2024, which mandates a 0.03% levy on all procurement contracts.

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

253. Failure to Withhold Taxes for Contractual and Professional Fees

The statement of financial performance and Note 10 to the financial statements reflect total expenditure of Kshs.515,600,773 under use of goods and services. Review of payment vouchers revealed that the County Assembly made payments to contractors

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totalling Kshs.2,703,844, however, the mandatory withholding taxes were not deducted and remitted to the Kenya Revenue Authority (KRA) for professional fees and contractual fees amounting to Kshs.116,545 and Kshs.68,521 respectively.

This was contrary to Clause 5(f)(i)(ii) of the Third Schedule of the Income Tax Act (Cap 470) which requires withholding of professional fees (5%) and contractual fees (3%) on payments exceeding Kshs.24,000 per month. The County Assembly was exposed to penalties and interest from the Kenya Revenue Authority.

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

254. Payments Without Electronic Tax Invoices

Review of sampled payment vouchers and supporting documents revealed that payments totalling Kshs.14,499,665 made to various suppliers were not supported by valid electronic tax invoices. This was contrary to Regulation 6(1) of the Value Added Tax (Electronic Tax Invoices) Regulations, 2020, which mandates the use of electronic tax invoicing for all taxable supplies.

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

255. Late Remittance of Statutory Deductions

Review of bank statements and remittance records revealed that PAYE deductions amounting to Kshs.55,290,128 were remitted to the Kenya Revenue Authority (KRA) after the statutory deadline. The delays ranged between 2 and 20 days, affecting remittances for the months of September, 2024 to December, 2024, March, 2025 and April, 2025. This was contrary to Section 35(5) of the Income Tax Act, which requires employers to remit such deductions to the Commissioner not later than the ninth (9th) day of the following month. Delayed remittances exposed the County Assembly to penalties and interest charges by the Kenya Revenue Authority.

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

256. Failure to Withhold Value Added Tax on Rental Expenses

Review of a sample of documents provided for audit revealed that rental expenses for Members of the County Assembly amounted to Kshs.8,859,872. However, Management did not withhold and remit the applicable Value Added Tax (VAT) on the rental payments to the Kenya Revenue Authority (KRA), as required. This was contrary to the provisions of the Tax Procedures Act, 2015 and the Value Added Tax Act, 2013, which require entities making taxable payments to withhold and remit VAT to the Commissioner within the prescribed timelines. Failure to comply with the requirements exposes the County Assembly to tax penalties, interest charges, and potential legal sanctions from KRA.

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

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257. Irregular Payment of Subscriptions

Review of records relating to membership fees, dues and subscriptions to professional and trade bodies revealed that the Kiambu County Assembly made payment amounting to Kshs.1,950,000 to the County Assembly Forum. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

258. Non-Compliance with One-Third Rule on Basic Salary

Review of Integrated Payroll and Personnel Database (IPPD) and Human Resources Management Policies and Procedures manual provided for audit revealed that in each month during the financial year, some employees received less than a third (1/3) of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

259. Non-Compliance with Persons with Disabilities Act, 2025

Review of employee records revealed that the County Assembly had a total of ninety-three (93) employees. However, none of the employees were identified as Persons with Disabilities (PWDs). The County Assembly did not reserve five percent of employment opportunities to persons with disabilities contrary to the requirements of Section 5(1)(e) of the Persons with Disabilities Act, 2025 which provides that County Governments to reserve at least five per cent of employment opportunities for persons with disabilities.

Further, site inspection conducted in the month of June, 2025 on a sample of Ward Offices in Kiambu County revealed that Ndumberi Ward Office was not easily accessible to persons with disabilities. The inspection noted the absence of essential accessibility features such as ramps, elevators and assistive devices necessary to facilitate access to the facility by persons with disabilities. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that ‘every county government shall promote the inclusion of persons with disability in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities’.

In the circumstances, Management was in breach of law.

260. Non-Compliance with the Law on Staff to Ethnic Composition

Review of employee records revealed that the County Assembly had a total of ninety-three (93) employees out of whom seventy-two (72) or 77% of the total employees were

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

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

261. Over-Expenditure of Ward Expenses

Review of records revealed that the County Assembly paid rent for the nominated Members of the County Assembly amounting to Kshs.12,056,947 per annum and additionally incurred operating expenses of Kshs.2,889,962 per annum. This resulted in total annual expenditure of Kshs.14,946,910 for the twenty-six (26) nominated Members of the County Assembly translating to Kshs.574,881 per annum per nominated member. However, the Commission on Revenue Allocation (CRA) Circular No. CRA/CSO/CMG/9/Vol V/59 dated 21 October, 2020 provides that ward office operational costs should not exceed an amount of Kshs.327,684 per annum per member. This resulted to an over-expenditure of Kshs.247,197 per annum per member, translating to a total over-expenditure amounting to Kshs.6,427,122 on operations and maintenance costs for the twenty-six (26) nominated Members.

In the circumstances, Management was in breach of law.

262. Irregular Replacement of Ward Staff

During the year under review, it was noted that the incumbent /holders of positions of a Security Officer, Personal Assistant and Office Assistants exited the service and were subsequently replaced. However, the recruitment of the replacement staff was not conducted through a competitive process. Records such as the needs assessment, long list, shortlist, and scoring sheets for the newly recruited staff were not provided for audit review. This was contrary to Section 5(2) of the Employment Act, 2007 which provides that, an employer shall promote equal opportunity in employment and strive to eliminate discrimination in any employment policy or practice.

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

263. Long Outstanding Accounts Payables

The statement of financial position and Note 31 to the financial statements reflects trade and other payables balance of Kshs.279,590,485, an increase of Kshs.50,799,876 or 22% from the previous year balance of Kshs.228,709,609. However, audit review of the supporting schedules revealed that payables totalling Kshs.156,073,475 remained unsettled for more than two (2) years. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulation, 2015 which provides that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

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

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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

264. Lack of Approved Policy Documents

Review of the County Assembly's governance framework and documentation provided for audit revealed the absence of several key approved policy documents. Specifically, the County Assembly did not have an approved Human Resource Manual, Organogram, Information and Communication Technology (ICT) Policy, Risk Management Policy and Disaster Recovery Plan during the year under review. Lack of the fundamental documents indicates significant weaknesses in the institutional governance structure.

In the circumstances, the effectiveness of internal controls on operations of the County Assembly could not be confirmed.

265. Lack of Integration of Climate Change Action Plans

Review of systems of governance and operations revealed that there was no designated unit within the County Assembly to handle climate change related matters. Further, no department within the County Assembly has a designated staff to coordinate mainstreaming of climate change action plan and other climate change statutory functions into sectoral strategies. It was also noted that there was no budgetary allocation for climate related programs to be undertaken within the County Assembly's operations for the year under review.

In the circumstances, effectiveness of governance issues on climate issues could not be confirmed.

266. Manual Generation of Local Purchase Orders

Review of procurement documents revealed that the County Assembly generated manual Local Purchase Orders (LPOs) amounting to Kshs.1,193,704. This was despite the availability and operational capability of the Integrated Financial Management Information System (IFMIS) procurement module designed for generating such orders. The use of manual LPOs bypasses automated internal controls**,** weakens audit trails, complicates payment tracking and increases the risk of unauthorized or irregular procurement activities.

In the circumstances, the effectiveness of internal controls in record management could not be confirmed.

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COUNTY ASSEMBLY OF TURKANA – NO.23

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

267. Inaccuracies of Prepaid Staff Medical Insurance Expenses

The statement of financial performance reflects an amount of Kshs.297,443,141 in respect of use of goods and services as disclosed in Note 8 to the financial statements. Included in the expenditure is insurance expense balance of Kshs.53,500,000 covering a period of one (1) year from 24 December, 2024 to 23 December, 2025. However, review of the supporting document revealed that an amount of Kshs.26,750,000 relates to the current year (financial year 2024/2025) while Kshs.26,750,000 relates to prepaid insurance for financial year 2025/2026. However, the entire insurance expense of Kshs.53,500,000 was charged to the financial year 2024/2025, instead of apportioning the prepaid portion (Kshs.26,750,000) to financial year 2025/2026 by recognizing prepayment in the statements of financial position.

In the circumstances, the accuracy and completeness of insurance expenditure amounting to Kshs.53,500,000 could not be confirmed.

268. Unsupported Refundable Deposits and Retentions

The statement of financial position reflects an amount of Kshs.9,115,820 in respect of refundable deposits and retention as disclosed in Note 26 to the financial statements. However, detailed supporting ledgers, schedules and ageing analysis to support the balance were not supported.

In the circumstances, the accuracy and completeness of refundable deposits and retention amount of Kshs.9,115,820 could not be confirmed.

269. Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects opening cash and cash equivalents balance of Kshs.17,055,000 which is at variance with the opening balance of Kshs.10,565,820 in the statement of comparison of budget and actual amounts. This results in an unexplained variance of Kshs.6,489,180.

In the circumstances, the accuracy and completeness of the opening cash and cash equivalent of Kshs.17,055,000 could not be confirmed.

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Other Matter

270. Unresolved Prior Year Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit in 2024/2025 revealed that the following ten (10) issues remained unresolved as listed below;

No.	Audit Issues for 2023/2024
1.	Transfer of funds to County Assembly of Samburu
2.	Irregular recruitment of staff
3.	Non-compliance with the law on ethnic representation and people with special needs
4.	Excess staff establishment
5.	Non-compliance with the one-third basic salary rule
6.	Lack of performance appraisal of internal audit unit
7.	Irregular legal expenses
8.	Noncompliance with the Public Finance Management Regulations, 2015 on fiscal responsibility
9.	Lack of internal audit charter
10.	Non-compliance with Climate Regulations

Other Information

271. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

272. Stalled and Delayed Projects

Review of the Project Implementation Status Report and project files revealed that the County Assembly had fourteen (14) stalled projects and two (2) delayed projects with a combined contract sum of Kshs.385,355,779. However, there was no evidence provided to show that the County Assembly enforced the terms of the contract on the performance security despite non-performance on the part of the contractors.

In the circumstances, the value for money on the expenditure on the projects could not be confirmed.

273. Non-Compliance with the One-Third Rule on Basic Salary

Payroll data extracted from the Integrated Payroll and Personnel Database (IPPD) for July to November, 2024 revealed that several employees of the County Assembly

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received net salaries below one-third of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

274. Non-Compliance with the Law on Staff to Ethnic Composition

Review of personnel records revealed that the County Assembly had a total of three hundred and twenty-seven (327) staff who were serving in various cadres. However, three hundred and eighteen (318) employees or 97% were from the dominant community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

275. Non-Compliance with Persons with Disabilities Act, 2025

The current composition of the County Assembly staff includes eleven (11) members with special needs, representing 3% of the total staff. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disability in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities'.

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

276. Non-Compliance with the Approved Staff Establishment

Review of the approved staff establishment of the County revealed that the authorized establishment was two hundred and thirty-nine (239) staff members against an in-post of three hundred and twenty-seven (327). This results to excess staffing across departments by eighty-eight (88) staff. Further, the staff establishment formally recognizes the Deputy Director in Job Group Q as the highest position in the Department for Public communications, Media Relations and Library Services as well as Department for Information Communication Technology. However, actual staffing shows that each of the Departments have a Director at Job Group R.

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

277. Non-Compliance with Approved Career Progression Guidelines

The County Assembly Service Board has an Approved Career Progression Guideline. However, review of payroll and staff establishment records revealed that job titles were not harmonized with the Approved Career Progression Guidelines as indicated below;

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Career Progression Guideline

Serial No.	Career Progression Guideline Title	Payroll/Staff Establishment Title	Job Group
1	Deputy Chief Procurement Officer	Deputy Director, Supply Chain Management	Q
2	Principal Procurement Officer I	Assistant Director, Supply Chain Management	P
3	Principal Procurement Officer II	Principal Supply Chain Management Officer	N
4	Senior Procurement Officer I	Chief Supply Chain Management Officer	M
5	Senior Procurement Officer II	Senior Supply Chain Management Officer	L
6	Procurement Officer I	Supply Chain Management Officer I	K

278. Irregular Promotion of Staff

Review of the payroll records for the period between 1 July, 2024 to 31 March, 2025, established that the County Assembly Service Board promoted officers in November and December, 2024. However, there was no evidence that the promotions were advertised, and the minutes of the County Assembly Service Board on the deliberations of promotions were not provided for audit review. Further, one (1) officer was promoted two job groups from job group K to job group M in one year.

Further, there was no evidence that the candidates underwent any suitability tests. This was contrary to paragraph 49 of the County Assembly Human Resource Manual, 2018 which states that promotion of an officer to a higher scale shall be subject to the existence of a vacancy in the approved establishment, performance, qualifications and experience of the officer and shall be made by the County Assembly Service Board on the recommendation of the Staff Advisory Committee.

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

279. Lack of Climate Change Unit and Financing

Review of the County Assembly's budget documents revealed that Management did not allocate any budgetary resources for climate change initiatives. Further, evidence of public awareness, development of climate change action plan and public consultations initiatives on climate change were not provided for audit review. This was contrary to Section 15(5)(b) of the Climate Change Act, 2016 which requires each public entity to designate a unit with adequate staff and financial resources to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions and mandates into sectoral strategies for implementation.

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

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280. Non- Compliance with the Law on Fiscal Responsibility- Wages

During the year under review, the County Assembly's Approved Revenue Budget amounted to Kshs.1,044,367,989. However, expenditure on personnel and other employment benefits totalled to Kshs.566,415,643 representing 54% of the total revenue. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

281. Weaknesses in Internal Audit Unit and Audit Committee

The County Assembly has an Internal Audit Committee, however, the Committee did not meet during the year. This was contrary to Regulation 172(1) of the Public Finance Management (County Government) Regulations, 2015 that requires the Internal Audit Committee to meet at least once in every three (3) months. The Internal Audit Unit did not prepare an Annual Work Plan as per Regulation 163 (1)(2)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the Internal Audit Plan shall be approved by the Accounting Officer and the Audit Committee, and consist of a work schedule as well as budget and resource requirements for the next fiscal year. Review of the Unit revealed that has only two (2) staff against the six (6) staff members as per the staff establishment.

Further, the Internal Audit Unit did not conduct quarterly audits as guided by Regulation 166(1) and (2) of the Public Finance Management (County Governments) Regulations, 2015. In addition

In the circumstances, the effectiveness of internal audit function to develop effective controls and governance could not be confirmed.

282. Lack of Performance Appraisal

During the year under review, the County Assembly did not conduct staff performance appraisals and the Human Resource Department did not prepare the work plan based on strategic plans.

In the circumstances, the performance and effectiveness of the staff could not be confirmed.

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COUNTY ASSEMBLY OF WEST POKOT – NO.24

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

283. Unsupported Receivables

The statement of financial position reflects receivables – retentions balance of Kshs.30,707,480 as disclosed in Note 20 to the financial statements. The retention amount is held in the deposit account controlled by the County Treasury. However, the cash book, bank statements and bank reconciliation statements in support of the amount have not been provided.

Further, Management did not provide satisfactory explanation on why the retention money is being held by the County Treasury. There was also no correspondence between the County Assembly and the County Treasury to confirm the amount held. In addition, Management did not provide the ageing analysis to confirm the duration the amount has been outstanding.

In the circumstances, the accuracy and completeness of receivables balance of Kshs.30,707,480 could not be confirmed.

Other Matter

284. Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance. However, review of the status during audit in 2024/2025 revealed that the following nine (9) matters remained unresolved.

No.	Audit Issues for 2023/2024
1	Pending Account Payables
2	Failure to comply with Law on Ethnic Composition
3	Non-Compliance with the One-Third rule on basic pay Rule
4	Irregular Procurement of Heavy-Duty Utility Vehicles
5	Non-Compliance with climate Change Regulations
6	Delayed completion of New Complex for the West Pokot Assembly
7	Stalled Construction of County Assembly restaurant and Car Park
8	IT Internal Controls
9	Inefficient Internal Audit Function

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Other Information

285. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

286. Lack of Climate Change Unit and Financing

During the year under review, the County Assembly had an approved budgeted expenditure amounting to Kshs.758,539,596. However, review of budget documents revealed that the County Assembly did not allocate any budgetary resources for climate change initiatives. Further, evidence of public awareness, development of climate change action plan and public consultations initiatives on climate change were not provided for audit review. This was contrary to Section 15(5)(b) of the Climate Change Act, 2016 which requires each public entity to designate a unit with adequate staff and financial resources to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions and mandates into sectoral strategies for implementation.

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

287. Non-Compliance with the Statutory Expenditure Limit

The County Government's total revenue amounted to Kshs.7,640,537,062, while the County Assembly's approved budget expenditure amounted to Kshs.758,539,596, representing 9.92% of the total revenue. Review of the County Assembly's approved budget, along with Supplementary Budgets I and II revealed that the County Assembly's expenditure exceeded the legal limit of 7% of the County Government's total revenue. This was contrary to Regulation 25(f) of the Public Finance Management (County Governments) Regulations, 2015 which states that the approved expenditures of a County Assembly shall not exceed seven per cent (7%) of the total revenues of the County Government or twice the personnel emoluments of that County Assembly, whichever is lower.

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

288. Non-Compliance with the Law on Fiscal Responsibility-Wages

The County Assembly's budget amounted to Kshs.758,539,596. However, expenditure budget on personnel and other employment benefits totalled Kshs.396,898,438, representing 52% of the total budgeted revenue and exceeds the prescribed statutory threshold of 35% of total revenue. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

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289. Stalled Construction of County Assembly Restaurant and Car Park

As previously reported, the County Assembly entered into a contract with a firm for the construction of a restaurant and a car park on 3 January, 2014 at a contract sum of Kshs.36,685,718. An expenditure amounting to Kshs.15,765,679 was incurred on the project in the financial year 2014/2015. However, during the year under review, project records including payment vouchers, certificates of completion issued, status report of the project were not provided for audit and the project had stalled. Available information revealed that the documents had been taken by EACC for investigations. However, details on the progress of investigations were not provided.

In the circumstances, the objectives of the project have not been achieved and the public may not realize value for money on the funds spent on the project.

290. Non-Compliance with one-Third Rule on Basic Salary

Review of monthly payroll during the year under review revealed instances where employees of the County Assembly received net salaries which were less than a third of their respective basic salaries as detailed below:

Month	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
No. of staff	8	8	11	31	28	3	11	18	14

Management has not provided justification for payments of net pay that are less than one third of respective staff basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

291. Non-Compliance with the Law on Staff Ethnic Composition

Review of personnel records provided revealed that during the year under review, the County Assembly Service Board had a total of two hundred and seventy-seven (277) staff serving in various cadres. However, two hundred and seventy (270) employees or 97% were from the dominant community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

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292. Non-remittance of Public Procurement Capacity Building Levy

During the financial year under review, the County Assembly issued and paid local purchase orders/local service orders and contracts amounting to Kshs.158,904,566. However, the Management deducted and remitted an amount of Kshs.14,406 of the levy resulting in unremitted levy amounting to Kshs.35,079. This was contrary to paragraph 3(1) of Legal notice 206 of the Levy order, 2023 which provides that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

293. Lack of Risk Management Policy and Disaster Recovery Plan

Review of the internal controls revealed that, Management did not establish formal risk management strategies, including a fraud prevention mechanism and a structured system of internal controls and risk management to support resilient and effective operations during the year under review. Further, the County Assembly had not developed a Disaster Recovery Plan or Business Continuity Plan to ensure the timely restoration of operations in the event of a disruption or disaster. This exposes the County Assembly to significant operational risks in the event of disasters.

In the circumstances, existence of effective risk management systems could not be confirmed.

294. Inadequacies in Internal Audit Unit and Audit Committee

During the year under review, the County Assembly's Internal Audit Unit did not conduct quarterly audits as guided by Regulation 166(1) and (2) of the Public Finance Management (County Governments) Regulations, 2015.

Further, review of the Internal Audit Committee minutes, dated 30 September, 2024, revealed that the Committee met once during the year as no audits had been conducted. This was contrary to Regulation 172(1) of the Public Finance Management (County Governments) Regulations, 2015 that requires the Internal Audit Committee to meet at least once in every three (3) months.

In the circumstances, effectiveness of the internal controls in the County Assembly's financial operations could not be confirmed.

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COUNTY ASSEMBLY OF SAMBURU – NO.25

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

295. Inaccuracies in the Financial Statements

The statement of financial position and Note 21 to the financial statements reflect cash and cash equivalents balance of Kshs.4,156,824 while the statement of cash flows reflects a balance of Kshs.4,023,196 for the same item, resulting in an unreconciled variance of Kshs.133,628.

Further, the statement of financial position reflects trade and other payables balance of Kshs.133,628 while the disclosure Note 32 to the financial statements reflects a balance of Kshs.16,644,512, resulting in an unreconciled variance of Kshs.16,510,884.

In addition, the statement of comparison of budget and actual amounts reflects total final budget payments amounting to Kshs.625,124,721 while a recast of the amount resulted to a total of Kshs.625,249,021, resulting in an unreconciled variance of Kshs.124,300.

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

296. Unsupported Expenditure on Hospitality Supplies and Services

The statement of financial performance and Note 10 to the financial statements reflect use of goods and services expenditure amounting to Kshs.205,979,830 which includes hospitality supplies and services totalling Kshs.21,028,567. However, out of this amount, expenditure totalling Kshs.8,288,870 was not supported by as approved requisitions from user departments and procurement documents.

In the circumstances, the accuracy and completeness of hospitality supplies and services totalling Kshs.21,028,567 could not be confirmed.

297. Irregular Expenditure on Foreign Travel and Subsistence

The statement of financial performance and Note 10 to the financial statements reflect use of goods and services expenditure of Kshs.205,979,830, which includes foreign travel and subsistence expenditure totalling Kshs.19,284,982. Included in the expenditure is an amount of Kshs.1,178,398 paid to an officer to attend training on Effective Leadership and Management of Committees held in Singapore from 7 December to 14 December, 2024. However, audit review revealed that training needs assessment was not conducted to justify the relevance of the training. This was contrary to Section H1(5) and H3(3) of the Human Resource Policies and Procedure Manuals for the Public Service, 2016. Further, critical travel documentation including air tickets, boarding passes, passport stamps, work tickets, taxi receipts, a copy of the attendance registers and certificate of participation was not provided to show that the officer attended the

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training. In addition, back-to-office report was not presented to document learnings or benefits derived from the trip.

In the circumstances, the regularity and occurrence of the activity and subsequent expenditure of Kshs.1,178,398 could not be confirmed.

298. Unsupported Expenditure on Public Participation

The statement of financial performance and Note 10 to the financial statements reflect use of goods and services balance of Kshs.205,979,830, which includes domestic travel and subsistence expenses balance of Kshs.51,613,872. The balance includes an amount of Kshs.1,323,600 paid to an officer through an un-serialized payment voucher dated 20 May, 2025 to facilitate public participation in the County Annual Development Plan for the 2025/2026 financial year. However, the payment approval by the Authority to Incur Expenditure (AIE) holder was dated 20 May, 2025, whereas the bank statement indicated that the payment was made on 9 October, 2024. No explanation was provided for this inconsistency. Further, while the participants received an amount of Kshs.1,500 each, the basis for determining the payment rate per member of the public attending the meetings was not documented or explained.

In the circumstances, the regularity of the expenditure of Kshs.1,323,600 could not be confirmed.

299. Unauthorized Voided Payments

Review of IFMIS records for the year under review revealed that one hundred and twenty-six (126) payment transactions, amounting to Kshs.108,144,319.75, were processed and subsequently voided or canceled during the year. However, no documentary evidence was provided to support the authorization or justification for voiding these transactions, which had already been presented to and approved by the Controller of Budget (CoB). Further, there was no evidence to confirm that the CoB was notified or authorized the reversal of these payments, or the necessary adjustments to reflect the voided amounts.

In the circumstances, regularity of the voided payments totalling Kshs.108,144,319 could not be confirmed.

Other Matter

300. Unresolved Prior Year's Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly in the year 2024/2025 revealed that twenty (20) issues remained unresolved as listed at the end of this report.

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Other Information

301. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

302. Irregular Commitments Beyond the Statutory Deadline

Review of procurement records indicated that an expenditure commitment for building renovation and repair services by a local company at a contract sum of Kshs.51,506,951 was made after 31 May, 2024 without the written approval of the Accounting Officer. This was contrary to Regulation 50(1) of the Public Finance Management (County Governments) Regulations, 2015, which provides that all commitments for the supply of goods or services shall be done not later than the 31 May each year except with the express approval of the Accounting Officer in writing.

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

303. Non-Compliance with Data Protection Requirements

Review of records established that the County Assembly had not registered with the Office of the Data Protection Commissioner (ODPC) as a data controller and data processor, despite actively collecting, processing, and storing personal data of staff, Members of the County Assembly, and service providers during the year under review. This was contrary to Section 18(1) of Data Protection Act, 2019 which requires that no person shall act as a data controller or data processor unless registered with the Data Commissioner.

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

304. Non-Compliance with the One-Third Rule on Basic Salary

Review of the payroll revealed that fifteen (15) employees received net pay amounts below one-third of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

305. Non-Remittance of Statutory Deductions

Review of the Integrated Payroll and Personnel Database (IPPD) and the manual payroll revealed unremitted statutory deductions amounting to Kshs.4,883,598 in respect of LAPFUND, LAPTRUST, and NHIF/SHA. This was contrary to Section 19(4) of the

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Employment Act, 2007 which provides that an employer who deducts an amount from an employee's remuneration in accordance with the Act shall pay the amount so deducted in accordance with the time period and other requirements specified in the law, agreement, court order or arbitration as the case may be.

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

306. Irregular Payment of Special Salary Allowances

Review of the Integrated Payroll and Personnel Database (IPPD) revealed that six (6) employees were paid special salary allowances amounting to Kshs.650,010. However, Management did not provide justification and documentation to support how the rates for the payments were determined. This was contrary to the Salaries and Remuneration Commission (SRC) Circular No. SRC/TS/CGOVT/3/16 dated 29 July, 2013, on remuneration and benefits for staff serving in County Assemblies.

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

307. Irregular Payment of Mileage Allowances

The statement of financial performance reflects a balance of Kshs.328,783,340 in respect of employee costs which includes personal allowances – part of salary amounting to Kshs.136,996,270, which in turn includes an amount of Kshs.23,205,128 paid as mileage allowances to Members of the County Assembly during the year under review. The payments were made based on monthly claims submitted by the Members for distances exceeding forty-five (45) kilometers to their respective areas of representation. This was contrary to the provisions of the Kenya Gazette Notice Vol. CXXIV—No. 145 of 27 July, 2022, which set out the remuneration and benefits for state officers in County Assemblies and prescribed a fixed mileage allowance payable through the payroll system. Further, the mileage claims were computed using the distance to the furthest point of the wards rather than from the County Headquarters to the Members' homes of residence, contrary to the Gazette Notice requirements.

In the circumstances, the value for money on the mileage allowance expenditure amounting to Kshs.23,205,128 could not be confirmed.

308. Irregular Recruitment of Staff

During the year under review, the County Assembly Service Board recruited thirty-three (33) staff across various cadres. However, there was no documentary evidence of declaration of vacant positions by the authorized officer to the County Assembly Service Board in accordance with the procedures set out in the County Governments Act, 2012. In addition, there was no evidence that the County Assembly Service Board advertised for the positions as required by Section 20 County Assembly Human Resource Policies and Procedures Manual, 2018 which requires advertisement of all vacant posts in a manner that reaches the widest pool of potential applicants and allow for at least 21 days before closing the advert.

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Further, the recruitment was conducted through various Board minutes rather than through open and competitive selection, thereby undermining the principles of fair competition and merit as required under Article 232(1)(g) of the Constitution of Kenya, 2010. Review of personal files for recruited officers revealed that several files lacked copies of academic and professional certificates, making it impossible to confirm the qualifications of the appointed officers.

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

309. Non-Compliance with the Law on Staff Ethnic Composition

Examination of the payroll for County Assembly during the month of June, 2025 reflected a total of ninety (90) permanent employees out of whom seventy-nine (79) or approximately (88%) were from the same ethnic community in the County. Further, during the year under review, the County Assembly recruited thirty-four (34) employees for various positions. Review of the employment records indicated that all or 100% of the recruited employees were from one dominant ethnic group. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

310. Non-Compliance with Persons with Disabilities Act, 2025

During the year under review, the County Assembly had a total of ninety (90) employees, out of whom only one (1) person with disabilities was recruited, which translates to 0.01%. This was contrary to Section 5 (1)(e) of the Persons with Disabilities Act, 2025 which provides that every county shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum (5 %) of the employment positions are filled by persons with disabilities.

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

311. Non-Compliance with Approved Staffing Level Ceiling

The County Assembly has an authorized staff of one hundred (100) employees. However, review of the payroll revealed that the County Assembly had a total of one hundred and eighty-eight (188) employees. This exceeded the maximum recommended staff complement by eighty-eight (88) positions. This was contrary to the Commission on Revenue Allocation (CRA) Circular No. CRA/FA/01 VOL. II (22) dated 28 June, 2018, which provides guidance on optimal staffing levels for County Assemblies to ensure fiscal sustainability and efficiency in public expenditure.

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

312. Irregular Expenditure on Domestic Travel and Subsistence

The statement of financial performance and Note 10 to the financial statements reflect use of goods and services expenditure of Kshs.205,979,830 which includes domestic

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travel and subsistence expenditure amounting to Kshs.51,613,872. Included in the latter balance is an amount of Kshs.201,000 paid to six (6) Members of the County Assembly to attend a workshop held in Rumuruti. However, no justification was provided why the workshop could not be conducted within Samburu County. This was contrary to National Treasury Circular No. 20/2015 dated 4 November, 2015, Part (VI)(12), which requires that all workshops and retreats whose participants are drawn from one duty station be held within the precincts of that duty station in order to curtail public expenditure. Further, there was no evidence such as signed acknowledgements to confirm receipt of the funds by the participants.

In the circumstances, Management was in breach of the law and value for money on the expenditure amounting to Kshs.201,000 could not be confirmed.

313. Non-Implementation of e-Procurement System

The County Assembly did not implement the e-Procurement system and there was no publication of public procurement information. It was noted that tenders were neither maintained and publicized on the County Assembly's official website, and bids could not be submitted through the same platform. Further, the County Assembly did not regularly update and publicize a comprehensive list of all registered suppliers, contractors, and consultants pre-qualified to meet its procurement needs. This was contrary to the provisions of Executive Order No. 2 of 2018, which requires all public entities to maintain and continuously update a complete and accurate list of tenders through platforms such as the e-Citizen portal, the Public Procurement Regulatory Authority (PPRA) website, public notice boards, and other official government publications.

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

314. Irregular Payment of Subscriptions

The statement of financial performance and Note 10 to the financial statements reflect use of goods and services expenditure of Kshs.205,979,830 which includes other operating expenses expenditure amounting to Kshs.12,404,400. Included in the balance is an amount of Kshs.1,500,000 paid as annual subscriptions to the Society of Clerks at The Table (SOCATT). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

Irregular Procurement of Office Stationery

The County Assembly made a payment of Kshs.534,000 to a local supplier for the purchase and delivery of office stationery and services. However, review of the payment voucher and other procurement documents revealed that Quotations were received on 3 February, 2024 but opened on 7 February, 2024, contrary to Section 78(3) of the Public

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Procurement and Asset Disposal Act, 2015, which requires tenders to be opened immediately after the submission. Further, the purchase order was issued on 7 February, 2024, before the formal notification of award dated 23 February, 2024 while the delivery notes and invoice lacked delivery dates, and no store records were provided to confirm receipt or issuance of the stationery. In addition, the professional opinion from the Head of Procurement to the Accounting Officer was not provided for audit review, in contravention of Section 84(1) of the Public Procurement and Asset Disposal Act, 2015.

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

315. Irregular Engagement of External Legal Services

The statement of financial performance and Note 10 to the financial statements reflect use of goods and services amounting to Kshs.205,979,830, which included other operating expenses totalling Kshs.12,404,400. Included in this amount was an amount of Kshs.4,470,000 paid to a local law firm in August, 2024 for legislative drafting of the Samburu County Solid Waste Management Bill, 2024, Sand Harvesting Bill, 2024, County Zoning and Parking Bill, 2024, Water Bill, 2024, and Heritage Bill, 2024. However, Management disclosed that the law firm was also engaged in other legal matters, but no list or status of such cases was provided for audit verification. Further, review of the Integrated Payroll and Personnel Database (IPPD) showed that the County Assembly had two (2) legal officers on its payroll, yet no explanation was provided of their specific roles or why they could not handle the County Assembly's legal assignments internally.

In the circumstances, the value for money on the legal fees expenditure amounting to Kshs.4,470,000 could not be confirmed.

316. Non-Establishment of a County Assembly Fund

The County Assembly Service Board had not established a County Assembly Fund as at the time of audit in October, 2025, contrary to Section 34(1) of the County Assembly Services Act, 2017 which provides that there is established for each County, a fund to be known as the County Assembly Fund.

In the circumstances, the County Assembly was in breach of law.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

317. Use of Personal Emails for Official Business

Inquiry from the ICT Department officers revealed that all County Assembly staff were using personal emails for official business as they did not have official email addresses despite the County Assembly official email being reported in the financial statement under key information and management. This was contrary to the Head of Public Service Circular SH/ADM 23(1) dated 14 June, 2022 Government ICT Standards, 2019 prescribing that all Ministries, Counties, Departments and Agencies (MCDAs) shall

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acquire and ensure appropriate use and management of E-mail and Instant messaging applications.

In the circumstances, existence of effective controls on information confidentiality could not be confirmed.

318. Ineffective Audit Committee

Review of the Internal Audit revealed that the Unit lacked operational independence, as it did not have a dedicated budget to support the execution of its mandate. In addition, the Unit was understaffed, with only one officer responsible for all internal audit activities. Internal Audit Reports were issued semi-annually instead of quarterly, contrary to The National Treasury's Internal Audit Guidelines issued in March, 2016. Further, the Audit Committee convened only once in March, 2025, contrary to The National Treasury's Internal Audit Guidelines (March, 2016) and Regulation 172(1) of the Public Finance Management (County Governments) Regulations, 2015, which require the Audit Committee to meet at least once every three months.

In the circumstances, the effectiveness, independence, and oversight role of the Internal Audit Unit could not be confirmed.

319. Lack of Strategic Information Communication Technology Framework

Audit review revealed that the County Assembly had not developed an Information and Communication Technology (ICT) Strategic Plan and had not established the requisite ICT Steering Committee and ICT Strategic Committee to provide oversight and strategic direction for ICT operations.

In the circumstances, ICT governance, coordination, and strategic alignment could not be confirmed.

320. Lack of Risk Management Policy

Management did not provide evidence of the existence of a Risk Management Policy to guide on risk management assessment and formulation of risk mitigation strategies in the year under review. This was contrary to the Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires Accounting Officer to develop risk management strategies which include fraud prevention mechanisms and internal control that builds robust business operation.

In the circumstances, the effectiveness of risk management in the County Assembly could not be confirmed.

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321. Irregular Creation of Employment Positions

The County Assembly had an approved staff establishment outlining the optimal number of staff required for each cadre, the number in post, and the resultant variance. However, Management recruited an additional seventeen (17) staff members beyond the approved staff establishment.

In the circumstances, existence of an effective mechanism to establish staff requirements could not be confirmed.

322. Payment of Salaries through Manual Payroll

Review of the payroll revealed that the County Assembly maintained two parallel payroll systems during the year under review. One payroll was processed through the Integrated Personnel and Payroll Database (IPPD) comprising ninety (90) employees and Members of the County Assembly (MCAs), while the other was maintained manually in an Excel spreadsheet covering one hundred and eighteen (118) employees and four (4) MCAs. No satisfactory explanation was provided for maintaining a large number of employees outside the IPPD system.

In the circumstances, existence of effective payroll system could not be confirmed.

List of Prior Year's Audit Matters

S/No.	Audit Issues for 2023/2024
1.	Current Asset Balance
2.	Variance in Pending Accounts Payables
3.	Unsupported Expenditure on Legal Services
4.	Unconfirmed Transfers to Other Government Entities
5.	Presentation of the Financial Statements
6.	Unauthorized Voided Payments
7.	Irregular Procurement of Catering Services
8.	Non-Adherence to Regulations on Training Expenditure
9.	Non-Compliance with the One-Third rule on basic Salary Rule
10.	Non-Compliance with Law on Ethnic Composition
11.	Irregular Payment on Subscriptions to Society of Clerks
12.	Irregularities in the Procurement of Library Books
13.	Delay in Completion of the Construction of County Assembly Chambers
14.	Non-Establishment of a County Assembly Fund
15.	Late Commitment for Supply of Services
16.	Lack of Independence for the Internal Audit Department
17.	Ineffective Audit Committee
18.	Lack of ICT Strategic Plan, approved policy and ICT Steering Committee
19.	Use of Personal Emails for Official Government Business
20.	Lack of Risk Management Policy

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COUNTY ASSEMBLY OF TRANS NZOIA – NO.26

REPORT ON THE FINANCIAL STATEMENTS

Unmodified Opinion

323. There were no material issues noted during the audit of the financial statements.

Other Matter

324. Unresolved Prior Year Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit revealed that the following seven (7) matters remained unresolved.

No.	Audit Issues for 2023/2024
1	Non-Compliance with Affirmative Action on Gender Balance, Ethnic and Regional Distribution
2	Unsupported Payment of Legal Fees
3	Irregular Imprest on Printing, Advertising, Information Supplies and Services
4	Delayed Completion in Construction of the Administration Building and Assembly Chambers
5	Lack of Effective Internal Audit Function
6	Non-Implementation of Audit Recommendations
7	Lack of Monitoring and Evaluation Team

Other Information

325. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

326. Delay in the Completion of Administration Building and Assembly Chambers

The tender for the construction to complete the Administration Building and County Assembly Chambers was awarded to a construction company at a contract sum of Kshs.464,359,150. The contract period was thirty-seven (37) weeks commencing from 28 February, 2023 to 4 December, 2023. However, review of the project file revealed that the contractor requested for an extension of time on 25 March, 2024 for a period of thirty (30) weeks which was granted on 2 May, 2024 with a new completion date of 1 July, 2024. The contractor further requested for a second contract extension on 16 December, 2024 for twenty (20) weeks, which was also granted categorically stating that it was the final contract extension with a final completion date set on

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18 November, 2024 but the contract was not completed by this date. The contractor however continued with the works without contract extension and the building had not been completed by the time of audit in October, 2025.

Further, the performance bond submitted by the company which was issued on 1 March, 2023 and valid until 1 March, 2024 expired, but there was no evidence that the contractor renewed the performance bond.

In addition, Clause 19.7.1 of the contract agreement states that if the contractor fails to complete the works within the agreed time, the contractor was to pay damages to the employer for the default at a rate of Kshs.100,000 per week which was to be deducted from any sums due or payable to the contractor or sub-contractor by 30 June, 2025 the project was 89% complete and had been delayed by thirty (30) weeks. There was no evidence that Management had made any claim for the damages arising from the delay in completion of the project.

In the circumstances, there was no service delivery and value for money spent on the project could not be confirmed.

327. Non-Remittance of Public Procurement Capacity Building Levy

During the financial year, the County Assembly issued LPOs/LSOs contracts totalling to Kshs.266,053,988. However, Management did not deduct and remit the requisite Public Procurement Capacity Building Levy. This was contrary to Paragraph 3(1) of the Levy Order 2023 which states that there shall be paid a Levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

328. Failure to Publish and Publicize Budget Documents

Review of the County Assembly's budget process revealed that Management did not publish and publicize the budget documents on its official website as required by Regulation 129(4) of the Public Finance Management (County Governments) Regulation, 2015, which states that the County Executive Committee Member responsible for planning shall consolidate all the reports received under paragraph (2) of this Regulation, and submit a report to the County Executive Committee Member for the County Treasury to publish and publicize it within seven (7) days after submission to the County Executive Committee Member.

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

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329. Non-Compliance with the One Third Rule on Basic Salary

Review of the payroll data extracted from the Integrated Payroll and Personnel Database for 2024, August 2024, September 2024, October 2024, and November 2024 established that several employees were receiving net salary that was less than one third of their respective basic salary, while others were not earning salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

330. Non-Preparation of Quarterly Reports

During the year under review, Management did not prepare and submit quarterly reports to the Cabinet Secretary, with copies to the Auditor-General, Controller of Budget and The National Treasury detailing information on the financial and non-financial performance of the entity. This was contrary to Section 83(3) of the Public Finance Management Act, 2012 which states that not later than fifteen (15) days after the end of each quarter, the accounting officer shall submit the quarterly report to the Cabinet Secretary responsible for the entity and the National Treasury.

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

331. Non-Compliance with the Persons with Disabilities Act, 2025

Analysis of the County Assembly employee's bio data revealed that during the year under review, the County Assembly had ninety (90) staff members out of whom only two (2) members were people with special needs, representing 2% of the total staff. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities'.

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

332. Non- Compliance with the Law on Fiscal Responsibility - Wages

During the year under review, the County Assembly's approved revenue budget amounted to Kshs.834,803,000. However, expenditure on personnel emoluments and other employment benefits amounted to Kshs.330,867,902, representing 40% of the total revenue. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

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333. Irregular Inter-Votes Reallocation of Funds

Review of the 2024/2025 approved budget and supplementary estimates revealed that the County Assembly was allocated an amount of Kshs.660,512,273 for recurrent expenditure and an amount of Kshs.174,290,727 for development. However, funds were reallocated between several sub-votes in excess of the 10% limit prescribed under Section 154(2)(c) of the Public Finance Management Act, 2012 which states that the total of all reallocations made to or from a program or sub-vote does not exceed ten percent (10%) of the total expenditure approved for that program or Sub-vote for that year.

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

334. Failure to Initiate Climate Change and Financing Initiatives

Review of documents and programmes revealed that the County Assembly did not allocate any budgetary resources for climate change initiatives. Further, evidence of public awareness activities, development of a climate change action plan, and public consultation initiatives on climate change were not provided for audit review. This was contrary to the Climate Change Act, 2016 and Kenya's National Adaptation Plan 2015-2030, which advocates for attaining Vision 2030 and beyond in enhancing climate resilience.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

335. Weaknesses in the Internal Audit Function

Review of the Internal Audit Unit revealed that the Audit Committee did not meet during the year under review. The Internal Audit Unit did not conduct quarterly audits and submit reports as guided by Regulation 166(1) and (2) of the Public Finance Management (County Governments) Regulations, 2015. Further, the Internal Audit Department did not prepare an approved annual work plan as required by Regulation 163(1), (2) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015. The regulations states that the internal audit plan shall be approved by the Accounting Officer and the Audit Committee, and consist of a work schedule as well as budget and resource requirements for the next fiscal year.

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

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REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

336. Unsupported Expenditure

The statement of financial performance reflects use of goods and services expenditure amounting to Kshs.506,719,468 as disclosed in Note 9 to the financial statements. However, review of payment vouchers revealed that expenditure totalling Kshs.158,870,049 was not supported with invoices, requisitions, professional opinion, delivery and inspection reports as shown below:

No.	Item	Amount (Kshs)
1.	Training expenses	30,489,600
2.	Hospitality supplies and services	42,963,703
3.	Field Allowance	21,625,750
4.	Advertisement	35,795,896
5.	Boards and conferences	20,418,300
6.	Boards allowances	7,576,800
	Total	**158,870,049**

In the circumstances, the accuracy, and completeness of use of goods and services amounting to Kshs.158,870,049 could not be confirmed.

337. Misclassification of Expenditure

The following amounts were charged to the wrong items of expenditure accounts as tabulated in the table below; -

Expenditure Account Charged	Correct Account to be Charged	Expenditure Amount (Kshs)
Purchase of Office Furniture and Fittings	Additions-Furniture and fittings	1,036,811
Supply of Broadcasting and Information Services	Additions-ICT and Other Equipment	218,000
Supplies and Accessories for Computers and Printers	Additions-ICT and Other Equipment	13,233,633

In the circumstances, the accuracy of the financial statements could not be confirmed.

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Other Matter

338. Unresolved Prior Year Audit Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit revealed that the following fourteen (14) matters remained unresolved.

No.	Audit Matters for 2023/2024
1.	Variances in Financial Statements and IFMIS Report
2.	Unsupported Fuel Expenditure
3.	Anomalies in Non-Current Register
4.	Accumulation of Pending Accounts Payables
5.	Failure to Adhere on Ethnic Balance in Staff Composition
6.	Salaries Paid Outside IPPD
7.	Stalled Construction of Speakers Residence
8.	Delayed Construction of Main Chambers and Office Building
9.	Irregular Payment to County Assembly Forum
10.	Non-Compliance with a Third Rule on Basic Salary
11.	Failure to Submit Financial Statements for County Assembly Service Board
12.	Failure to Maintain and Update Imprest Register
13.	Weak Internal Controls
14.	Weak ICT Internal Controls

Other Information

339. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

340. Non-Compliance with Law on Staff Ethnic Composition

Review of personnel records indicated that the County Assembly had one hundred and thirty-two (132) members of staff, out of whom one hundred and twenty-two (122) or approximately 92% were from the dominant ethnic community in the County. This was contrary to Section 7 (1) of the National Cohesion and Integration Act, 2008, which requires that not more than thirty per cent (30%) of the employees are from one ethnic community.

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

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341. Non-Compliance with One-Third Rule on the Basic Salary

Review of the payroll revealed that twenty (20) County Assembly employees earned a net salary of less than a third of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

342. Failure to Submit Financial Statements for the County Assembly Service Board

As previously reported, the County Assembly Board has since its inception in the year 2013 not prepared and submitted its financial statements to the Auditor-General for audit. This was contrary to Section 32(a) of the County Assembly Services Act, 2017 which states that within three months after the end of each financial year, the Secretary shall submit to the Auditor-General the accounts of the Board for the year with copies to the County Treasury, Controller of Budget and Commission on Revenue Allocation.

Further, Management did not establish a County Assembly Fund as required by Section 36(1) of the County Assembly Services Act, 2017 which provides that there shall be established for each county, a fund to be known as the County Assembly Fund.

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

343. Failure to Maintain an Updated Imprest Register

Review of the imprest register revealed that the County Assembly did not maintain a complete and updated register for management and control of imprest issued. Details relating to the payees, personal numbers, designation, imprest warrant number, date of issue, due date and date of surrender, were not recorded in the imprest register. This was contrary to provisions of Regulations 93(4)(c) of the Public Finance Management Regulations (County Governments), Regulation, 2015 on management of issuance and control of imprests.

In the circumstances, the existence of an effective mechanism to safeguard public resources could not be ascertained.

344. Salaries Paid Outside Integrated Personnel Payroll Data Payroll

The statement of financial performance reflects employee costs amounting to Kshs.399,384,899 as disclosed in Note 8 to the financial statements. However, review of salary records revealed that the total employee costs in the payroll amounted to kshs.324,574,622 resulting to a variance of Kshs.74,810,277. The difference represents

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payments made to staff in various ward offices outside IPPD. This was contrary to The National Treasury Circular No.ES/03 R(10) on the guidelines for preparation of the 2022/23-2024/25 medium-term budget of 19 July, 2021 which states that allocation for personnel emoluments must be supported by Integrated Personnel Payroll Data (IPPD) database.

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

345. Anomalies in Inventory Management

Review of the stores records revealed that the County Assembly had not implemented an Inventory Management System as required under Regulation 166(4)(d) of the Public Procurement and Asset Disposal Regulations, 2020. This was despite having an ERP platform capable of supporting such a functionality. The absence of an automated Inventory Management System undermines accountability, accuracy, and security of inventory records and limits access to real-time information on stock levels, movement, and condition.

Further, bin cards were not maintained in the stores contrary to Regulation 172(k) of the Public Procurement and Asset Disposal Regulations, 2020, which requires the stores officer to ensure that bin cards are properly kept for each item and placed on or near the respective stock.

In addition,, stock-taking was not carried out during the first, second, and third quarters of the financial year as required by Section 162(2) of the Public Procurement and Asset Disposal Act, 2015. Instead, Management only carried out a stock count at the end of the financial year.

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

346. Stalled Construction of Speaker's Residence

As previously reported, the County Assembly advertised a tender for the construction of the speaker's residence on 16 May, 2023. The tender was awarded to a local contractor on 21 June, 2023, at a contract sum of Kshs.34,850,935 for a period of seventy-two (72) weeks. However, progress status reports from the contract/Project Implementation committee were not provided for review. However, physical verification in the month of October, 2025 revealed that the project has stalled, the contractor was not on site, and the project is past the completion date of 6 November, 2024 as per the signed contract agreement. This casts doubt on the ability of the contractor to complete the project.

Further, a contract was awarded to a local contractor on 7 March, 2024 for the construction of facilities at the Speaker's residence at a contract sum of Kshs.41,350,010. At the time of audit, payments totalling Kshs.26,075,127 or 63% of the contract sum had been disbursed against two (2) Interim Payment Certificates. Certificate No.1 dated 1 November, 2024, for an amount of Kshs.11,061,019 and Certificate No.2 dated 6 March, 2025 for an amount of Kshs.15,014,108. However, site inspection conducted on 9 June, 2025 revealed that overall physical progress stood at only 50% against the

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contractual completion deadline of 15 September, 2025. The contractor was not on the site and no works were ongoing; and the project was behind schedule.

In the circumstances, value for money for an amount of Kshs.17,520,750 already paid for the project could not be confirmed.

347. Stalled Construction of Main Chambers and Office Building

As previously reported, the tender for the proposed construction of New Chambers and Office Building for the County Assembly was awarded to a local contractor at a contract sum of Kshs.491,934,272 and a contract agreement signed on 25 November, 2021 for a period of one hundred and forty-one (141) weeks. On 21 August, 2023, the contractor entered into a sub-contract agreement for building works and an approval was granted by the County Assembly Service Board on 29 September, 2023.

During the year under review, a total of Kshs.106,366,497 had been paid to the sub-contractor being payment for construction of the chambers. However, the following anomalies were noted;

i. On July, 2024, the Chairperson of the Project Implementation Committee resigned from the Committee. The circumstances and the current composition status of the Project Implementation Committee were not provided for audit review.

ii. During project verification on 12 July, 2024, it was revealed that the Project Implementation Committee had issued a notice of slow progress dated 27 August, 2024 to the contractor as well as the sub-contractor where it was noted that the progress of work was very slow and the work done was not commensurate with time elapsed.

iii. By 30 June, 2025, a total of Kshs.169,923,009 had been paid to the contractor and sub-contractor representing 35% of the total contract sum. Payments of Kshs.1,436,308 and Kshs.10,636,649 were made to two firms in relation to the preparation of final accounts following the proposed contract termination.

iv. A Technical Assessment Report dated 15 March, 2025 estimated the physical progress at only 35%, while the contract period had lapsed by 24 weeks at the time of audit. No formal conclusion had been reached despite the intended termination of the contract.

v. The County Assembly had not initiated procurement processes for the completion of the remaining works, pending formal closure with the current contractor.

vi. According to the Site Handover Report, the commencement date for the project was 11 January, 2022 and the expected completion date was 30 October, 2024. The time lapse as at the time of audit was one hundred and sixty-five weeks (165) beyond one hundred and forty-one (141) weeks of the contract duration period. However, physical verification in the month October, 2025 revealed that the project had stalled.

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In the circumstances, value for money for already paid instalment totalling Kshs.169,923,009 could not be confirmed.

348. Non-Compliance with Persons with Disabilities Act, 2025

During the year under review, the County Assembly total workforce of two hundred and thirty-four (234) employees out of whom only four (4) employees or 2% represented persons with disabilities. This was contrary to Section 5(1)(e) of the People with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disability in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities'.

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

349. Non-Submission of Annual Climate Change Report

During the year under review, there was no evidence to confirm that the 2024/2025 annual climate change report had been submitted to the County Assembly as mandated contrary to Section 19(5) of the Climate Change Act, 2023 which requires County Governments, through the designated County Executive Committee Member, to submit an annual report on the progress of implementing climate change actions to the County Assembly for review and debate, and thereafter forward a copy to the Directorate,. This reflects a lapse in the County Assembly's oversight role in ensuring that the County Executive complies with statutory reporting obligations on climate change actions.

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

350. Failure to Provide Annual Operations Report

During the year under review, the County Assembly did not provide the County Assembly Service Board's Annual Operations Report for 2023/2024 financial year. This was contrary to Section 36(1) of the County Assembly Services Act, 2017 which states that within three months after the end of each calendar year, the Board shall prepare and lay before the County Assembly, a report of its operations during that year. There was also no indication of the preparation of the report for the financial year 2024/2025. It was therefore not possible to confirm whether County Assembly Service Board delivered on the mandated functions.

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

351. Receipt of Goods and Services Beyond the Stipulated Period

The statement of financial performance reflects use of goods and services amount of Kshs.506,719,468 as disclosed in Note 9 to the financial statements. However, review of records revealed that goods and services valued at Kshs.3,033,305 were received beyond the validity delivery period as disclosed in local purchase orders and local service

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orders. This was contrary to Regulation 53(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that a local purchase order or service order is valid for 30 days from the date of issue.

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

352. Non-Remittance of Statutory Deductions

Review of statutory deductions, payment vouchers, and bank statements revealed that a total of Kshs.17,545,326, comprising of an amount of Kshs.5,626,262, Kshs.1,828,623 and Kshs.10,090,441 in respect of Housing Levy, NSSF, and PAYE respectively, was not remitted to the respective Authorities. This was contrary to Section 19(4) and (6) of the Employment Act, 2007 which requires employees to remit statutory deductions to the respective agencies within the prescribed timelines to avoid incurring additional cost in form of penalties and interest.

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

353. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.41,352,778 as disclosed in Note 16 to the financial statements. However, the balance includes an amount of Kshs.19,992,767 relating to long outstanding creditors which had remained outstanding for a prolonged period without adequate justification or payment plans. This is contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which require debt service payments to be a first charge. Further, failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

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

354. Use of Personal Emails for Official Government Business

Review of correspondences and interview with key personnel revealed that most staff members were using personal emails for official communication. This was contrary to Head of Public Service Circular SH/ADM 23(1) dated 14 June, 2022 on Government Information Communication Technology Standards, 2019 which directed that from 30 June, 2022, no Government official would be allowed to use personal email addresses for official Government business.

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

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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

355. Internal Control Weaknesses

The County Assembly did not have a Risk Management Policy to assist it to mitigate potential risk when they occur. Further, there was lack of Business Continuity Plan which is a strategic framework that outlines directions and procedures the County Assembly would follow when faced with a crisis such as civic unrest, cyber threats or fire.

In the circumstances, the existence of an effective internal control and risk management could not be confirmed.

356. Failure to Establish Audit Committee

During the year under review, the County Assembly had not established an Audit Committee, and there was no evidence of execution of the Internal Audit Plan or management responses to reports. Further, the Internal Audit Department lacked a Risk Assessment, Annual Work Plan, Risk Register, and Strategic Plan, and had not undergone an external quality assessment in the past three (3) years, which are critical for adherence to professional Standards. Further, internal self-assessment or quarterly audit reports were not provided, and the Internal Audit Charter, was last approved in 2018, was outdated and did not meet current Standards.

In the circumstances, existence of an effective oversight mechanism could not be confirmed.

357. Weak Information Communication Technology Controls

The County Assembly did not have an approved Information Communication Technology (ICT) Strategic Committee, ICT Strategic Plan, ICT Steering Committee, and ICT Security Policy which are important in performing the oversight function and formulation of policies to ensure that the ICT investments and functions are directed towards achievement of the mandate of the County Assembly.

In the circumstances, existence of an effective ICT control environment could not be confirmed.

358. Lack of Updated Fixed Assets Register

The statement of financial position reflects property, plant and equipment balance of Kshs.1,069,163,464 as disclosed in Note 15 to the financial statements. However, Management did not prepare a fixed assets register in a format prescribed with minimum requirements of identification or serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation and net book value. The assets register was not updated and detailed supporting schedules and analysis for each asset category were not provided for audit.

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Further, included in the balance is an amount of Kshs.39,977,011 comprising of Kshs.1,036,811, Kshs.7,919,263 and Kshs.31,020,973 in respect of additions furniture and fittings, ICT and other equipment, work in progress, respectively. However, computer accessories amounting to Kshs.13,233,633 were not disclosed in the fixed asset register.

In the circumstances, effectiveness in management of property, plant and equipment balance of Kshs.1,069,163,464 could not be confirmed.

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COUNTY ASSEMBLY OF ELGEYO/MARAKWET – NO.28

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

359. Non-Compliance with Transitional IPSAS Reporting Requirements

The Public Sector Accounting Standards Board (PSASB) guideline on the first-time adoption of IPSAS Accrual required entities transitioning from IPSAS (Cash Basis) to IPSAS (Accrual Basis) to disclose whether the financial statements were Transitional IPSAS Statements or were prepared in accordance with the Accrual Basis of Accounting under the International Public Sector Accounting Standards (IPSAS). The disclosure was required to appear on the cover page of the annual report and the financial statements. However, Management did not disclose in Note 2 to the financial statements the specific transitional provisions applied, nor steps being taken towards full compliance with IPSAS Accrual.

Further, Management did not indicate the elements of the financial statements that had not been recognized as result of taking advantage of the transition provisions outlined in IPSAS 33 on First Time Adoption of Accrual Basis IPSAS.

In the circumstances, the disclosure and the fair presentation of the financial statements could not be confirmed.

360. Unsupported Payment of Personal Allowances

The statement of financial performance reflects employee costs balance of Kshs.354,065,704 as disclosed in Note 9 to the financial statements. Included in the amount is part salary personal allowances of Kshs.134,694,757 whose details and reasons for payment were not provided.

In the circumstances, the accuracy of employee costs amount of Kshs.354,065,704 could not be confirmed.

Other Matter

361. Unresolved Prior Year Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of 2024/2025 revealed that the following nine (9) issues remained unresolved:

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No.	Audit Issues for 2023/2024
1	Variance Between Financial Statements and IFMIS report
2	Irregular payment to County Assembly Forum
3	Payment of Salaries Outside Integrated and Personnel Payroll Database
4	Failure to observe One-Third Rule in Staff Establishment
5	Non-Compliance with a Third Rule on Basic Pay
6	High Wage Bill
7	Irregular Compensation of Employees
8	Unnecessary Foreign Travel
9	Ineffective Internal Audit Function

Other Information

362. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

363. Excessive Allocation to the County Assembly

Review of documents revealed that the County Assembly was allocated an amount of Kshs.619,407,879 which is equivalent to 12% of the County Government's total revenue of Kshs.5,013,283,841. The amount exceeded the set limit of 7% of Kshs.350,929,869 County Government's total revenue. This was contrary to the provisions of Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015 which states that the approved expenditure of a County Assembly shall not exceed seven 7% per cent of the total revenue of the County Government or twice the personnel emoluments of that County Assembly, whichever is lower.

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

364. Non-Compliance with the Fiscal Responsibility Principles on Wages

The statement of financial performance reflects employee costs amount of Kshs.354,065,704 which is 57% of the County Assembly total revenue of Kshs.619,407,879. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

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365. Non-Compliance with Ward Partisan Staffing Levels

Review of staff payroll revealed that the County Assembly employed a total of one hundred and twenty-eight (128) partisan staff in the thirty-two (32) Wards against the set limit of ninety-six (96) exceeding the number of Ward employees by thirty- two (32) officers. This was contrary to the Commission on Revenue Allocation Circular dated 21 October, 2020 on Advisory of Ward Offices Operation Costs from which requires that only three (3) employees per Member of County Assembly should be employed for every ward.

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

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

Review of staff payroll revealed that thirty eighty (38) employees received net pay which was less than one-third of their basic salaries in the month of March, 2025. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

367. Non-Compliance with the Law on Staff Ethnic Composition

Review of records revealed that the County Assembly had a total of two hundred and forty-one (241) employees, out of whom two hundred and thirty-eight (238) employees or approximately 99% were from the dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

368. Non-Compliance with County Assembly Act, 2017

During the audit it was established that the County had a County Assembly Service Board charged with human resource management matters. However, Management did not provide documents supporting expenditure relating to the operations of the Board such as Approved Budget and costs of sittings held during the year. Further, Management did not establish a County Assembly Fund as required by Section 36(1) of the County Assembly Service Act, 2017 which provides that there is established for each County, a fund to be known as the County Assembly Fund.

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

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369. Lack of a Public Finance Management Standing Committee

As reported in the previous year, the County Assembly did not have the Public Finance Management Committee (Standing Committee) in place. This is contrary to Section 18(1) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that there is established in every County Government entity a Public Finance Management Standing Committee to provide strategic guidance to the entity on Public Finance Management matters.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

370. There were no material issues raised on internal controls, risk management and governance.

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COUNTY ASSEMBLY OF NANDI – NO.29

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

371. Misstatement in Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.472,105,604 as disclosed in Note 26 to the financial statements. However, the balance excludes the value of assets that were fully depreciated and were not revalued and disclosed in property, plant and equipment.

Further, a transfer adjustment of an amount of Kshs.104,041,280 made up of motor vehicle balance of Kshs.65,047,500; furniture and fittings balance of Kshs.19,802,750 and computers and ICT equipment balance of 19,191,030 was not supported or explained. Management charged depreciation on work in progress (WIP) assets by Kshs.8,873,867 effectively understating the value of WIP by a balance of Kshs.8,873,867.

In addition, the statement of comparison of budget and actual amounts reflects acquisition of property, plant and equipment balance of Kshs.9,485,587 while Note 26 to the financial statements on property, plant and equipment reflects a balance of Kshs.7,031,198 resulting to a variance of Kshs.2,454,389 which has not been explained.

In the circumstances, the accuracy and valuation of property, plant and equipment of Kshs.472,105,604 could not be confirmed.

372. Inaccuracies in Transfers from County Government Entities

The statement of financial performance reflects transfers from County Revenue Fund balance of Kshs.731,630,547 as disclosed in Note 6 to the financial statements. However, the financial statements of County Revenue Fund for Nandi County reflected an amount of Kshs.766,630,547 under the respective item resulting in an unexplained variance of Kshs.35,000,000.

In the circumstances, the accuracy and completeness of transfer from CRF of Kshs.731,630,547 could not be confirmed.

373. Non-Disclosure of Deferred Income in the Financial Statements

Note 36 to the financial statements reflects deferred income of Kshs.56,027,772 which was not disclosed in the statement of financial position contrary to Paragraph 27 of the International Public Sector Accounting Standards (IPSAS 1) which stipulates that the financial statements shall present fairly the financial position, financial performance, and cash flows of an entity.

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In the circumstances, presentation and disclosure of the deferred income could not be confirmed.

374. Unauthorized Expenditure - Training Costs

The statement of financial performance reflects use of goods and services balance of Kshs.264,608,355 as disclosed in Note 10 to the financial statements. Included in this amount is training expenses amounting to Kshs.12,868,934 that was not budgeted for in the Annual Procurement Plan. This was contrary to Regulation 51(2) of Public Finance Management (County Governments) Regulations, 2015 which states that, expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Accounting Officer, based on allocations and allotments from approved budgets.

In the circumstances, the regularity of expenditure amounting to Kshs.12,868,934 could not be confirmed.

Other Matter

375. Unresolved Prior Year Audit Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of 2024/2025 revealed that the following thirteen (13) issues remained unresolved:

No.	Audit Issues of 2023/2024
1	Unsupported and Unauthorized Foreign Travel
2	Unsupported Training Expenses
3	Recognition of Expenditure Incurred after End Year
4	Failure to Observe Ethnic Balance
5	Payment of Salary Outside IPPD
6	Non-Compliance with One-Third Basic Salary Rule
7	Lack of Prudence in Use of Public Resources
8	Delayed Construction of Modern County Assembly Chambers, Offices and Auxiliary Amenities
9	Irregular Procurement of Hotel and Conference Services
10	Insurance and Training Costs Omitted in Procurement Plan
11	Gaps in Procurement Plan
12	Ineligible Pending Bills Resolution Committee
13	Weak Information Technology Internal Control Environment

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Other Information

376. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

377. Excessive Allocation of Fund to the County Assembly

The statement of financial performance reflects transfer from County Revenue Fund balance of Kshs.731,630,547 as disclosed in Note 6 to the financial statements which is about 10% of the County Government's total revenue balance of Kshs.7,599,066,478. This was contrary to the provisions of Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015 which states that the approved expenditure of a County Assembly shall not exceed seven 7% per cent of the total revenue of the County Government or twice the personnel emoluments of that County Assembly, whichever is lower.

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

378. Non-Compliance with the Fiscal Responsibility Principles on Wages

The statement of financial performance reflects employee cost of Kshs.468,894,853 which is 64% of the County Assembly total revenue of Kshs.731,630,547. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

379. Stalled Construction of Modern County Assembly Chambers, Offices and Auxiliary Amenities

The statement of financial position reflects property, plant and equipment balance of Kshs.472,105,604 as disclosed in Note 26 to the financial statements. Included in the balance are additions to work-in-progress (WIP) amount of Kshs.3,972,598 paid to a subcontractor in respect of construction of buildings. Review of procurement records revealed that the contract for proposed construction of Modern County Assembly Chambers, offices and auxiliary amenities was awarded to a contractor at a contract sum of Kshs.469,469,934 with a revised contract a period of 449 weeks.

Project verification carried out in the month of July, 2025 revealed that the project was eight (8) years beyond its completion date, the project remains stalled with no contractor on site. This was contrary to Section 147(1) of the Public Finance Management Act, 2012 states that, subject to the Constitution, the Accounting Officer of a County Assembly shall

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monitor, evaluate and oversee the management of their public finances, including - (d) ensuring proper management and control of, and accounting for, their finances in order to promote the efficient and effective use of budgetary resources.

Audit review of the approved budget revealed that an amount of Kshs.60,000,000 had been budgeted for the project during the year under review, however only an amount of Kshs.3,972,592 was spent with no explanation on whether the balance of Kshs.56,027,408 remained outstanding.

In addition, the following observations were noted;

i. The Project Architect granted the main contractor up to 17 extensions in three (3) months until 17 April, 2024 resulting to a total revision of the contract period by 395 weeks. However, during the audit in the month of July, 2025 the project was found to be approximately 85% complete with total certified works of Kshs.403,266,593 out of the contract price of Kshs.469,469,334. Pending works included ceiling works at the chambers, external cladding, heating and air conditioning (HVAC) works at the chambers, Electronic Private Automatic Branch Exchange (EPABX) installation and structured cabling works.

ii. The performance bond submitted by the contractor expired on 1 June, 2022 and had not been renewed at the time of the audit.

iii. A financial appraisal from the Project Quantity Surveyor dated 18 March, 2024 revised the projected contract value to Kshs.547,319,493 which would exceed the upper ceiling amount of Kshs.500,000,000 allowed and authorized by the Commission on Revenue Allocation for construction of County Assembly.

In the circumstances, the value for money of an amount of Kshs.403,266,593 already spent could not be confirmed.

380. Non-Compliance with the Law on Staff Ethnic Composition

The County Assembly had one hundred and ninety-nine (199) members of staff out of whom one hundred and eighty-nine (189) or about 95% were from one dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

381. Non-Compliance with the One-Third Rule on Basic Salary

Review of staff payroll revealed that fifty-six (56) employees received net pay of less than one-third of their basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions

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made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

382. Non-Compliance with County Assembly Staff Ceilings

Comparison of staff establishment and payroll data established that the County Assembly had one hundred and ninety-nine (199) employees against a staff establishment authorized of eighty-eight (88) staff resulting to excess over-establishment in staffing by one hundred and eleven (111) employees. Further, the County Assembly adopted staff establishment for the period 2022-2027 which was not dated and approved. This was contrary to the guidelines set by the Commission of Revenue Allocation (KRA) Circular.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

383. Weak Information Communication Technology Internal Control Environment

Review of the Information Communication Technology (ICT) internal control environment revealed that Management had not developed and approved Emergency Procedure, ICT continuity and Disaster Recovery Plan which would be resorted to in case of disruption of service. Further, the County Assembly did not have an approved ICT Strategy Committee, and ICT Steering Committee which were crucial in performing the oversight function and formulation of policies to ensure that the ICT investments and functions were directed towards achievement of the mandate of the County Assembly.

In the circumstances, the reliability and effectiveness of the County Assembly's ICT internal controls could not be confirmed.

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COUNTY ASSEMBLY OF BARINGO – NO.30

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

384. Non-Compliance with Transitional IPSAS Reporting Framework

Review of Note 2 to the financial statements on Statement of Compliance and Basis of Preparation of the financial statements revealed that the County Assembly had taken advantage of the transitional provisions under IPSAS 33. However, Management has not indicated the elements of the financial statements that have not been recognized and the steps being taken towards full compliance with IPSAS Accrual.

In the circumstances, the presentation and disclosure of the financial statements could not be confirmed.

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

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

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

386. Unsupported Trade and Other Payables Balances

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

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.29,893,156 could not be confirmed.

387. Unsupported Refundable Deposits from Customers

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

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

388. Inaccuracies in Financial Statements

Review of the statement of financial position reflects property, plant and equipment balance of Kshs.27,004,446 as disclosed in Note 13 to the financial statements. The amount is composed of furniture and fittings balance of Kshs.3,820,000 and computers and ICT equipment balance of Kshs.23,184,466. However, depreciation for the year was not charged on these amounts despite the plant, property and equipment schedule showing depreciation rates of 12.5% and 33.3% for furniture and fittings and computers and ICT equipment respectively. This was contrary to significant accounting policy on plant, property and equipment which states that plant, property and equipment are stated at cost less accumulated depreciation and impairment of losses.

Further, the statement of cash flows reflects net cash flows from operating activities balance of Kshs.27,453,524. However, this balance has not been reconciled by working capital adjustments (increase in receivables and payables) as required by the reporting template 2024/2025 requirements.

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

Other Matter

389. Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under the Report on the Financial Statements, Lawfulness and Effectiveness in the Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the County Assembly in 2024/2025 revealed that the following six (6) matters remained unresolved as at 30 June, 2025;

No.	Audit Issues for 2023/2024
1	Inaccuracies in the Financial Statements
2	Transactions After Closure of the Accounting Period
3	Unsupported Borrowings and Transfer of Funds to Related Parties
4	Non-Compliance with County Assembly Staffing Regulations
5	Non-Compliance with the Law on Ethnic Composition
6	Failure to Procure Using E-Procurement System

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Other Information

390. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Basis for Conclusion

391. Non-Compliance with County Assembly Regulations on Staffing Ceilings

The County Assembly has one hundred and twenty-four (124) staff members, which exceeds the approved staff establishment ceiling of one hundred (100) employees by twenty-four (24) staff members. This was contrary to the guidelines set by the Commissioner of Revenue Allocation (CRA) in letter Ref CRA/FA/01 Vol II (22) dated 28 June, 2018.

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

392. Non-Compliance with the Law on Staff Ethnic Composition

Review of the County Assembly's personnel records for the months of July, 2024 to June, 2025 revealed that out of the one hundred and twenty-four (124) employees of the County Assembly, one hundred and two (102) staff or 82% were from one ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

393. Non-Compliance with Law on Persons with Disabilities Act, 2025

Review of the payroll data for the year under review, revealed that out of the one hundred and twenty-four (124) employees, there were only two (2) persons with disabilities translating to 1% of the establishment. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities'.

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

394. Non-Compliance with One-Third Rule of the Basic Salary

Review of the County Assembly payroll records for the month of June, 2025 revealed that one hundred and twenty-five (125) employees earned monthly salaries that was below the one-third (1/3) threshold of their basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an

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employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

395. Payroll Processed Outside Integrated Personnel Payroll Data

Review of the monthly payrolls revealed that payments totalling Kshs.6,320,419 were paid as wages and benefits to officers within the County Assembly outside the by Integrated Personnel Payroll Data (IPPD) payrolls system. Further, gross salaries totalling Kshs.19,748,886 were paid to ward staff outside the payroll from July, 2024 to December, 2024. This was contrary to The National Treasury Circular No.13/2019 dated 28 August, 2019 which states that the allocation of personnel emoluments must be supported by Integrated Personnel Payroll Data (IPPD) and each MDA will be required to provide this information to support personnel requirements.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

396. Lack of Assets Register and List of Assets

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

In the circumstances, existence of an effective governance mechanism to safeguard public assets could not be confirmed.

397. Weaknesses in the ICT Internal Controls

Review of the ICT systems revealed that some computers lacked antivirus with some not regularly scanned to resolve the security threats reported by the antivirus. Further, the ICT Department did not carry out regular maintenance and audit of their system information infrastructure or devices to detect rising security gaps both in their systems and among staff in terms of knowledge gaps. Management failed to comply with the National Cybersecurity Strategy 2022-2027 and lack of adherence to ISO/IEC 27001 (Information Security Management Systems). Failure to install and regularly update antivirus software coupled with absence of routine system maintenance and audits, exposes the County Assembly to increased cybersecurity vulnerabilities. This may result in malware attacks, loss or manipulation of critical data, system downtime, unauthorized access, and potential financial and reputational damage.

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In the circumstances, effectiveness of internal controls and management of ICT equipment could not be confirmed.

398. Unauthorized Use of Non-Official Emails

Review of the official communication and correspondences revealed that the County Assembly's staff have been using personal emails in official communications as opposed to their official emails. This was contrary to the Public Service Commission Circular No.SH/ADM/23(1) dated 14 June, 2022 on use of personal email addresses for official government business, all ministries, State Departments and Semi-Autonomous Government Agencies are required to have their staff members onboarded onto the government domain email addresses provided by the ICT Authority. The Circular stated that any email communication that is non-compliant will be considered non-official.

In the circumstances, existence of effective internal controls on use of email communication could not be confirmed.

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COUNTY ASSEMBLY OF LAIKIPIA – NO.31

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

399. Inaccuracies in the Financial Statements

The statement of cash flows reflects purchase of property, plant and equipment balance of Kshs.21,327,365 while Note 26 to the financial statements discloses additions of Kshs.33,301,010 resulting in an unexplained variance of Kshs.11,973,645.

Further, Note 40 to the financial statements on cash generated from operations reflects an increase in payables balance of Kshs.84,821,736. However, comparison of opening and closing balances in the statement of financial position and Note 32 to the financial statements indicates an increase of Kshs.79,647,811, resulting in an unexplained variance of Kshs.5,173,925.

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

400. Unsupported Employee Costs

The statement of financial performance and Note 9 to the financial statements reflect employee costs of Kshs.301,731,897. However, audit review revealed the following:

400.1. Sitting and Mileage Allowances

Included in the employee costs are sitting and mileage allowances amounting to Kshs.30,129,631. However, Management did not provide Committee Work Plans, meeting notices, minutes, attendance registers, and feedback reports for the eighteen (18) County Assembly Committees. Further, detailed payment schedules indicating individual members, number of sittings attended, and corresponding allowances were not provided. In addition, mileage schedules, motor vehicle logbooks or lease agreements to confirm motor vehicle ownership, and transport section confirming distances travelled between County Wards and the Assembly Chambers were not provided.

400.2. Unsupported Payments of Salary Arrears Allowances

Analysis of payroll records revealed that the County Assembly paid arrears totalling Kshs.2,690,514 to nineteen (19) officers through IPPD during the year under review. However, Management did not provide a breakdown or supporting documentation indicating the basis, nature, approval, or justification for the payments.

Further, additional arrears amounting to Kshs.6,786,754 were paid to various Members of the County Assembly through the same IPPD code. However, supporting schedules were not provided to confirm sittings attended, applicable rates, periods covered or justification for the arrears.

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400.3. Payments to Non-Staff Charged to Basic Salaries

Review of the IFMIS ledger revealed payments totalling Kshs.10,595,200 to a non-staff individual through voucher comprising of basic salaries – civil service amount of Kshs.10,544,800 and domestic travel and subsistence amount of Kshs.50,400. However, the employee's personal file lacked supporting documentation such as appointment records, payroll listings, employment contract or evidence of services rendered.

In the circumstances, the accuracy and completeness of employee costs of Kshs.301,731,897 could not be confirmed.

401. Unsupported Use of Goods and Services

The statement of financial performance and Note 10 to the financial statements reflect use of goods and services amounting to Kshs.260,681,496. However, the following observations were made;

401.1. Foreign Travel Expenditure

Included in the use of goods and services amount is foreign travel and subsistence expenditure of Kshs.63,776,811. However, analysis of the IFMIS ledger revealed foreign travel expenditure of Kshs.64,258,664, resulting in an unexplained variance of Kshs.481,853. Further review revealed that a significant portion of the foreign travel expenditure was paid for non-foreign travel, including amounts paid to a bank of Kshs.9,557,568. A law firm was paid an amount of Kshs.6,275,600, private entities were paid an amount of Kshs.5,681,285 and the County Assembly of Laikipia Mortgage and Car Loan account was paid an amount of Kshs.2,150,000. These payments were not supported with beneficiary schedules, invitation letters, approved travel authorizations, itineraries, and back to office reports.

In the circumstances, the accuracy and completeness of foreign travel expenditure of Kshs.63,776,811 could not be confirmed.

401.2. Legal Dues, Arbitration and Compensation Payments

Included in the use of goods and services amount are other operating expenses of Kshs.56,337,198 which further include an amount of Kshs.8,367,000 incurred on legal dues, arbitration and compensation payments paid to a private law firm. However, analysis of the IFMIS ledger showed payments totalling Kshs.13,522,598 made to various law firms resulting in an unexplained variance of Kshs.5,155,598. In addition, no documentation was provided to justify the misclassification of legal payments or to reconcile the variance between the financial statements and the IFMIS ledger.

Further, Management did not provide approval, legal opinion, or a letter of no objection from the designated Principal Legal Adviser authorizing the engagement of the private law firm. In addition, there was no evidence of a competitive procurement process, as the firm was directly selected from the list of prequalified legal service providers without justification. Further, key procurement documents, including user requisitions,

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professional opinion from the Head of Procurement, notification of award, letter of acceptance, and signed contract agreement, were not provided for audit review.

In the circumstances the accuracy and completeness of legal dues, arbitration and compensation payments of Kshs.8,367,000 could not be confirmed.

Emphasis of Matter

402. Late Exchequer Releases

The statement of financial performance reflects total transfers from the County Revenue Fund (CRF) amounting to Kshs.594,637,244, as disclosed in Note 6 to the financial statements. However, an amount of Kshs.62,132,821 of the funds was received in the month of July 2025, after the closure of the financial year. The delayed disbursement disrupted operational planning and delayed the implementation of approved projects and activities.

My opinion is not modified in respect of this matter.

Other Matter

403. Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly in the year 2024/2025 revealed that twenty (20) matters listed at the end of this report remained unresolved.

Other Information

404. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

405. Long Outstanding Trade and Other Payables

The statement of financial position and Note 32 to the financial statements reflects trade and other payables totalling Kshs.114,685,723, out of which an amount of Kshs.17,274,056 had been outstanding for more than one (1) year. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015, which requires debt service payments to be treated as a first charge on the County Revenue Fund to avoid default on obligations.

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Further, deductions on LAPFUND and LAPTRUST amounting to Kshs.14,048,189 relating to various months were not remitted, contrary to Section 19(14) of the Employment Act, 2007, which requires employers to remit all lawful deductions within the prescribed timelines.

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

406. Irregular Payments of Subscriptions

Review of records revealed that payments amounting to Kshs.2,500,000 were made to the County Assembly Forum (CAF) and Kshs.796,000 to the Society of Clerks-at-the-Table (SOCATT). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

407. Non-Compliance with the Law on Fiscal Responsibility on Wages

The statement of financial performance and Note 9 to the financial statements reflect employee costs totalling Kshs.301,731,897, representing 51% of the County's total revenue receipts of Kshs.594,637,244, as disclosed in Note 6 to the financial statement. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

408. Non-Compliance with the Law on Staff Ethnic Composition

Review of human resource records and payroll revealed that the County Assembly had one hundred and fourteen (114) employees out of whom eighty-six (86), or 75% of the staff belonged to one dominant ethnic community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which requires that no public establishment shall have more than one third of its staff from the same ethnic community.

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

409. Acting Appointments beyond the Statutory Limit

Analysis of the payroll and review of personnel files revealed that one officer had been appointed and paid acting allowance for a period exceeding six (6) months while serving in the position of Clerk of the County Assembly of Laikipia. Further, review of the officer's personal file showed that his employment contract for the substantive position was issued on 16 January, 2024, and he continued to hold the acting role as at the conclusion of the audit in October, 2025. This was contrary to Section 34(3) of the Public Service Commission Act, 2017, which stipulates that an acting appointment shall not exceed six months.

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

410. Unapproved Payment of Special House Allowances

Analysis of payroll records revealed that the County Assembly paid special house allowances amounting to Kshs.3,573,956 to fifty-one (51) staff members during the year under review. However, this allowance is not provided for or approved under the prevailing remuneration framework issued by the Salaries and Remuneration Commission (SRC) for County Government officers.

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

411. Irregular Payment of House Allowance to the Speaker

Audit review revealed that the County Assembly of Laikipia owns an official residence for the Speaker, constructed in line with the Salaries and Remuneration Commission (SRC) guidelines, and which has been occupied by the Speaker since 2022. However, analysis of the IPPD and HRIS payroll records for the year under review showed that the Speaker continued to receive house allowance amounting to Kshs.880,000. This was contrary to SRC Circular Ref. No. SRC/TS/CG/3/61 dated 29 July, 2013, which provides that a public officer who is provided with government housing shall not be eligible for payment of house allowance.

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

412. Irregular Commitments Beyond the Statutory Deadline

Analysis of IFMIS purchase orders data established that contracts and expenditure commitments amounting to Kshs.12,755,126 were entered into after 31 May, 2025 without evidence of written express approval from the Accounting Officer. This was contrary to Regulation 50(1) of the Public Finance Management (County Governments) Regulations, 2015 that requires all commitments for supply of goods and services shall be done not later than 31 May each year.

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

413. Non-Compliance with Data Protection Requirements

Audit review established that the County Assembly had not registered with the Office of the Data Protection Commissioner (ODPC) as a data controller and data processor, despite collecting, processing, and storing personal data of staff, members of the County Assembly, and service providers during the year under review. This is contrary to Sections 18 and 19 of the Data Protection Act, 2019, which require all entities that handle personal data to register with the ODPC before processing such information.

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

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414. Irregular Committee Allowances

Payments amounting to Kshs.49,363,043 were made in respect of domestic travel and subsistence allowances. Review of documents revealed the following anomalies:

414.1. Budget Committee Travel to Nyeri

The expenditure includes an amount of Kshs.658,000 that was paid as allowances to members of the Budget Committee for a three-day retreat in Nyeri from 24 to 27 July 2024 to review the report on revenue generation and programme implementation for FY 2023/2024. However, the requisition cited Standing Order No. 162, which prohibits approval of work outside the County Assembly precincts for purposes of report writing or discussions, yet no justification was provided for approving the retreat for report review.

Further, the requisition authorized travel for twelve (12) members, but allowances were paid to fourteen (14) persons, resulting in excess payments for two members but one Member of the County Assembly did not sign the attendance register.

In addition, back-to-office reports or Committee minutes were not provided to confirm that the retreat objectives were achieved, the allowances were not recorded in the imprest register, and there was no evidence to confirm that imprests were surrendered within seven (7) working days after return to the duty station.

414.2. Agriculture, Water, Environment and Natural Resources Committee Travel to Nyeri

The expenditure includes an amount of Kshs.770,800 allowances to members of the Agriculture, Water, Environment and Natural Resources Committee to travel to Nyeri for five (5) days in August 2024 for a consultative meeting to plan for the financial year and to engage with Nanyuki Water and Sewerage Company officials, the CECM, and Chief Officers for Agriculture and Water. However, the requisition was approved on 21 August 2024, two days after the meeting had already taken place. The Committee's annual and quarterly budget allocations, including the amount available, were not indicated in the requisition form.

Further, no evidence including transport documentation and attendance schedules were provided to confirm travel to Nyeri by the approved members. In addition, back-to-office reports, committee minutes, or deliberation reports were not provided to demonstrate that the meeting took place or that its objectives were achieved. The allowances were not recorded in the imprest register, and there was no evidence to confirm that the imprests were surrendered within seven (7) working days after return to the duty station.

In the circumstances, the value for money of the domestic travel and subsistence allowances amounting to Kshs.1,428,800 could not be confirmed.

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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

415. Weaknesses in Assets Management

Review of the operations revealed that the County Assembly had not developed an Asset Management policy nor established an Asset Management unit. This was contrary to Section 149(2) of the Public Finance Management Act, 2012, which places responsibility on Management to ensure the existence of adequate systems and processes for planning, procuring, accounting for, maintaining, storing, and disposing of assets.

In the circumstances, the existence of an effective of asset management control could not be confirmed.

416. Lack of Strategic Plan and Inadequate Risk Management Framework

As previously reported, the County Assembly had not developed a Strategic Plan for the period 2023/2027. The strategic plan in use had lapsed in 2023, leaving the County Assembly without an approved framework to guide its goals, priorities, and resource allocation. In addition, the County Assembly did not have an approved Disaster Recovery Plan or a Risk Management Policy. The existing risk management framework remained in draft form and could not be implemented.

In the circumstances, existence of an effective risk management framework could not be confirmed.

417. Weaknesses in the Internal Audit Function

Review of Internal Audit Unit revealed that the unit is not adequately staffed as it has only two officers, one auditor who is the Head of the Department and one support staff. The Unit lacked essential audit tools, including an audit management system and data-analysis software, thereby limiting its capacity to effectively execute its mandate and provide independent assurance on internal controls, risk management and governance processes.

Further, the Internal Audit Staff did not have access to the Integrated Financial Management Information System (IFMIS). This was contrary to Regulation 155(3) of the Public Finance Management (County Governments) Regulations, 2015, which requires that internal auditors be granted unrestricted, direct, and prompt access to all records, systems, personnel, and premises necessary for the performance of their duties.
In the circumstances, the effectiveness of the internal audit function could not be confirmed.

418. Lack of Information Communication Technology Governance Structures

As previously reported, review of the Information Communication Technology (ICT) environment revealed that although the County Assembly had an approved ICT Policy in place, it did not have an ICT Steering Committee or an ICT Strategic Plan to guide ICT

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governance, investment decisions, and implementation priorities. The absence of these critical governance structures limits effective oversight of ICT operations and weakens the County Assembly's ability to ensure secure, reliable and well-coordinated ICT service delivery.

In the circumstances, the effectiveness of ICT governance, strategic planning and oversight at the County Assembly could not be confirmed.

419. Payroll Migration and HRIS System Controls

The County Assembly adopted the Human Resource Information System (HRIS-Ke) with effect from December, 2024. A comparison between the November, 2024 IPPD payroll and the December 2024 HRIS-Ke payroll revealed that one employee, designated as an Administrative Officer I, had been assigned HRIS Operator rights. The roles assigned to the user were inconsistent with the officer's job description, indicating weak segregation of duties and inadequate access-control procedures.

Further, review of the payroll system and interviews with user departments revealed that not all relevant staff had been trained on the HRIS system. Notably, the Director of Human Resource Management did not have system access rights, limiting effective oversight and increasing the risk of unauthorized changes or errors.

In addition, analysis of payroll records revealed that the County Assembly paid salaries for eleven months (11) amounting to Kshs.22,100,474, outside the Integrated Payroll and Personnel Database (IPPD) and the HRIS system. Management did not provide any justification for processing these payments outside the approved payroll systems.

In the circumstances, the effectiveness of internal controls over payroll processing and authorization could not be confirmed.

420. Failure to Provide an Approved Staff Establishment

Audit review revealed that the County Assembly did not have an approved staff establishment to define authorized staffing levels by employee category or to monitor variances. Further, there was no evidence that job evaluation had been conducted to determine appropriate staffing requirements. This was contrary to Section B.5(2) of the County Assembly Human Resources Manual, 2015, which requires vacancies to be declared only within the approved staff establishment.

In the circumstances, effectiveness of internal controls over human resource planning, staffing, and establishment management could not be confirmed.

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List of Unresolved Prior Year Audit Matters

S/No	Audit Issues for 2023/2024
1	Unconfirmed Cash and Cash Equivalents Balance
2	Unsupported Foreign Training Expenses
3	Budgetary Control and Performance
4	Irregular Payments to Society of Clerks at the Table
5	Failure to Submit Monthly Bank Reconciliation Statements
6	Use of Request for Quotations Beyond the Threshold in Sourcing for General Insurance
7	Accruing and Outstanding Pending Bills
8	Compensation of Employees
9	Failure to issue Imprest warrants and Lack of Imprest Register
10	Failure to Implement E-procurement Processes
11	Audit of Performance Information
12	Irregular Variation of Works Exceeding 25% of the Contract Price
13	Lack of an Asset Management Policy
14	Internal Audit Function
15	Lack of Organizational Strategic plan, Disaster Recovery Plan and risk Management Framework
16	Lack of an ICT Steering Committee and an ICT Strategic Plan
17	Non-Provision of Insurance Cover as Detailed in the Contract Agreement
18	Weaknesses in Preparation and Maintenance of Cashbooks
19	Manual payment of Salaries outside the IPPD Payroll System
20	Irregular Engagement of Casuals

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COUNTY ASSEMBLY OF NAKURU – NO.32

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

421. Irregular Voided Transactions

Review of the Integrated Financial Management Information System (IFMIS) records revealed that there were one hundred and seventy-nine (179) transactions totalling Kshs.54,430,235 which were processed and subsequently voided or cancelled during the year under review. However, the transactions were not supported with relevant documentation such as payment vouchers, authority or justification for voiding, journal vouchers reversing the transactions and final payment records.

In the circumstances, the regularity and completeness of the expenditure for the transactions could not be confirmed.

422. Non-Compliance with Transitional IPSAS Reporting Framework

The annual report and financial statements under Note 2 to Financial Statements on Statement of Compliance and Basis of Preparation of the financial statements has revealed that the County Assembly Management has taken advantage of the transitional provisions under IPSAS 33. However, Management has not indicated the elements of the financial statements that have not been recognized and the steps being taken towards full compliance with IPSAS Accrual.

In the circumstances, the presentation and disclosure of the financial statements could not be confirmed.

423. Undisclosed Material Uncertainty Related to Sustainability of Services

The statement of financial position reflects current liabilities balance of Kshs.297,387,249 which exceeds the current assets balance of Kshs.225,513,640 resulting to a negative working capital of Kshs.71,873,609. The County Assembly is therefore technically insolvent and its ability to continue to sustain its services is dependent upon support from the Government and its creditors. However, this material uncertainty has not been disclosed in the financial statements.

In the circumstances, the County Assembly may be unable to meet its short-term liabilities as and when they fall due.

424. Variances Between Statement of Comparison of Budget and Actual Amounts and the Supporting Ledgers

The statement of comparison of budget and actual amounts – recurrent and development budgets combined reflects total actual expenditure balance of Kshs.1,121,002,500 (comprising of Recurrent expenditure of Kshs.1,006,523,094 and Development expenditure of Kshs.114,479,406). However, the supporting Integrated Financial

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Management Information System (IFMIS) ledger reflects cumulative total expenditure of Kshs.1,264,276,058 (recurrent amount of Kshs.1,160,452,094 and development amount of Kshs.103,823,964) resulting in an unexplained variance of Kshs.143,278,558.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts could not be confirmed

425. Variances in Transactions Details

Review of the Integrated Finance Management Information System (IFMIS) payment reports processed against the payments made revealed that there were one hundred and fifty (150) payment transactions amounting to Kshs.89,218,241 in system payments. However, the corresponding payment details report derived from the System had different amounts for the transactions which amounted to Kshs.2,107,100 resulting to a total unexplained variance of Kshs.91,325,342 as at 30 June, 2025.

In the circumstances, the accuracy and completeness of the payments totalling Kshs.89,218,241 could not be confirmed.

426. Variance in the Transfers to County Assembly

The statement of financial performance reflects transfers from County Revenue Fund amount of Kshs.1,342,828,080 as disclosed in Note 6 to the financial statements. However, the financial statements of the County Revenue Fund (CRF) indicate transfers to County Assembly amount of Kshs.1,259,512,738 resulting to an unexplained and unreconciled variance of Kshs.83,315,342.

In the circumstances, the accuracy and completeness of transfers from County Revenue Fund amount of Kshs.1,342,828,080 could the confirmed.

427. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position and Note 26 to the financial statements reflect property, plant and equipment balance of Kshs.119,589,742. The amount includes balances of Kshs.92,486,632, Kshs.4,374,981 and Kshs.22,728,129 in respect of buildings, furniture and fittings and computers and ICT equipment respectively. However, review of records revealed that the County Assembly acquired a parcel of land of unknown value measuring approximately 1.2498 Ha on 9 December, 2004 where its offices are situated. However, the land has not been reflected in the fixed assets register or disclosed in the financial statements in the property, plant, and equipment balance.

Further, the County Assembly has several motor vehicles in its possession whose value has not been included in the financial statements. The ownership documents including the logbooks for the vehicles were not provided for audit verification.

In addition, the County Assembly had not updated the fixed assets register as it did not have the required information such as the acquisition costs, opening balances at the start of the year, disposals and the closing balances at the end of the year, with others missing serial numbers, models and makes.

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In the circumstances, the accuracy and ownership of the property, plant and equipment balance of Kshs.119,589,742 could not be confirmed.

Emphasis of Matter

428. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget revenue and actual on comparable basis amounts of Kshs.1,342,828,080 and Kshs.1,168,495,070 respectively resulting to an underfunding of Kshs.174,333,010 or 13% of the budget. Further, the statement reflects that the County Assembly spent an amount of Kshs.1,121,002,500 against the actual receipts of Kshs.1,168,495,070 resulting in an under absorption of Kshs.47,492,570 or 4% of actual receipts.

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

My opinion is not modified in respect of this matter.

Other Matter

429. Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status of issues as at 30 June, 2025 indicated that the seven (7) issues indicated in the table below remained unresolved:

No.	Audit Issues for 2023/2024
1.	Inaccurate pending bills
2.	Unsupported compensation of employees
3.	Budgetary Control and performance
4.	Unsupported expenditure on subscription to professional bodies
5.	Unsupported payments of acting allowance
6.	Noncompliance with affirmative action on gender, ethnicity and regional balance
7.	Inadequate staffing of the internal audit

Other Information

430. There were no material issues relating to Other Information.

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REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

431. Irregular Expenditure on Subscriptions

The statement of financial performance reflects use of goods and services amount of Kshs.705,957,188 which as disclosed in Note 10 to the financial statements includes a balance of Kshs.9,533,467 in respect of membership fees, dues and subscriptions to professional and trade bodies. The expenditure of Kshs.9,533,467 further includes payments of Kshs.750,000 made to the Society of Clerks-At-The Table in Kenya Legislatures (SOCATT) and Kshs.500,000 to County Assembles Sports Associations (CASA) as annual subscription fees. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

432. Officers in Acting Capacity Beyond the Stipulated Time

Review of the human resources records revealed that four (4) County Assembly staff were offered acting appointments for various positions by the County Assembly Service Board (CASB) on 20 February, 2023 for a period of one (1) year. However, the staff have been in acting capacity for the respective positions since February, 2023 despite the lapse of the acting appointment in February, 2024 and that the statutory six (6) months acting appointment having ended in September, 2023. Further, the acting allowances paid to them during the year, amounting to Kshs.1,200,858, were irregularly paid. This was contrary to Section 34 (3) of the Public Service Commission Act ,2007 which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six (6) months.

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

433. Non-Compliance with the One-Third Rule on Basic Salary

Review of payroll records extracted from the Integrated Payroll and Personnel Database for July to November, 2024 revealed that a number of employees had received net salary that was less than a third of their respective basic salaries, and with some employees with earning nil net salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

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434. Non-Compliance with the Persons with Disabilities Act, 2025

Review of human resources records revealed that the during the year the County Assembly had one hundred and twenty-eight (128) employees. However, it was observed that there were no persons living with disabilities or special needs employed by the County Assembly. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities'.

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

435. Non-Compliance with the Law on Staff Ethnic Composition

Review of the human resource records revealed that during the year the County Assembly had one hundred and twenty-eight (128) staff, out of whom seventy (70) or 55% are from the same ethnic community. This was contrary to Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third of its establishment from the same ethnic community.

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

436. Incomplete Construction of Ward Offices

436.1. Mai Mahiu Ward Office

The contract for the construction of ward offices and associated works for Mai Mahiu Ward was awarded to a local contractor at a contract sum of Kshs.6,020,160. The contract comprised of the construction of the Member of County Assembly (MCA's) office and a two (2) door pit latrine. During the year under review, Management made a final payment of Kshs.1,804,338 to the contractor on 28 March, 2025. This was further supported by a certificate of practical completion of the works certified by the project supervisor. The certificate of handing over stated that the project was handed over on 25 February, 2025.

Audit verification of the project and review of the valuation certificate No. 2 revealed that the contractor had been paid a total amount of Kshs.6,018,450 which includes an expenditure of Kshs.431,060 comprising of amounts of Kshs.281,060 for the construction of a pit latrine and Ksh.150,000 contingency amount. However, the audit inspection revealed that the construction of the pit latrine had not been completed and the utilization of the contingency amount was not supported.

436.2. Dundori Ward

The contract for the construction of ward offices and associated works for Dundori Ward was awarded to a local contractor at a contract sum of Kshs.5,934,000. The contract comprised of the construction of the MCA's office and a two (2) door pit latrine. During the year under review, Management made a final payment of Kshs.1,741,800 to the

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Contractor vide payment voucher No.735 dated 28 March, 2025. This was further supported by a certificate of practical completion of the works certified by the project supervisor on 25 February, 2025 and the certificate of handing over stated that the project was handed over on 25 February, 2025.

Review of the valuation certificate No. 2 revealed that the contractor had utilized Kshs.5,934,400 and there was no value of work done at a cost of Kshs.239,720 for construction of pit latrine. It is not clear on why this item was included in the original contract.

In the circumstances, value for money on the projects expenditure of Kshs.670,780 could not be confirmed.

437. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.293,657,869 as disclosed in Note 32 to the financial statements. The balance includes an amount of Kshs.22,199,730 or 8% of the total payables that had been outstanding for more than one (1) year. Management did not provide an explanation for the failure to clear the long outstanding bills. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulation, 2015 which provides that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county Government does not default on debt obligations.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

438. Inadequate Staffing of the Internal Audit Department

Review of the human resources records and the staff establishment of the County Assembly revealed that the Internal Audit Function is understaffed having only two (2) staff namely; the Director Internal Audit and Internal Auditor I against six (6) staff according to the staff establishment. The staffing gap includes, Assistant Director, Principal Internal Auditor and Chief Internal Auditor.

In the circumstances, the effectiveness of the Internal Audit Function in ensuring a conducive internal control, risk management and governance environment, could not be confirmed.

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COUNTY ASSEMBLY OF NAROK – NO.33

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

439. Inaccuracies in Financial Statements

The statement of financial position reflects reserves balances of Kshs.17,913,548 and Kshs.1,383,590 in respect of reserves and accumulated surplus respectively. However, the statement of changes in net assets reflects a reserve balance of Kshs.19,309,110 and an accumulated surplus debit balance of Kshs.11,972, resulting in an unexplained net variance of Kshs.1,395,562 and Kshs.1,325,562 respectively.

In the circumstances, the accuracy and completeness of the revenues and accumulated surplus could not be confirmed.

440. Failure to Disclose Material Uncertainty Related to Sustainability of Services

The statement of financial performance reflects a deficit of Kshs.1,383,590. The statement of financial position reflects current liabilities balance of Kshs.19,307,527 which exceeds the current asset's balance of Kshs.10,389, resulting in a credit working capital of Kshs.19,297,138. The County Assembly is, therefore, technically insolvent and its ability to continue to sustain services is dependent upon support from the County Government and its creditors. Further, this material uncertainty has not been disclosed in the financial statements.

In the circumstances, the material uncertainty casts doubt on the County Assembly's ability to continue as a going concern and to pay debts as and when they fall due.

441. Variances in Payment Amounts in Internet Banking and Integrated Financial Management System

The statement of financial performance reflects total payments amounting to Kshs.933,066,750 which was derived from the Internet Banking (IB) platform. However, review of both IB and IFMIS data for recurrent and development expenditures revealed payments totalling Kshs.61,446,257 that were not captured or recorded in the IFMIS system. Management explained that the amount relates to IFMIS transactions that were processed beyond the normal year-end cut-off date of 30 June, 2025. However, the variance was not reconciled or supported with any verifiable documentation.

In the circumstances, the accuracy and completeness of the total payments amounting to Kshs.933,066,750 could not be confirmed.

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442. Undisclosed Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.347,089,814 as disclosed in Note 26 to the financial statements. Review of records revealed the following unsatisfactory matters;

(i) Valuation of Narok County Assembly Headquarters land amounted to Kshs.135,000,000 which together, with buildings has not been disclosed in the assets register.

(ii) There were functional offices in six (6) Wards, incomplete offices in seven (7) wards and construction not started in seventeen (17) Wards. However, there were no ownership records for the parcels of land and the land has not been included in the assets register.

(iii) The County Assembly owns several vehicles. However, four (4) motor vehicles did not have logbooks and several motors vehicles that were unserviceable were confirmed to be at various garages since the year 2020. It is not clear why Management has not paid for the repairs of the vehicles or boarded them for disposal as required by the law and regulations.

(iv) Management did not undertake a comprehensive verification and condition assessment of all assets. The assets register provided for audit verification was not up-dated and did not conform to the reporting templates issued by The National Treasury.

In the circumstances, the accuracy, completeness, valuation and existence of the property, plant and equipment balance of Kshs.347,089,814 could not be confirmed.

Emphasis of Matter

443. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budgeted receipts and actual amount on a comparable basis of Kshs.1,137,909,078 and Kshs.931,683,159 respectively, resulting in an under-funding of Kshs.206,225,919 or 18 % of the budget. However, the County Assembly spent an amount of Kshs.931,672,771 against actual receipts leading to a difference of Kshs.10,338 in excess of the actual receipts.

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

My opinion is not modified in respect of this matter.

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Other Matter

444. Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly in 2024/2025 revealed that the following sixteen (16) issues remained unresolved as listed at the end of this report.

Other Information

445. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

446. Irregular Payment of Transport Allowance

During the year under review, Management paid transport allowances amounting to Kshs.2,470,000 to Members of the County Assembly (MCAs) and staffs at rates of Kshs.20,000 for MCAs and Kshs.10,000 for staff. However, the allowance was not supported by any approval or circular from the Salaries and Remuneration Commission (SRC). This was contrary to Section 68(1)(b) of the Public Finance Management Act, 2012, which requires that Accounting Officers ensure that all expenditures be lawful and properly authorized.

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

447. Non-Compliance with the Persons with Disabilities Act, 2025

Review of human resources records revealed that the County Assembly had a total of one hundred and twenty-four (124) employees. However, only five (5) staff members, representing 4% of the workforce, were persons with disabilities. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities'.

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

448. Non-Compliance with the Law on Staff Ethnic Composition

Review of the County Assembly's payroll revealed that out of a total of one hundred and twenty-four (124) employees, ninety-eight (98) members (or 79%) were from one ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and

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Integration Act, 2008 which stipulate that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

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

449. Non-Compliance with the One Third Rule on Basic Salary

Review of the permanent and contractual employees' payroll data from the Integrated Personnel and Payroll Database (IPPD) system and the Human Resource Information System (HRIS) revealed non-compliance with statutory regulations governing employee salary deductions. During the period from July, 2024 to April, 2025, a significant number of employees received net salaries that were less than one-third of their basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

450. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.19,307,527 as disclosed in Note 32 to the financial statements. Review of records revealed that the amount includes a balance of Kshs.17,913,548 which relates to trade and other payables balance brought forward from financial year 2023/2024 and earlier years. However, Management has not provided any evidence to support the County Assembly's efforts to settle these long outstanding bills. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015. Management risk penalties and interests on long outstanding payables leading to escalation of cost.

In the circumstances, value for money on use of public resources may not be achieved.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

451. Irregular Maintenance of Manual Payroll

Review of human resource records revealed that the County Assembly operated two (2) parallel payroll systems, a manual payroll system and the Integrated Payroll and Personnel Database (IPPD). However, gross salary payments totalling Kshs.5,297,719 was made to employees through the manual payroll system. This was contrary to Section 6.3 of the County Financial Accounting and Reporting Manual, which requires that the salaries, allowances and/or arrears of County Government employees are to be processed on Integrated Personal Payroll Data (IPPD) or Human Resource Information System Kenya (HRIS).

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In the circumstances, existence of effective payroll management system could not be confirmed.

452. Weaknesses in Management of Temporary Imprests

Review of records revealed that imprests issued to staff and MCAs between April and July, 2024 amounting to Kshs.109,045,140 were not recorded in the imprest register and this made it impossible to confirm if the imprest was duly surrendered. This was contrary to Regulation 93(4)(c) of the Public Finance Management (County Governments) Regulations, 2015 which provides that before issuing temporary imprests the Accounting Officer shall ensure that the applicant's imprest has been recorded in the imprest register, including the amount applied for.

In the circumstances, the existence of an effective system of internal controls in relation to management of imprests could not be confirmed.

453. Lack of an Approved Strategic Plan

During the year under review, the County Assembly operated without an approved Strategic Plan to guide its operations, programs, and resource allocation. Strategic Plan is a critical tool for aligning institutional objectives with available resources and for ensuring long-term planning, performance monitoring, and accountability.

In the circumstances, the County Assembly's direction, institutional governance and decision-making framework could not be confirmed.

List of Unresolved Prior Year Matters

S/No.	Audit Issues for 2023/2024
1.	Variances Between Financial Statements and Bank Statement Transactions
2.	Misclassification of Expenses
3.	Payment in Internet Banking not in IFMIS
4.	Voided Transactions-Payments
5.	Irregular Maintenance of Manual Payroll
6.	Legal Fess
7.	Pending Accounts Payables
8.	Budgetary Performance and Control
9.	Non-Compliance with Number of Members
10.	Irregular Payments of Transport Allowance
11.	Regularity of Procurement and Award of Contract
12.	Noncompliance with One Third Rule on Basic Salary Rule
13.	Noncompliance with the Law on Settlement of Accounts Payables
14.	Non-Remittance of Statutory Deductions
15.	Noncompliance with Law on Non-Current Assets
16.	Ward Expenses

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COUNTY ASSEMBLY OF KAJIADO – NO.34

REPORT ON THE FINANCIAL STATEMENTS

Unmodified Opinion

454. There were no material issues noted during the audit of the financial statements.

Emphasis of Matter

455. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparable basis of Kshs.1,038,439,476 and Kshs.849,788,236, respectively resulting to underfunding of Kshs.188,651,240 or approximately 18% of the approved budget. However, Management spent an amount of Kshs.849,752,821 out of the actual receipts amounting to Kshs.849,788,236 amounting to a difference of Kshs.135,416 only of the actual receipts.

The underfunding affected the implementation of planned activities and programmes and may have negatively impacted on effective service delivery to the public.

456. Long - Outstanding Trade Payables

The statement of financial position and as disclosed in Note 31 to the financial statements reflect trade and other payables balance of Kshs.246,913,494. However, trade payables totalling Kshs.15,820,370 have remained unsettled for more than a year. Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects budgetary provisions for the subsequent years as they form a first charge.

My opinion is not modified in respect of these matters.

Other Information

457. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

458. Irregular Payment of Subscriptions

Review of records revealed that an amount of Kshs.500,000 was paid to the Society of Clerks at the Table (SOCATT) while an amount of Kshs.1,500,000 was paid to the County Assemblies Forum as annual subscription fees. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

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459. Non-Compliance with One-Third Rule on Basic Salary

Review of payroll records for the year and supporting ledger revealed that thirty (30) employees received net salary that was less than one third of their basic salary thereby overcommitting their salaries beyond two thirds. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

460. Non-Compliance with the Law on Staff Ethnic Composition

As previously reported, review of human resource records revealed that the County Assembly had two hundred and sixty-two (262) employees out of whom one hundred and four (104) or approximately 40% were from the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

461. Non-Compliance with the Persons with Disabilities Act, 2025

As previously reported, review of human resource records revealed that out of a staff population of two hundred and sixty-two (262), the County Assembly has six (6) employees with disabilities which represent approximately 2% of the workforce. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities'.

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

462. Stalled Works on Kajiado County Assembly Chambers

Management entered into a contract with a local firm for construction of the County Assembly Chambers at a contract sum of Kshs.577,973,400. The contract was signed on 27 March, 2017 with a contract period of five (5) years commencing on 27 March, 2017 to 26 March, 2022. Review of the project file and physical verification in month of September, 2025 revealed that the project stalled nine (9) months to the completion date, in July, 2021 at approximately 34% completion level. The contractor had been paid a total of Kshs.191,643,286 as per interim certificate No.6 of 16 May, 2020.

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Further, Management wrote a demand letter dated 11 March, 2022 to the Guarantor of the performance bond two (2) days before its expiry to pay the County Assembly an amount of Kshs.20,000,000 since the contractor had defaulted on the contract but the Guarantor had not paid the amount yet the performance bond was to expire on 13 March, 2022. Management did not provide evidence to confirm the measures put in place to recover the performance bond from the Guarantor.

In the circumstances, the value for money from the amount spent on the project totalling Kshs.191,643,286 could not be confirmed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

463. Salaries Paid Outside the Integrated Personnel and Payroll Database

As previously reported, the statement of financial performance reflects a balance of Kshs.332,642,995 in respect of employees' costs as disclosed in Note 8 to the financial statements. Included in the expenditure is an amount of Kshs.277,110,427 being basic salaries, wages, personal allowances paid as part of salary. However, review of the master payroll for the twelve (12) months revealed that a total of Kshs.268,340,052 was paid through the payroll resulting to a variance of Kshs.8,770,375 which was paid outside the Integrated Payroll and Personnel Database (IPPD).

In the circumstances, the effectiveness of internal controls on processing of wages through manual payroll could not be confirmed.

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REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

464. Failure to Comply with Financial Reporting Requirements

Note 2 to financial statements on Statement of Compliance and Basis of Preparation of the financial statements indicates that the County Assembly has taken advantage of the transitional provisions under IPSAS 33. However, Management has not indicated the elements of the financial statements that have not been recognized and the steps being taken towards full compliance with IPSAS Accrual.

In the circumstances, the presentation and disclosure of the financial statements could not be confirmed.

465. Unreconciled Social Benefit Balance

The statement of financial performance and Note 15 to the financial statements reflect social benefits amount of Kshs.42,244,078. However, the supporting schedules provided amounted to Kshs.29,180,817 resulting into a variance of Kshs.13,063,261 which has not been reconciled or explained.

In the circumstances, the accuracy and completeness of the social security benefits amount of Kshs.42,244,078 could not be confirmed.

466. Payment of Retention Before Project Completion

The statement of financial position and Note 33 to the financial statements reflect refundable deposits and prepayments balance of Kshs.1,270,000. However, re-computation of retention amount for the contracts revealed total retention of Kshs.6,315,705, being 10% retention for the contracts amount paid of Kshs.63,157,049. The retention balance is understated by Kshs.5,045,705 and the amount was irregularly refunded.

In the circumstances, accuracy of refundable deposits and prepayments balance could not be confirmed.

Other Matter

467. Unresolved Prior Year Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of 2024/2025 revealed that the following six (6) issues remained unresolved:

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No.	Audit Issues for 2023/2024
1.	Budgetary Control and Performance
2.	Unresolved Prior year Matters
3.	Non-Compliance with Law on Ethnic Diversity
4.	Failure to Procure Using e-Procurement
5.	Irregular Procurement of Legal Services
6.	Stalled Construction of the Speaker's Residence

Other Information

468. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

469. Non-Compliance with the Fiscal Responsibility Principle

The statement of financial performance and Note 6 to the financial statements reflect transfers to the County Assembly from the County Revenue Fund of Kshs.933,153,761 or 11% of the total revenue of Kshs.8,540,380,655 collected by the County Government. The expenditure exceeds 7% of total revenue of Kshs.8,540,380,655 which is Kshs.597,826,645 or twice the personnel emoluments of Kshs.839,287,354. This was contrary to Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that the approved expenditure of a County Assembly shall not exceed seven percent of the total county revenue or twice the personnel emoluments, whichever is lower.

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

470. Non-Compliance with a Third Rule on the Basic Salary

Review of payroll records for the month of June, 2025 revealed that sixty-six (66) County Assembly employees earned below a third of their basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

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471. Non-Compliance with the Law on Staff Ethnic Composition

Review of the payroll records for the month of June, 2025 revealed that two hundred and twelve (212) or ninety-four 94% of the two hundred and twenty-six (226) employees in the County Assembly were from the local dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

472. Payment of Salaries Outside the Integrated Personnel and Payroll Data

Review of the payroll records revealed that Management processed and paid salaries outside the Integrated Personnel and Payroll Data (IPPD) and Unified Human Resource (UHR) Payroll Systems. The salaries were calculated using Microsoft Excel contrary to the requirements of Clause 6.3 of the County Financial Accounting and Reporting Manual which states that ‘’the salaries, allowances and/or arrears of county government staff are processed on the Integrated Personnel and Payroll Database at every month end.

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

473. Non-Compliance with the Persons with Disabilities Act, 2025

Review of the payroll and personnel records revealed that the County Assembly had two hundred and eighty-six (286) employees both permanent and contractual out of whom only three (3) were persons with disabilities. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that ‘every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities’.

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

474. Irregular Payment for Terminated Contract

Management awarded a contract for the construction of County Assembly Chambers and Office Block on 16 February, 2024 to a firm at a contract sum of Kshs.498,908,309. The contract period was one hundred and fifty-six (156) weeks, commencing 11 March, 2024 and ending on 8 March, 2027. However, four (4) months after officially taking over the site, the contractor had undertaken minimal activities on the ground and consequently was issued with a first warning letter on 3 July, 2024 for minimal performance, failure to submit to the Project Manager a revised works program and lack of any contractual reason for failure to execute the works.

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Further, following the site meeting held on 6 January, 2025 between the Contractor, County Assembly Service Board and Project Implementation Committee, a mutual agreement was reached to terminate the contract due to minimal works done for a period of more than one year.

The contract was eventually terminated and an amount of Kshs.15,861,468, being interim Payment, Certificate No.1 was paid as per the statements and measurements. Management failed to carry out due diligence on the capacity of the contractor leading to payment of Kshs.15,861,469. The contractor was in breach of the contract for non-performance and Management should have recovered the performance bond amounts.

In the circumstances, the value for money for the expenditure amounting to Kshs.15,861,469 paid to the contractor could not be confirmed.

475. Irregular Payment for Speaker's Residence

Management entered into a contract with a firm for the construction of the Speaker's residence at contract sum of Kshs.34,595,580. The Project commencement date was 2 August, 2019 and completion date of 28 January, 2020. However, review of the contract documents revealed that additional works valued at Kshs.44,059,832 or 127.3% of the contract price, were added occasioning the contract cost to escalate from the original cost of Kshs.34,595,580 to Kshs.78,655,412 without prior approval or tendering of the additional work. This was contrary to Section 139(4)(e) of the Public Procurement and Asset Disposal Act, 2015. It was also noted that the project completion dates were extended four (4) times from 28 January, 2020 to 12 March, 2021, then to 30 July, 2021, then 22 December, 2022, then 23 March, 2023 and finally to 6 June, 2023.

Review of certificate of practical completion issued on 16 June, 2023 by County Chief architect and County Chief Quantity Surveyor indicated that one third of the project was complete, fully paid as per the contract sum and ready for handover. However, physical verification undertaken in the month of June, 2025 revealed that the project had not been completed with internal and external finishes, plumbing, tiling, electrical works, interior fittings and painting still not done. The estimated cost of the work still not done was Kshs.17,995,540 as per the Project Implementation Status Report.

In the circumstances, the value for money on the expenditure on completion of Speaker's residence could not be confirmed.

476. Delayed Completion of Speaker's Perimeter Wall

Management awarded a contract for the construction of a perimeter wall, parking, driveways, landscaping and septic tank to a firm at a contract sum of Kshs.19,260,000. The contract period was for three (3) months commencing on 24 April, 2024 and ending on 4 August, 2024. The commencement date was later revised to 4 August, 2024 and completion date revised to 1 January, 2025. The contractor has been paid a total of Kshs.12,700,000 or 66% of the contract sum, through Interim Certificates number 1 and 2. However, a site visit on 4 June, 2025 revealed that the contracted works were not complete and the contractor was not on site. The contract period had lapsed with no

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official extension of the period. Management had not claimed the performance bond as a result of the non-performance.

In the circumstances, the value for money on the expenditure of Kshs.12,700,000 for the contract could not be confirmed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

477. There were no material issues raised on internal controls, risk management and governance.

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COUNTY ASSEMBLY **OF** BOMET – NO.36

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

478. Statement of Financial Position

478.1. Inaccuracies in Assets and Liabilities

The statement of financial position reflects total assets and total liabilities opening balances of Kshs.80,615,345 and Kshs.93,299,323, respectively. However, the transition to accrual Project Co-ordination Committee Report and listing of the assets and liabilities were not provided for audit.

478.2. Inaccuracies in Property, Plant and Equipment

The statement of financial position and as disclosed in Note 26 to the financial statements reflects property, plant and equipment balance of Kshs.254,557,860. The amount includes opening balance of Kshs.82,443,124. However, the opening balance differs with the corresponding balance of Kshs.74,198,812 reflected in the audited statement of financial position resulting in unexplained variance of Kshs.8,244,312.

Further, the balance includes additions of assets during the year amounting to Kshs.201,231,142. However, the amount differs with the purchase of property, plant and equipment amounting to Kshs.230,274,832 reflected in the statement of cash flows, resulting in an unexplained variance of Kshs.29,043,690. Documentary evidence in support of purchase of property, plant and equipment was also not provided for audit review.

In addition, the amount is net of accumulated depreciation amounting to Kshs.29,116,406. However, the accumulated depreciation includes depreciation and impairment amounting to Kshs.8,244,312 which was not supported or explained.

478.3. Inaccuracies in Refundable Deposits and Prepayments

The statement of financial position and as disclosed in Note 33 to the financial statements reflects refundable deposits and prepayments totalling Kshs.8,885,560. The amount includes debit prepayments totalling Kshs.8,566,552 which ought to have been disclosed as a receivable.

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

479. Use of Goods and Services Expenditure

The statement of financial performance and Note 10 to the financial statements reflect use of goods and services expenditure amounting to Kshs.318,209,276. Review of records revealed the following observations;

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479.1. Inaccuracies in Domestic Travel and Subsistence

The expenditure includes domestic travel and subsistence expenses amounting to Kshs.102,069,000. However, the domestic travel expense as per the IFMIS ledger totalled Kshs.100,149,422, resulting in an unexplained variance of Kshs.1,919,578.

Further, IFMIS payments under domestic travel revealed that allowances totalling Kshs.71,263,608 were transmitted to various commercial banks accounts.

479.2. Inaccuracies in Foreign Travel and Subsistence

The expenditure includes foreign travel expenses amounting to Kshs.29,000,000. However, the total foreign travel expenditure differs with the IFMIS ledger payments totalling Kshs.28,039,932, resulting in an unexplained variance of Kshs.960,068.

Further, the IFMIS payments under foreign travel revealed that allowances totalling Kshs.10,332,817 were transmitted to various commercial banks without beneficiaries' details.

In addition, the County Assembly incurred travel costs on various international trips amounting to Kshs.18,775,023 with total airline costs amounting to Kshs.9,232,967. However, evidence on whether the travels were necessary, cost-effective and that there were no local service providers for the services were not provided. Documentation such as invitation letters, approved travel itineraries, post-travel reports, and evidence of knowledge sharing with the County Assembly members and staff were not provided for audit verification.

479.3. Unsupported Routine Maintenance – Vehicle and Other Transport Equipment

The expenditure includes routine maintenance on vehicles and other transport equipment amounting to Kshs.3,500,000 which includes an amount of Kshs.1,816,293 incurred on maintenance of motor vehicles. However, the expenditure was not supported by mechanical inspection reports to confirm the works done on the motor vehicles.

479.4. Undisclosed Expenditure

Review of the IFMIS payment details showed expenditure totalling Kshs.17,739,512 classified as accommodation allowance paid to various institutions, hotels, training organizations, and individual officers.

Further, expenditure totalling Kshs.4,544,241 classified under catering services was paid to various suppliers, suspense accounts, and individual officers. However, the expenditures were not reflected in the statement of financial performance.

In the circumstances, the accuracy and completeness of use of goods and services amounting to Kshs.318,209,276 could not be confirmed.

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Other Matter

480. Unresolved Prior Year Audit Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of 2024/2025 revealed that the following nine (9) issues remained unresolved:

No.	Audit Issues for 2023/2024
1.	Late Exchequer Releases
2.	Budgetary Control and Performance
3.	Salaries Paid Outside Integrated Personnel and Payroll Database (IPPD)
4.	Non-Compliance with the One-Third Basic Salary Rule
5.	Irregular Payment of Subscriptions
6.	Delayed Construction of County Assembly Chambers
7.	Delayed Construction of the Speaker's Residence
8.	Delayed Construction of Perimeter Wall and Gate House at the Main County Assembly
9.	Installation of Hansard Production and Audio-Visual System

Other Information

481. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

482. Non-Compliance with the Law on Staff Ethnic Composition

Review of personnel records revealed that the County Assembly had a total of eighty-nine (89) employees out of whom eighty-eight (88) or 99 % of the employees were members of one ethnic community dominant in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

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483. Non-Compliance with One-Third Rule on Basic Salary

Review of payroll revealed that seventy-six (76) employees earned net salaries that were less than one-third of their basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

484. Non-Compliance with the Law on One-Third Rule on Gender

Review of personnel records revealed that the County Assembly had ninety (90) employees out of whom twenty-eight (28) or thirty-one (31%) were female and sixty- two (62) or sixty-nine percent (69%) were male. This was contrary to Part B.26 (2) of the County Public Service Human Resource Manual May, 2013 which states that the County Government shall endeavor to have a non-discrimination in the County Public Service by ensuring that not more than two-thirds (2/3) of vacant posts are filled by either gender in the County Public Service.

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

485. Delayed Completion of Perimeter Wall and Gate House

As previously reported, the County Assembly entered into a contract with a local contractor for the construction of the perimeter wall and a gatehouse at the County Assembly at a contract sum of Kshs.26,615,540. The contract period was for a period of thirty-two (32) weeks with an estimated initial completion date of 20 February, 2024. However, as at 8 September, 2025, the construction had not been completed despite the completion period having elapsed. Records provided for audit revealed that the project was at 75% completion with a total of Kshs.14,887,020 having been certified for payment.

In the circumstances, value for money on the expenditure amounting to Kshs.14,887,020 incurred on the project could not be confirmed.

486. Delayed Construction of the County Assembly Main Chambers

As previously reported, review of contract records revealed that a local contractor was awarded the tender for the construction of the main chambers at a contract sum of Kshs.473,477,177 for a period of one hundred and sixty (160) weeks commencing 19 March, 2020 and expected completion date of 14 April, 2023. Payments totalling Kshs.380,386,366 or eighty percent (80%) of the contract sum had been paid as at 30 June, 2025. However, physical inspection carried out in the month of September, 2025, revealed that installation and commissioning of lifts had not been completed and the project was not in use.

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In the circumstances, value for money on the expenditure amounting to Kshs.380,386,366 incurred on the construction of the main chambers could not be confirmed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

487. Weaknesses in the Internal Audit Function

Review of records revealed that the County Assembly had established a Directorate of Audit, Risk and Compliance and an Audit Committee. However, the Internal Audit Directorate had only two (2) staff members against six (6) staff members in the approved staff establishment.

Further, there was no approved Internal Audit Workplan, Quarterly and Annual Internal Audit Reports. This was contrary to Regulation 166 of the Public Finance Management (County Governments) Regulations, 2015 which requires each head of internal audit Unit to prepare a quarterly internal audit report which shall cover areas provided for in guidelines and shall be in a format issued by the Cabinet Secretary.

In the circumstances, the existence of an effective internal control and governance mechanism could not be confirmed.

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COUNTY ASSEMBLY OF KAKAMEGA – NO.37

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

488. Unsupported Balance in the Statement of Changes in Net Assets

The statement of changes in net assets reflects a net assets balance of Kshs.417,260,627 as at 30 June, 2025. However, the statement includes other balance of Kshs.123,749,955 which was not supported and explained.

In the circumstances, the accuracy and completeness of net assets balance of Kshs.417,260,627 could not be confirmed.

489. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.685,388,204 as disclosed in Note 16 to the financial statements. However, supporting ledgers did not include Local Purchase/Service Orders (LP/SOs) numbers, invoices, delivery notes and fee notes for legal expenses.

Further, payables due to a contractor balance of Kshs.45,868,169 had been long outstanding since the year 2015. However, the amount was supported by a services fee note of Kshs.44,945,310 resulting in an unreconciled variance of Kshs.922,859.

In addition, the County Assemblies Forum was owed a balance of Kshs.15,966,000 However, no fee notes from the County Assemblies Forum were provided .

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.685,388,204 could not be confirmed.

490. Inaccuracies in Transfers from County Revenue Fund

The statement of financial performance reflects transfers from the County Revenue Fund (CRF) amounting to Kshs.1,441,482,620 and as disclosed in Note 6 to the financial statements. However, the CRF financial statements reflected a transfer to the County Assembly amounting to Kshs.1,345,075,910 resulting in an unexplained and unreconciled variance of Kshs.96,406,710.

In the circumstances, the accuracy and completeness of transfers from the CRF amounting to Kshs.1,441,482,620 could not be confirmed.

Emphasis of Matter

491. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.1,500,110,359 and

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Kshs.1,263,782,976, respectively, resulting in an under-funding of Kshs.236,327,383 or 16% of the budget. However, the County Assembly spent an amount of Kshs.1,191,152,384 against actual receipts of Kshs.1,263,782,976 resulting to an under-utilization of Kshs.72,630,592 or 5% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Other Matter

492. Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly in 2024/2025 revealed that the following seventeen (17) issues remained unresolved as listed at the end of this report.

Other Information

493. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

494. Irregular Payments of Subscriptions

The statement of financial performance reflects use of goods and services expenditure amounting to Kshs.2,946,896 which, as disclosed in Note 9 to the financial statements includes other operating expenses balance of Kshs.144,804,906 out of which an amount of Kshs.981,379 was made to Society of Clerks at the Table (SOCATT) and an amount of Kshs.1,965,517 to the County Assemblies Forum (CAF) as annual subscription fees). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which provides that operational expenses in respect of the structures and institutions established in this Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of law.

495. Non-Compliance with the Data Protection Act, 2019

Review of records revealed that the County Assembly did not have a Data Protection Officer (DPO), Data Retention and Disposal Schedule, there were weaknesses in Cross-Border Data Transfer Controls, lacked provisions for Data Protection Impact

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Assessments (DPIA), and lack of Breach Notification Mechanism. This was contrary to Section 3 of the Data Protection Act, 2019 which states that 'The object and purpose of this Act is (a) to regulate the processing of personal data; (b) to ensure that the processing of personal data of a data subject is guided by the principles set out in Section 25; (c) to protect the privacy of individuals; (d) to establish the legal and institutional mechanism to protect personal data; and (e) to provide data subjects with rights and remedies to protect their personal data from processing that is not in accordance with this Act.'

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

496. Irregular Procurement of Rental Offices

During the year under review, the County Assembly incurred an expenditure amounting to Kshs.3,618,807 on payment of rent for Members of County Assembly (MCAs) Ward Offices. However, the County Assembly did not have a rent policy which sets out the criteria, and procedures for identifying the rental offices, the building specifications and notification for rental services.

Further, evidence on the number of quotations issued and returned for each Ward Office was not provided, and all the quotations did not indicate the names, designations and signatures of officers involved in the exercise.

In addition, evaluation minutes, signed tenancy agreements, letters of notifications of award, acceptance letters and invoices were not provided for audit review. There was no record showing payments and outstanding debts schedules.

Physical inspection of Ward Offices in the month of June, 2025 revealed that Marama Central Ward Office was at the Butere Assistant County Commissioner's Office while Butsotso South Ward Office was at Bukura Market owned by the County Government of Kakamega. Therefore, payment of rent based on tenancy agreements of October, 2022 was irregular.

This was contrary to Section 149(1)(a) and (b) of the Public Finance Management Act, 2012 which provides that an Accounting Officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized, effective, efficient, economical and transparent.

In the circumstances, the regularity of the expenditure amounting to Kshs.3,618,807 could not be confirmed.

497. Non-Compliance with the Law on Fiscal Responsibility Principles on Wage

The statement of financial performance reflects total revenue amounting to Kshs.1,445,932,870 out of which, an amount of Kshs.723,905,975 or 50% was spent on employee costs. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

498. Non-Compliance with the Law on Staff Ethnic Composition

Review of personnel records indicated that the County Assembly had a total of four hundred and fifty-four (454) staff, out of whom four hundred and fifty (450) or 99% of the staff members were from the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

In the circumstances, Management was in breach of law.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

499. Lack of Key Policy Documents

During the year under review, the County Assembly operated without a Strategic Plan, Risk Management Policy, Business Continuity Plan and a Risk Register for the County Assembly.

In the circumstances, the effectiveness of the County Assembly's internal controls and risk management could not be confirmed.

500. Weaknesses in the Internal Audit Department

Review of records during the audit revealed that, the Internal Audit Department had only one (1) staff member, contrary to the staff establishment which provides for more staff. In addition, the approved Annual Audit Workplan for the financial year 2024/2025 showed eight (8) planned audits but were not carried out.

In the circumstances, the effectiveness of the Internal Audit Unit could not be confirmed.

501. Failure to Maintain an Updated Fixed Assets Register

During the year under review, the County Assembly lacked an updated fixed assets register prepared in the format prescribed with minimum requirements of identification number or serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation, net book value and identification codes with which assets were tagged. This would ensure proper control of assets.

In the circumstances, existence of an effective mechanism to safeguard the assets could not be confirmed.

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List of Unresolved Prior Year Audit Matters

No.	Audit Issues for 2023/2024
1.	Unconfirmed Transfers from County Revenue Fund (CRF)
2.	Inaccuracy in the Statement of Cash Flows
3.	Unconfirmed Training Expenses
4.	Unconfirmed Cash and Cash Equivalents Balance
5.	Incomplete Budget Execution by Programmes and Sub-Programmes Statement
6.	Unconfirmed Pending Staff Payables
7.	Unsupported Standing Imprests
8.	Unsupported Legal Fees
9.	Budgetary Control and Performance
10.	Regularity of Human Resources Management Practices
11.	Violation of One-Third Basic Salary Rule
12.	Noncompliance with Law on Ethnic Composition of Staff
13.	Unsupported Employment of Ward Staff
14.	Irregular Subscriptions Fees to County Assemblies Forum (CAF)
15.	Unaccounted for Bank Loan
16.	Unaccounted for Stores
17.	Weaknesses in Internal Controls

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COUNTY ASSEMBLY OF VIHIGA – NO.38

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

502. Non-Compliance with Transitional International Public Sector Accounting Standards Reporting Requirements

Review of Note 2 to Financial Statements on Statement of Compliance and Basis of Preparation of the financial statements, reveals that County Assembly had taken advantage of the transitional provisions under International Public Sector Accounting Standards (IPSAS) 33. However, Management did not indicate the elements of the financial statements that have not been recognized and the steps being taken towards full compliance with IPSAS Accrual.

In the circumstances, the presentation and disclosure of financial statements under transitional IPSAS Accrual Basis framework could not be confirmed.

503. Unreconciled Employees Costs

The statement of financial performance reflects employees' costs amounting to Kshs.351,702,189 as disclosed in Note 7 to the financial statements. Included in this expenditure is an amount of Kshs.301,591,354 for basic salaries and wages for permanent and temporary employees and personal allowances. However, the payroll reflected employees' costs of Kshs.303,090,842, resulting in an unexplained variance of Kshs.48,611,347.

In the circumstances, the accuracy and completeness of employees' costs of Kshs.351,702,189 could not be confirmed.

504. Unsupported Use of Goods and Services

The statement of financial performance reflects an amount of Kshs.326,104,661 in respect of use of goods and services as disclosed in Note 8 to the financial statements. However, ledgers provided for audit reflected an amount of Kshs.326,203,207, resulting in an unreconciled variance of Kshs.98,546.

Further, domestic travel and subsistence allowances of Kshs.2,100,220 were not supported with imprest warrants and imprest register. Foreign travel and subsistence amounting to Kshs.3,676,051 spent on foreign training in Uganda and Tanzania were not supported by Training Needs Assessment, training fee payments, justification that the trainings were not locally available and approval by the Human Resource Advisory Committee.

In the circumstances, the accuracy and completeness of Kshs.5,874,817 in respect of use of goods and services could not be confirmed.

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505. Unsupported Inventories

The statement of financial position and as disclosed in Note 14 to the financial statements reflects inventories balance of Kshs.4,665,730. However, documents such as inventory stock take reports, bin cards and ledger balances, stock out reports, obsolete items, slow moving items, expired items and disposal reports were not provided to support the balance.

In the circumstances, the accuracy and completeness of the inventory balance of Kshs.4,665,730 could not be confirmed.

Other Matter

506. Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly in 2024/2025 revealed that the following thirty-two (32) issues remained unresolved as listed at the end of this report.

Other Information

507. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

508. Non-Compliance with the Law on Fiscal Responsibility Principles on Wages

The statement of financial performance reflects an amount of Kshs.351,702,189 in respect of employees' costs as disclosed in Note 7 to the financial statements which accounts for 50% of the total revenue transfers from the County Revenue Fund amounting to Kshs.699,349,264. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

509. Non-Compliance with Law on Staff Ethnic Composition

Review of personnel records indicated that the County Assembly had a total of two hundred and thirty-six (236) staff members, out of whom two hundred and twenty-six (226) or 96% of the staff members were from the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

510. Non-Compliance with the Persons with Disabilities Act, 2025

Review of personnel records revealed that there was a total of two hundred and thirty-six (236) employees out of whom only three (3) were persons with disabilities. This represented 1% of the total staff members. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities'.

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

511. Compliance with Public Procurement Capacity Building Levy Order, 2023

Review of records revealed that Management did not remit the requisite 0.03% Capacity Building Levy to the Public Procurement Regulatory Authority (PPRA) for all contracts entered during the year under review. This was contrary to Paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of point zero three per cent (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

512. Irregular Payment of Special House Allowance

The statement of financial performance reflects an amount of Kshs.351,702,189 in respect of employees' costs as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.128,663,222 paid as personal allowances. However, review of the payroll revealed that the County Assembly paid sixty-nine (69) employees both rental house allowance and special house allowance against the parameters allowed by the Salaries and Remuneration Commission (SRC).

This was contrary to the Salaries and Remuneration Commission (SRC) Circular No. SRC/TS/29 (82) dated 10 August, 2023 on the remuneration and benefits for public officers in the County Assembly for the third remuneration review cycle 2021/2022-2024/2025 which provides that a house allowance is to be paid within the parameters indicated and any other remunerative items should be provided based on existing government circulars and guidelines and as reviewed and advised by SRC from time to time.

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

513. Irregular Use of Imprest on Procurement of Goods and Services

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects use of goods and services amount of Kshs.326,104,661, out of which an amount of Kshs.17,083,740 relates to hospitality, supplies and services. Review of

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records revealed that Management contracted a service provider to supply tea and snacks for the one hundred and fifty (150) staff at a contract sum of Kshs.3,600,000. However, payments for the services were made through imprests issued to two (2) members of staff instead of being paid directly to the service provider. This was contrary to Regulation 93(3) of the Public Finance Management (County Governments) Regulations, 2015 which provides that temporary imprests shall be issued mainly in respect of official journeys and are intended to provide officers with funds with which can meet travelling, accommodation and incidental expenses.

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

514. Irregular Payments of Subscriptions

Review of records revealed that Management paid an amount of Kshs.5,000,000 and Kshs.750,000 paid to the County Assembly Forum and the Society of Clerks, respectively. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

515. Weaknesses in Internal Audit Function and Audit Committee

Review of the 2024/2025 Internal Audit records revealed that the Internal Audit Function planned for twenty-six (26) audit areas. However, the audit covered only three (3) audit areas which included; transport, legal department and ward operations. This was attributed to the Management's failures to provide necessary records to the internal audit team.
Further, the Internal Audit Department had two (2) officers against the authorized staff establishment of four (4) officers. In addition, review of the Audit Committee File and Reports indicated that the Committee only met once during the year.

In the circumstances, the effectiveness of the County Assembly's internal control systems and governance could not be confirmed.

List Unresolved Prior Year Matters

No.	Audit Issues for 2023/2024
1.	Unsupported Domestic Travel and Subsistence
2.	Unsupported Payment of Sitting and Mileage Allowances
3.	Unexplained Voided IFMIS Transactions
4.	Unsupported Cash Transactions
5.	Unsupported Contingent Liabilities

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No.	Audit Issues for 2023/2024
6.	Failure to take Charge of Procured Heavy-Duty Land Cruiser Convertible Motor Vehicle
7.	Budgetary Control and Performance
8.	Irregular Funding of County Assemblies' Forum and Society of Clerks on the Table
9.	Salaries Paid outside Integrated Personnel and Payroll Database (IPPD)
10.	Undefined Allowances in the Integrated Payroll and Personnel Database System
11.	Irregular Payment of House Allowance to the Speaker of the County Assembly
12.	Unspecified Study Leave Period
13.	Non-Compliance with Ward Partisan Staffing Levels
14.	Non-Compliance with Law on Ethnic Composition
15.	Non-Compliance with the One Third rule on basic Salary Rule
16.	Lack of an Approved Human Resources Establishment
17.	Late Remittance of Statutory Deductions
18.	Outstanding Imprests
19.	Irregular Payment of Retreat Allowance
20.	Irregular Use of Imprest on Procurement of Goods and Services
21.	Incomplete Imprest Warrants and Registers
22.	Irregularities in the Construction of the Speaker's Residence
23.	Delays in Completion of Boundary Wall, Landscaping and Paving at Speaker's Residence
24.	Irregularities in the Drilling of Borehole at the County Assembly and the Speaker's Residence
25.	Limited Value for Money in Procurement of Local Area Network (LAN) and Internet Connection
26.	Irregularities In Supply, Delivery and Fitting of Interior Design and Decorating of the Speaker's House
27.	Incomplete Procurement Plan
28.	Unsupported Pending Legal Case
29.	Irregular Legal Expenses
30.	Long Outstanding Tax Arrears
31.	Ineffective Internal Audit Function and Committee
32.	Lack of a Risk Register

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COUNTY ASSEMBLY **OF** BUNGOMA – NO.39

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

516. Inaccuracies in Capital Fund Balance

The statement of financial position reflects capital fund balance of Kshs.34,048,370 as at 30 June, 2025. However, the statement of changes in net assets reflects Nil capital fund balance, resulting in an unexplained variance of Kshs.34,048,370.

In the circumstances, the accuracy and completeness of capital fund balance of Kshs.34,048,370 could not be confirmed.

517. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects net cash flows from operating activities amounting to Kshs.145,510,754 as disclosed in Note 40 to the financial statements. However, Note 40 to the financial statements on cash generated from operations reflects decrease in payables balance of Kshs.20,142,953 instead of re-calculated decrease balance of Kshs.20,375,438, resulting in an unexplained variance of Kshs.232,485.

Further, the statement reflects purchase of property, plant and equipment balance of Kshs.145,494,209, while Note 26 to the financial statements on property, plant and equipment reflects additions of property, plant and equipment amount of Kshs.145,251,723 resulting in an unexplained variance of Kshs.242,486.

In the circumstances, the accuracy and completeness of balances reflected in the statement of cash flows could not be confirmed.

Emphasis of Matter

518. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects on comparable basis budgeted receipts amount of Kshs.1,359,030,420 and actual receipts amount of Kshs.1,233,030,611 resulting in an under-funding of Kshs125,999,809 or 9% of the budget. Further, the statement reflects budgeted development expenditure of Kshs.246,455,224 against actual expenditure of Kshs.127,757,445 resulting in an under-expenditure of Kshs.118,697,779 or 48% of the budget.

The under-expenditure may have affected the implementation of planned activities and impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Other Matter

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519. Unresolved Prior Year Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of 2024/2025 revealed that the following six (6) issues remained unresolved:

No.	Audit Issues for 2023/2024
1.	Budgetary Control and Performance
2.	Non-Compliance with law on Staff Ethnic Diversity
3.	Failure to Implement the Recommendations of Oversight Bodies
4.	Irregular Subscription Fees
5.	Failure to Remit Collected Taxes
6.	Borrowing from Other County Assembly Entities

Other Information

520. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

521. Irregular Payment of Subscriptions

Review of records revealed that Management paid an amount of Kshs.5,000,000 to the County Assembly Forum (CAF) as subscription fees. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

522. Long Outstanding Payables

The statement of financial position and Note 32 to the financial statements reflect a balance of Kshs.16,282,957 in respect of trade and other payables. However, the ageing analysis showed that payables amounting to Kshs.10,212,668 have been outstanding for between one (1) and two (2) years. Management did not provide evidence of efforts made to settle the long outstanding payables. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which states debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

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

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523. Non-Compliance with the Law on Staff Ethnic Composition

Review of staff records for the month of June, 2025 revealed that the County Assembly had a total of one hundred and forty-four (144) employees. However, all the five (5) County Assembly Service Board Members are from the dominant ethnic community. Similarly, out of sixteen (16) senior management employees, fourteen (14) or 88% are from the dominant ethnic community, and out of one hundred and twenty-eight (128) other employees, one-hundred and twenty-three (123) or 96% are from the dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

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

524. Irregular Borrowing from Other County Assembly Entities

The statement of financial position reflects current portion of borrowings balance of Kshs.9,774,164 as disclosed in Note 38 to the financial statements. The balance refers to borrowing from Bungoma County Assembly Members' and Employees' Car Loan and Mortgage Schemes Funds which has been outstanding for more than three (3) years. However, approval from the County Assembly was not provided. This was contrary to Section 142 (1) and (3) of the Public Finance Management Act, 2012 which provides that the County Assembly may authorize short-term borrowing by county Government entities for cash management purposes only and a county Government entity that has any such borrowing shall ensure that the money borrowed is repaid within a year from the date on which it was borrowed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

525. There were no material issues raised on internal controls, risk management and governance.

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COUNTY ASSEMBLY **OF** BUSIA – NO.40

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

526. Inaccuracies in Employee Payables Balance

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

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

527. Inaccuracies in Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.57,520,995 in respect of property, plant and equipment as disclosed in Note 12 to the financial statements. Included in Note 12 to the financial statements in respect of additions of property, plant and equipment during the year, is an amount of Kshs.8,390,000 relating to the acquisition of thirty-five (35) iPads. However, the invoice and delivery note provided for audit were dated 19 September, 2025, which was beyond the year end date of 30 June, 2025.

In the circumstances, the accuracy and cut off of additional property, plant and equipment balance of Kshs.8,390,000 could not be confirmed.

Other Matter

528. Unresolved Prior Year Audit Matters

In the previous year's audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of 2024/2025 revealed that the following thirteen (13) issues remained unresolved:

No.	Audit Issues for 2023/2024
1.	Unconfirmed Transfers to Other Government Entities
2.	Pending Accounts Payable and Staff Payables
3.	Irregular Use of Direct Procurement Method
4.	Supply, Installation, Testing and Commissioning E-Assembly Management Software for Committee Rooms and General Offices

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No.	Audit Issues for 2023/2024
5.	Supply, Installation, Customization Configuration and Training of Paperless E-Assembly Multimedia System - Phase 1
6.	Failure to Observe Ethnic Diversity in Recruitment
7.	High Wage Bill Above Allowed Threshold
8.	Non-Adherence to the One-third Basic Salary Rule
9.	Late Receipts of Exchequer Issues from The National Treasury
10.	Unauthorized Expenditure on Legal Expenses
11.	Lack of Updated Non-Current Assets Register
12.	Lack of Lockable Storage Facility, Cabinets and Computers.
13.	Lack of Performance Appraisal of the Internal Audit

Other Information

529. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

530. Irregular Payment of Subscriptions

During the year under review, an amount balance of Kshs.4,500,000 representing the annual subscriptions of Kshs.1,500,000 made to Society of Clerks at the Table (SOCATT) and an amount of Kshs.3,000,000 made to the County Assemblies Forum (CAF). This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

531. Non-Compliance with the Law on Fiscal Responsibility Principles on Wages

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

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

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532. Non-Compliance with Itemised Staff Establishments

Review of County Assembly records revealed that the County Assembly had one hundred and thirty-six (136) employees as at 30 June, 2025 which exceeded the recommended ceiling by thirty-six (36) employees. This was contrary to the Salaries and Remuneration Commission (SRC) advisory of a maximum of one hundred (100) staff members.

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

533. Non-Compliance with the Climate Change and Financing Policies

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

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

534. Delayed Occupation of the Speaker's Official Residence

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

In the circumstances, the intended benefits of the project have not been realized, and value for money spent on the project could not be confirmed.

535. Non-Compliance with the Persons with Disabilities Act, 2025

Review of personnel records revealed that the County Assembly had one hundred and thirty-six (136) employees out of whom, only three (3) or 0.02% members of staff were categorized as persons with disabilities. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum (5%) of the employment positions are filled by persons with disabilities'.

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

536. Lack of Land Ownership Documents

Review of the Fixed Assets Register revealed that the County Assembly Office is built on a parcel of land within the County Assembly Headquarters. However, title deed to confirm its legal ownership were not provided.

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

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

537. Non-Compliance with the Data Protection Act, 2019

Review of records revealed that the County Assembly was holding and processing sensitive employee information including names, dates of birth, ages, national identification numbers, and bank account details. However, evidence indicating that the County Assembly had registered with the Office of the Data Protection Commissioner as a data controller and processor was not provided. This was contrary to Section 18(1) of the Data protection Act, 2019 which requires that no person shall act as a data controller or data processor unless registered with the Data Commissioner.

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

538. Failure to Close a Dormant Bank Account

Review of County Assembly's bank accounts revealed an account with a Nil balance which has remained dormant for more than three (3) years. No explanations were provided on why the bank account has remained dormant for a long period without being closed. This was contrary to Regulation 88(2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the County Executive Committee Member may suspend operations of any county government bank account if he or she believes that the purpose of that account no longer exists.

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

539. Non-Compliance with the Law on Staff Ethnic Composition

Review of records revealed that the County Assembly had one hundred and thirty-six (136) employees out of whom ninety-nine (99) or 73% members of staff were from the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

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

540. Long Outstanding Trade and Other Payables

The statement of financial position reflects a balance of Kshs.333,929,626 in respect of trade and other payables. Included in this balance are payables totalling Kshs.41,028,395 which have been outstanding for more than two (2) years. This was contrary to Regulation

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41(2) of the Public Finance Management (County Governments) Regulations, 2015 which states that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

541. Lack of Performance Appraisal of the Internal Audit Unit

Review of the records and reports revealed that, the Audit Committee did not carry out annual review of the independence, performance and competency of the Internal Audit Unit and comment on their effectiveness in the Annual Report.

Further, the Internal Audit Unit did not undergo a professional assessment on its effectiveness done by a professional body or recognized institution which should be done once every three (3) years but not more than five (5) years but this has never been done since 2013. This was contrary to Regulation 159(1)(2) and (3) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the effectiveness of Internal Audit Unit could not be confirmed.

542. Failure to Adhere to the Cash-to-Accrual Accounting Transition Requirements

Review of the implementation status of the transition from cash basis to accrual basis of accounting at the County Assembly revealed that the Management had not developed a comprehensive roadmap outlining key milestones and timelines at the entity level had not been developed, contrary to the requirements of the transition framework.

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

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COUNTY ASSEMBLY OF SIAYA – NO.41

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

543. Inaccuracies in Compensation of Employees

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects compensation of employees cost of Kshs.330,320,412. The cost includes basic wages for temporary employees amounting to Kshs.37,958,700. However, review of payment records revealed that an amount of Kshs.8,845,200 relating to Ward and general office operations was erroneously charged to the compensation of employees.

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

544. Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 15 to the financial statements reflects a balance of Kshs.144,656,958 in respect of property, plant and equipment. Included in the balance are additions during the year balances of Kshs.61,671,808 for buildings, Kshs.6,998,544 for solar power systems, Kshs.92,000 for furniture and fittings, Kshs.55,060,683 for computers and ICT equipment and Kshs.18,787,765 for work in progress all totalling Kshs.142,610,800. However, review of the expenditure records revealed that Management had not disclosed the depreciation policy being applied or deprecation charge on the asset balance of Kshs.144,656,958.

Further, included in additions to buildings are balances of Kshs.7,197,092 and Kshs.7,589,949 paid for the construction of Ward Office Hall at East Yimbo and South Uyoma respectively. However, ownership documents were not provided for audit review.

In the circumstances, the accuracy and ownership of property, plant and equipment balance of Kshs.144,656,958 could not be confirmed.

545. Non-Compliance with Transitional IPSAS Reporting Requirements

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

Further, Management did not indicate the elements of the financial statements that had not been recognized as result of taking advantage of the transition provisions outlined in IPSAS 33 on First Time Adoption of Accrual Basis IPSAS.

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In the circumstances, presentation and disclosure of the financial statements could not be confirmed.

546. Variances in Transfer of Funds between County Revenue Fund and County Assembly

The statement of financial performance reflects an amount of Kshs.928,422,195 in respect of transfers from County Revenue Fund. However, review of the County Revenue Fund statement of financial performance reflects an amount of Kshs.952,156,207 resulting in an unexplained and unreconciled variance of Kshs.23,734,012.

In the circumstances, the accuracy and completeness of transfers from County Revenue Fund amounting to Kshs.928,422,195 could not be confirmed.

Other Matter

547. Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk management and Governance. Review of the status during the audit revealed that thirteen (13) issues remained unresolved as at 30 June, 2025 as listed below;

No.	Audit Issues for 2023/2024
1.	Misclassification of Expenditure
2.	Unsupported Legal Services
3.	Budgetary Control and Performance
4.	Irregularities under Framework Contract for the Supply of Fuel, Oil and Lubricants
5.	Stalled and Failure to Report Termination of Construction Works Contracts
6.	Non adherence to Ethnic Balance
7.	Non-compliance with a Third Rule on Basic Salary
8.	Staff on Acting Capacity beyond Six (6) Months
9.	Delayed Settlement of Pending Bills
10.	Failure to Establish a County Assembly Fund
11.	Lack of Remittance of Statutory Deductions
12.	Non-adherence to ICT steering Committee Meetings Threshold
13.	Effectiveness in Internal Audit Function

Other Information

548. There were no material issues relating to Other Information.

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REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

549. Non-Compliance with the Law on Staff Ethnic Composition

Review of the staff bio data, revealed that the County Assembly had two hundred and sixty-eight (268) members of staff, out of whom two hundred and fifty (250) or 93% members of staff were from the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, “no public establishment shall have more than one third of its staff from the same ethnic community”.

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

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

Review of the County Assembly payroll records revealed that July, 2024 to June, 2025 various officers were earning less than a third of their basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

551. Non-Compliance with the Persons with Disabilities Act, 2025

During the year under review, the total number of employees on the County Assembly’s payroll was two hundred and sixty-eight (268), out of whom only four (4) or 1% were persons with disabilities. This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that ‘every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities’.

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

552. Non-Compliance with the Training Needs Assessment Policy

Review of personnel records revealed that Management carried out a Training Needs Assessment for the 2022 – 2027 period covering, which was a five (5) year period. This was contrary to Section 7.2 of the County Assembly Human Resource Policies and Procedures Manual which provides that Training Needs Assessment be conducted after every two (2) years.

In the circumstances, Management was in breach of the Human Resource Policies and Procedures Manual.

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

Review of records revealed that Management failed to deduct, remit and file returns as per the requirements of the Public Procurement Capacity Building Levy Order, 2023 (Legal Notice No. 206 of 6 November, 2023) which provides that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of point zero three per cent (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

554. Weaknesses in Stores Management

Review of the stores records and a physical inspection revealed that Half-Yearly Reports were not provided by the officer-in-charge of stores of any obsolete and unserviceable stores.

The stores were not labelled and kept properly in an organised manner to enable access and items were kept in a small room that was not well ventilated. This was contrary to the Regulation 172(a), (b) and (c) of the Public Procurement and Asset Disposal Regulations, 2020 which states that “the officer in charge of stores of a procuring entity shall ensure that the store-rooms are kept clean, properly ventilated and in good condition and that the stores are well arranged and easy to access and inspect the store-rooms regularly and report to the head of the procurement function in case of any loss, leakage, damage or deterioration and report half-yearly in writing to the head of the procurement function of any obsolete or unserviceable stores”.

In the circumstances, the effectiveness of the store management system could not be confirmed.

555. Lack of Repairs, Maintenance and Replacement Records

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

In the circumstances, the existence of an effective mechanism to safeguard public assets could not be confirmed.

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COUNTY ASSEMBLY OF KISUMU – NO.42

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

556. Non-Compliance with Transitional International Public Sector Accounting Standards Reporting Requirements

Note 2 to financial statements on Statement of Compliance and Basis of Preparation of the financial statements indicates that the County Assembly has taken advantage of the transitional provisions under IPSAS 33. However, Management has not indicated the elements of the financial statements that have not been recognized and the steps being taken towards full compliance with IPSAS Accrual.

In the circumstances, the presentation and disclosure of the financial statements could not be confirmed.

557. Unsupported Additions on Work in Progress

The statement of financial position and as disclosed in Note 14 to the financial statements reflects a balance of Kshs.350,936,259 in respect of property, plant and equipment. The balance includes additions during the year amounting to Kshs.70,836,833 in respect of work in progress . However, the payments were not supported with Bills of Quantities. Further, although the contractor requested for price adjustments and negotiations were done on 10 April, 2025, Management did not provide adjusted rates and the new total cost of the project in relation to the original Bills of Quantities.

In the circumstances, the accuracy and completeness of additions on the work in progress amount of Kshs.70,836,833 could not be confirmed.

558. Variances in Transfers between County Assembly and County Revenue Fund

The statement of financial performance and as disclosed in Note 6 to the financial statements reflects an amount of Kshs.1,074,231,922 in respect of transfers from County Revenue Fund. However, review of the statement of financial performance for County Revenue Fund reflected an amount of Kshs.1,015,692,620 in respect of transfers to County Assembly resulting in an unexplained variance of Kshs.58,539,302.

In the circumstances, the accuracy and completeness of the transfers from County Revenue Fund amounting to Kshs.1,074,231,922 could not be confirmed.

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Other Matter

559. Unresolved Prior Year Issues

In the previous year's audit report, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit revealed that eight (8) issues remained unresolved as at 30 June, 2025 as listed below;

S/No.	Audit Issues for 2023/2024
1.	Misclassified Payments on Reimbursement to Members of County Assembly
2.	Unconfirmed Other Pending Payables
3.	Non-Compliance with the One Third rule on basic Salary Rule
4.	Delays in Remittance of Statutory Deductions
5.	Non-Compliance with Law on Ethnic Composition
6.	Delays in Remittance of Statutory Deductions
7.	Delayed Completion of the Proposed Ultra-Modern Assembly Chambers Office and Associated Works
8.	Foreign Travel and Subsistence 8.1. Foreign Travel and Subsistence-Multipurpose Visit to Amarillo, Texas USA 8.2. Facilitation of Study Tour Visit of Public Health Committee in Uganda 8.3. Facilitation on Invitation to Familiarization Tour of Uganda Chamber of Commerce

Other Information

560. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

561. Non-Compliance with the Law on Staff Ethnic Composition

Review of personnel records revealed that the County Assembly had eighty-five (85) members of staff, out of whom seventy-four (74) or 87% of staff members were from the same ethnic community dominant in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

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

Review of records revealed that the County Assembly paid an amount of Kshs.57,190,972. However, Management did not deduct 0.03% capacity levy. This was contrary to Paragraph 3 (1) of the Public Procurement Capacity Building Levy Order, 2023 which states that there shall be paid a Levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

In the circumstances, the County Assembly was in breach of the law.

563. Failure to Submit Reports to the Public Procurement Regulatory Authority

Review of procurement records revealed that the County Assembly did not submit mandatory reports to the Public Procurement Regulatory Authority such as; direct procurements of a value exceeding an amount of Kshs.500,000, disposal of public assets to employee, quarterly reports on contracts awards, quarterly reports on contracts amendments and variations, report on seeking approval for use of Alternative Selection Method for Consultancy services and six (6) months report on preferences and reservation of contracts awarded to Youth, Women and Persons with disabilities. This was contrary to the Public Procurement Regulatory Authority Circular No.01/2016.

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

564. Non-Compliance with Remittance of Statutory Deductions

Review of records revealed that Management did not comply with deadlines for remittance of statutory deductions amounting to Kshs.74,421,455 comprising of; Pay As You Earn (PAYE) amounting to Kshs.41,560,064, pension deductions amounting to Kshs.7,609,037, and car loan and mortgage deductions amounting to Kshs.23,516,878 to the relevant authorities. This was contrary to Section 19(4) and (6) of the employment Act, 2007.

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

565. Lack of Approval for Opening Bank Accounts

Review of bank records revealed that the County Assembly operates four (4) bank accounts. However, Management did not provide for audit verification approval from the County Treasury to open and operate three (3) bank accounts. This was contrary to Section 119 of the Public Finance Management Act, 2012 which states that the County Treasury is responsible for authorizing the opening, operating and closing of bank accounts for the County Government and its entities, except as otherwise provided by other legislation and in accordance with regulations made under this Act.

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

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566. Irregular Payments from Retention Account

Review of retention account transactions records revealed that payments amounting to Kshs.1,494,982 were paid to a company for the construction of the Speaker's Residence on 8 April, 2024. However, the amount was made out of the retention bank account. This was contrary to Regulation 53(1) and (2) of the Public Finance Management (County Governments) Regulations, 2015, which provides that 'except as provided for in the Act and these Regulations, an Accounting Officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities.

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

567. Non-Compliance with the One-Third Rule on Basic Salary

Review of personnel records revealed that between July and November, 2024, sixty-four (64) employees earned net salaries of less than one-third of their respective basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

568. Unapproved Bank Overdraft

Review of records relating to bank overdrafts revealed that in the year 2023/2024, Management signed a contract with a local commercial bank through the Department of Finance and Economic Planning for the provision of bank overdrafts facility for Payroll Processing purposes to ensure effective and timely payment of salaries to its employees on the 28th of every month. However, the following documents were not provided; approval of the County Assembly, Quarterly and Annual Reports by the County Treasury on loans to the County Assembly as required by Section 122(5) of the Public Finance Management Act, 2012.

Further, the Hansard report provided for audit review to support approval did not give details of the ceiling for the overdraft limits.

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

569. Delayed Completion of Ultra-Modern Assembly Chambers Office and Associated Works

The contract for the construction of ultra-modern County Assembly of Kisumu Chambers and Offices and Associated Works was signed on 19 January, 2022. The contract start date was 19 January, 2022 with a completion date of 18 January, 2024 at a contract sum of Kshs.418,356,349.

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Further, the contractor handed over the site to a new contractor on 7 January, 2025 at the same contract price to complete the works by 8 September, 2025. However, it was not possible to confirm percentage of work done by the initial contractor as at the time of handing over the site but the Progress Report as at 30 June, 2025 indicated that overall progress on works done was at 65%. At the time of audit in the month of September, 2025, a total of Kshs.223,498,967 had been paid to the contractor, but the project was still incomplete. Other than the lift, there was no access ramp to the building to cater for persons with disabilities.

In addition, review of the Work Plan of the new contractor and progress report by Clerk of Works Report revealed that there was a delay in the works as indicated below;

Works to be done	**Original Plan**	**Clerk of Works Progress Report**
2-4th Floor-Droppings on Embedded Cable Pathways	To end on 13 June, 2025	As at 30 June, 2025 works were at 85%
5th Floor-Embedded Cable Pathways	To end on 29 June, 2025	As at 30 June, 2025 works were at 70 %
Casting and Masonry Works on the drivers' pool area as part of internal walling partitions and external walling plastering	To end 20 April, 2025	As at 30 June, 2025 works were at 95 %

in the circumstances, service delivery to the public may have been adversely affected and the public may not get value for the money spent.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

570. Inadequate Internal Audit Coverage

Review of the 2024/2025 Internal Audit Work Plan revealed that the Internal Audit Unit targeted four (4) audit areas which included; financial report 4th Quarter 2023/2024, 1st Quarter 2024/2025, 2nd Quarter 2024/2025 and 3rd Quarter 2024/2025. However, it was observed that the audit covered only 1st Quarter 2024/2025, this was attributed to understaffing in the Department which had two (2) staff against the staff establishment of three (3). This was contrary to Regulation 155(2)(a) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the Accounting Officers ensure their internal audit unit's organizational structure enables the entity to fulfill its internal audit obligations effectively.

In the circumstances, existence of an effective internal controls and governance could not be confirmed.

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571. Weaknesses in Management of Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.350,936,259 as disclosed in Note 14 to the financial statements. Review of County Assembly's fixed assets register revealed that the assets were not tagged and thus not possible to reconcile the fixed assets register against the physical assets.

Further, the County Assembly did not disclose the cost of the land where the County Assembly's Ultra - Modern Assembly is under construction. In addition, ownership documents such as the title deed for the land were not provided.

In the circumstances, proper management and control of fixed assets by the Management could not be confirmed.

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COUNTY ASSEMBLY **OF** HOMA BAY – NO.43

REPORT ON THE FINANCIAL STATEMENTS

Unmodified Opinion

572. There were no material issues noted during the audit of the financial statements.

Emphasis of Matter

573. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparable basis of Kshs.1,197,198,902 and Kshs.1,044,999,999, respectively, resulting in an underfunding of Kshs.152,198,903 or 13% of the budget. However, Management spent an amount of Kshs.1,044,780,562 of total receipts of Kshs.1,044,999,999 resulting to a difference of Kshs.219,437 of the actual receipts.

In the circumstances, the underfunding may have impacted negatively on planned activities and service delivery to the public.

My opinion is not modified in respect of this matter.

Other Matter

574. Unresolved Prior Year Matter

In the previous year's audit report, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit in 2024/2025 revealed that the following fifteen (15) matters remained unresolved.

No.	Audit Issues for 2023/2024
1	Non-compliance with the one third rule on basic salary rule
2	Non-compliance with the laws on national cohesion and affirmative action
3	Delayed construction of speaker's residence
4	Repair works and external toilet
5	CCTV installation
6	Incomplete drainage, renovation and landscaping
7	Failure to fully implement e-procurement
8	Stalled/delayed projects
9	Delayed ward offices projects
10	Avoidable legal claims, penalties and interests
11	Avoidable bank overdraft fees and penalties

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No.	Audit Issues for 2023/2024
12	Non-compliance with fiscal responsibility principle on county assembly expenditure
13	Irregular payments to county assemblies forum
14	Weaknesses in the management of fixed assets
15	Lack of approved strategic plan

Other Information

575. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

576. Non-Compliance with Fiscal Responsibility Principle on Wages

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects an amount of Kshs.455,789,317 in respect of employee costs. This expenditure represents 44% of the total revenue of Kshs.1,044,999,999 received by the County Assembly. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

577. Non-Compliance with the Law on Staff Ethnic Composition

Review of staff records revealed that, the County Assembly had a total of one hundred and thirty-one (131) employees out of whom ninety-nine (99) or 76% were from one ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public establishments seek to represent the diversity of the people of Kenya in employment of staff.

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

578. Non-Compliance with the One Third Rule on Basic Salary

Review of personnel records revealed that in the month of June 2025, eighteen (18) employees received net salaries which were less than a third of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

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579. Irregular Retention of Employees Beyond the Retirement Age

Review of personnel records revealed that the County Assembly awarded contracts to five (5) employees and who were past the mandatory retirement age of sixty (60) years. However, Management did not provide evidence that the employees were persons with disabilities or they had special skills not available within the existing workforce. This was contrary to the provisions of Section 80(10)(a) and (b) of the Public Service Commission Act, 2017 provides that "An officer shall retire from service with effect from the date of attaining the mandatory retirement age of sixty (60) years. The Commission or any other appointing authority shall not extend the service of such retired officer beyond the mandatory retirement age".

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

580. Payment of Avoidable Legal Expenses

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects an amount of Kshs.60,635,088 relating to other operating expenses. The expenditure includes an amount of Kshs.21,048,574 incurred on legal fees. However, review of documents revealed that the expenditure was incurred on court awards, penalties and interests imposed for failure to clear or pay court claims when awarded. The County Assembly attributed the delay in settling court awards and claims to lack of adequate funds. Failure to pay on time led the County Assembly to incur avoidable expenditure which could have been avoided had the Management acted on the court ruling on time.

In the circumstances, the value for money realized from the expenditure of Kshs.21,048,574 on legal fees could not be confirmed.

581. Long Outstanding Trade and Other Payables

Note 13 to the financial statements reflects a balance of Kshs.123,989,691 in respect to trade and other payables. However, review of records revealed that creditors' balances totalling Kshs.35,655,212 have remained outstanding for more than one (1) year. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulation, 2015 which provides that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county Government does not default on debt obligations.

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

582. Delayed Completion of Projects

582.1. Construction of Speaker's Residence

The County Assembly entered into a contract with a company to construct the Speaker's Residence at a contract sum of Kshs.32,000,000. The contract was to begin on 23 March, 2023 and end on 24 March, 2024. However, the County Assembly did not provide ownership documents of the land on which the house is built. Further, the contract

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period had elapsed at the time of verification in the month of September, 2025, the one-storey building had been put up to the slab on the first floor and the contractor was not on site. In addition, the certified works amounted to Kshs.13,642,950 which was paid.

582.2. Construction of Kagan Ward Office

Review of records revealed that a company was contracted for construction of Kagan Ward Offices at a contract sum of Kshs.4,000,000. A certificate of practical completion had been issued but the contractor had not been paid. However, physical verification carried out in the month of September, 2025 revealed that outstanding works such as fencing and pit latrine works, and the ceiling was already peeling off.

582.3. Construction of Homa Bay West MCA Ward Office

Review of records revealed that a company was contracted for construction of Homa Bay West MCA Ward Office at a contract sum of Kshs.3,998,253. A certificate of practical completion had been issued but the contractor had not been paid. However, physical verification in the month of September, 2025 revealed that outstanding works such as flooring, painting, plastering, installation of doors, window panes and ceiling.

582.4. Fencing Works at Homa Bay West Ward Offices

Review of records revealed that a company was contracted for fencing works at Homa Bay West Ward Office at a contract sum of Kshs.998,760. A certificate of practical completion has been issued but the contractor had not been paid. However, physical verification in the month of September, 2025 revealed that the fencing was not done and the contractor was also not on site.

582.5. Fencing Works at Homa Bay Central Ward Office

Review of records revealed that a company was contracted for fencing of Homa Bay Central MCA ward office at a contract sum of Kshs.1,997,520. A certificate of practical completion had been issued but the contractor had not been paid. However, physical verification in the month of September, 2025 revealed that the fencing was not done.

In the circumstances, value for money on expenditure for the above projects could not be confirmed.

583. Weaknesses in Projects' Implementation

The Project Implementation Status Report as at 30 June, 2025 provided for audit review indicated that sixty-two (62) projects totalling Kshs.186,826,676 were budgeted for implementation during the year under review. However, thirty-six (36) projects worth Kshs.85,530,735 were completed while another twenty-six (26) projects totalling Kshs.104,295,941 were still ongoing. This is an indication of an ineffective project implementation mechanism.

In the circumstances, the value for money of the ongoing projects could not be confirmed.

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

Basis for Conclusion

584. Weaknesses in Management of Fixed Assets

The statement of financial position and as disclosed in Note 12 of the financial statements reflects a balance of Kshs.95,228,710 in respect to property, plant and equipment. However, Management did not maintain a complete fixed assets register to record necessary information such as date of acquisition, type of assets, supplier name, costs, accumulated depreciation, net book values, value, asset codes, custodian and location among other details in respect of the assets the County Assembly owns. As a result, it was not possible to establish fully depreciated assets, bonded items, and any assets written off from the books of accounts.

Further, the County Assembly had several completed buildings, others as work in progress and parcels of land at its Headquarters and other locations within the County. However, details of the land size, values and the ownership documents or title deeds for the parcels of land were not provided for audit review. In addition, the assets reported in the assets' movement schedule were also not depreciated.

In the circumstances, the effectiveness of internal controls, risk management and management of fixed assets could not be confirmed.

585. Payments Made Outside the Integrated Personnel and Payroll Database

Review of County Assembly records revealed that thirty-four (34) personnel were paid gross salary of Kshs.34,889,076 outside of the Integrated Personnel and Payroll Database System (IPPD) through the manual payroll. Further, the manual payroll presented for audit review was incomplete and did not disclose employee information such as date of birth of employees, duration of service, or retirement eligibility, designations of employees and job grades.

In the circumstances, existence of effective internal controls on the payroll could not be confirmed.

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COUNTY ASSEMBLY **OF** MIGORI – NO.44

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

586. Variances between the Financial Statements and the IFMIS Records

The financial statements reflect seventeen (17) components which differ with corresponding balances in the Integrated Financial Management Information System (IFMIS), resulting in an unreconciled and unexplained variances as tabulated below:

Component	Balances as per Financial Statements (Kshs)	Balances as per IFMIS Report (Kshs)	Variance (Kshs)
Transfers from CRF	1,005,379,343	652,818,466	352,560,877
Receivable from CRF	66,270,837	-	66,270,837
Employee Costs	476,515,148	150,805,374	325,709,774
Use of Goods and Services	492,225,923	149,189,439	343,036,484
Transfers to CRF/ Other Govt Entities	-	6,210,285	(6,210,285)
Finance Costs	3,600,000	-	3,600,000
Cash and Cash Equivalents Bank Balances	5,248,488	(5,693,252,828)	5,698,501,316
Cash in Hand	-	44,245,574	(44,245,574)
Receivables from Non-Exchange Transactions	79,578,131	4,923,110	74,655,021
Property, Plant and Equipment	59,184,646	-	59,184,646
Trade and Other Payables	657,359,933	(9,023,793,722)	9,681,153,655
Refundable Deposits and Prepayments	7,347,362	-	7,347,362
Accumulated Surplus	520,696,028	-	520,696,028
Capital Fund / Fund Balance B/F	-	3,105,978,140	(3,105,978,140)
Social Security Benefits	-	11,509,999	(11,509,999)
Construction of Building	-	56,835,861	(56,835,861)
Purchase of Office Furniture and General Equipment	-	4,536,070	(4,536,070)

In the circumstances, the accuracy, completeness and fair presentation of the financial statements could not be confirmed.

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587. Unsupported Liabilities Balance

The statement of changes in net assets reflects opening balance of Kshs.724,555,311, an increase of Kshs.514,493,744 from the prior year audited pending bills balance of Kshs.210,061,567. However, Management did not provide the requisite documents in support of the increase.

In the circumstances, the accuracy and fair presentation of the liabilities opening balance of Kshs.724,555,311 could not be confirmed.

588. Unexplained Variance in Legal Fees

The statement of financial performance reflects use of goods and services amount of Kshs.492,225,923 as disclosed in Note 8 to the financial statements. The amount includes legal fees of Kshs.22,689,251. However, review of the supporting schedule revealed that total legal fees and legal services amounted to Kshs.20,439,439, resulting in an unreconciled variance of Kshs.2,249,812.

In the circumstances, the accuracy and completeness of the legal fees amount of Kshs.22,689,251 could not be confirmed.

589. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position and as disclosed in Note 13 to the financial statements, reflects property, plant and equipment balance of Kshs.59,184,648, while the statement of cash flows indicates purchase of PPE amount of Kshs.53,786,777, resulting in an unexplained variance of Kshs.5,397,871. This implies an increase in payables by an amount of Kshs.5,397,871. However, Note 14 to the financial statements on trade and other payables shows a balance of Kshs.300,000 in respect of development projects, resulting in an unreconciled variance of Kshs.5,097,871.

Further, the property, plant and equipment balance was not supported by detailed assets ledger per asset category, ownership documents, asset register, assets inventory report for year under review, assets valuation, detailed depreciation schedule and depreciation policy, assets additions schedules and assets hand over reports to the County Assembly.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.59,184,648 could not be confirmed.

590. Unsupported Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 14 to the financial statements, reflects trade and other payables balance of Kshs.657,359,933 whose supporting detailed ageing analysis was not provided for audit. Further, included in the balance is an amount of Kshs.570,126,541 that had been outstanding for over two (2) years. No explanations were provided for failure to settle the dues on priority basis (first in first paid). This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations 2015, which states that “debt service payments shall be a first charge on the

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County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county government does not default on debt obligations".

In the circumstances, the accuracy and regularity of the trade and other payables balance of Kshs.657,359,933 could not be confirmed.

591. Unsupported Refundable Deposits and Prepayments

The statement of financial position and as disclosed in Note 15 to the financial statements, reflects refundable deposits and prepayments balance of Kshs.7,347,362. However, the supporting detailed ageing analysis was not provided for audit.

In the circumstances, the accuracy and completeness of the refundable deposit and prepayments balance of Kshs.7,347,362 could not be confirmed.

592. Unsupported Use of Goods and Services

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects use of goods and services amount of Kshs.492,225,923. The expenditure includes supply of fuel and lubricants, per diems, participation fee and consultancy services amounts of Kshs.1,766,012, Kshs.37,780, Kshs.64,000 and Kshs.1,537,580 respectively, all totalling Kshs.3,405,372. However, supporting documents were not provided for audit.

Further, the expenditure includes travel costs of Kshs.335,218,817 out of which, an amount of Kshs.8,820,706 was not supported by documents such as ETR receipts for the purchase of fuel, bus tickets or motor vehicle work tickets.

In addition, the expenditure includes participation fees, office operations and visa processing expenses amounts of Kshs.202,000, Kshs.250,000 and Kshs.195,800, all totalling Kshs.697,800, which were unauthorized and unapproved.

In the circumstances, the accuracy, completeness and regularity of use of goods and services expenditure of Kshs.12,873,878 could not be confirmed.

593. Unaccounted for Expenditure on Nominated MCAs Staff

The statement of the financial performance and as disclosed in Note 7 to financial statements reflects employee costs amounting to Kshs.476,515,148. Review of records revealed that eighteen (18) Nominated Members of the County Assembly (MCAs) received ward operations funds and had three (3) employees attached to each of the wards who were paid a gross salary amounting to Kshs.35,860 per month resulting in a total of Kshs.1,290,960 per year. However, physical verification revealed that the nominated MCAs did not have physical offices and Management did not explain which offices the employees worked from.

In the circumstances, the accuracy and regularity of expenditure on Nominated MCAs staff total of Kshs.1,290,960 could not be confirmed.

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Other Matter

594. Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly in 2024/2025 revealed that the following sixteen (16) issues remained unresolved as listed at the end of this report.

Other Information

595. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

596. Non-Compliance with the One-Third Rule on Basic Salary

The statement of financial performance, and as disclosed in Note 7 to the financial statements reflects an amount of Kshs.476,515,148 in respect of employee costs. However, review of payment vouchers and their supporting documents and the IPPD payroll for the months of July, 2024 to June, 2025 revealed eight hundred and sixteen (816) cases of officers drawing a net salary less than a third of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

597. Non-Compliance with the Law on Staff Ethnic Composition

Review of employee records revealed that the County Assembly had a total of three hundred and ten (310) employees out of whom, two hundred and fifty-two (252) employees or 81% of the employees were from the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

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598. Irregular Expenditure on Non-Operational Ward Offices

Review of records revealed that Migori County had forty (40) wards. Physical inspection revealed that the ward offices were non-operational and were not equipped with furniture and were in disrepair. Management did not explain why the offices were not in use yet the County Assembly had allocated a total of three (3) employees per Ward who were paid salaries totalling Kshs.23,237,280, and had remitted a total of Kshs.41,639,033 to the Wards for operations and maintenance of the offices.

Further, each Ward Office was issued with a standing imprest amounting to Kshs.54,618 per month. However, it was noted that Ward operation expenses amounting to Kshs.12,452,904 were transferred to accounts owned and operated by MCAs. This meant that the nominated MCAs were being paid the allowances for maintenance of offices and being assigned staff to operate and run those offices. Management did not provide authority supporting the transfer of the amounts to the personal bank accounts of the Nominated Members of the County Assembly and how the funds were accounted for.

In the circumstances, the value for money realized from the expenditure of Kshs.105,730,337 on the Wards could not be confirmed.

599. Irregularities in Management of Imprests

The statement of financial performance reflects use of goods and services amount of Kshs.492,225,923 which, as disclosed in Note 8 to the financial statements, includes travel costs amount of Kshs.335,218,817. However, although all journeys should be approved by the Officer-In-Charge prior to the occurrence of the activity, various activities were undertaken throughout the financial year without prior approvals.

Further, most of the surrender documents provided for audit were not supported by the financial order form 22 (FO22). This was contrary to Section 6.5.2 of The National Treasury Accounting and Financial Reporting Manual for County Governments that requires the staff to use an imprest surrender form (FO22) for travel and accommodation which shall form the basis of posting the specific expenditure category to the general ledger.

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

600. Irregularities in Procurements and Award of Contracts

Review of the procurement processes and contracts awarded during the period revealed the following inconsistencies:

600.1. Use of Unregistered Suppliers

Review of records revealed that Management paid an amount of Kshs.2,237,580 to a company and an individual for discharged contracts. However, the company and the individual were not in the list of pre-qualified suppliers and contractors for the period 2024-2026 provided for audit. This was contrary to Section 57 of the Public Procurement

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and Asset Disposal Act, 2015, which states that "(1) the head of the procurement function of a procuring entity shall maintain and update lists of registered suppliers, contractors and consultants in the categories of goods, works or services according to its procurement needs; and (2) submission of names shall be continuous and the registration list shall be updated periodically as prescribed in Regulations and in accordance with this Act".

600.2. Uncompetitive Procurement Practices

During the year under review, the County Assembly spent an amount of Kshs.45,132,502 on catering. However, review of the hospitality payments registers for the year under review revealed that payments were not evenly distributed across suppliers, raising concerns on fair competition as required by the Public Procurement and Asset Disposal Act, 2015.

Further, review of records revealed that five (5) out of seventeen suppliers were paid an amount of Kshs.16,100,000 or 35% of the total expenditure of Kshs.45,132,502 on catering. The single largest supplier, was paid an amount of Kshs.7,400,000, representing approximately 16% of total catering expenditure. In contrast, smaller suppliers were awarded contracted of less than Kshs.100,000 each. This was contrary to Section 58(2) of the Public Procurement and Asset Disposal Act, 2015, which states that, "the tender documents used by a procuring entity under subsection (1) shall contain sufficient information to allow fairness, equitability, transparency, cost-effectiveness and competition among those who may wish to submit their applications".

600.3. Partial Implementation of the e-Procurement System

Review of procurement records revealed that; there were some cases of procuring goods and services through request for quotations, while other procurements were done outside the Integrated Financial Management Information System (IFMIS). This was contrary to Regulation 49(2) of the Public Procurement and Asset Disposal Regulations, 2020, which states that "the conduct of e-procurement procedures for the supply of goods, works and services shall be carried out by a procuring entity using an e-procurement system which is integrated to the State Portal".

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

601. Unconfirmed Stock Take of Inventories

Review of records revealed that the County Assembly held inventories of unknown value which have not been disclosed in the financial statements and the inventory and stock taking report for the year under review was not provided for audit review. This was contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015, which, requires the head of procurement function to arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer. Additionally, there were no reliable stores ledger, items or stores issuance records and goods received notes.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

602. Weaknesses in Human Resource Management Practices

Review of personnel records revealed that the job group for officers at the Clerk cadre had not been defined in the Government Human Resource Information System (GHRIS) and audit could not confirm whether the Clerk was being paid salary, allowances and per diem at the correct rate. Further, job descriptions defined in the organizational structure were not reflected in the payroll. Management did not explain why the Scheme of Service for the County Assembly was not in line with the GHRIS records.

In the circumstances, the effectiveness of internal controls on management of the County Assembly's human resource could not be confirmed.

603. Weaknesses in Management of Cash and Cash Equivalents

Review of the County Assembly's cash books, bank statements, and other records revealed that the County Assembly operated and maintained one bank account. However, system-generated cash books, ledgers, signature specimens of the bank signatories were not provided for audit review.

Further, the cash book entries were not correctly captured, monthly reconciliations were not done, cash books were not closed off and balances brought forward on monthly basis and approved cash floats for the standing imprest system was not provided.

In the circumstances, the effectiveness of internal controls over cash and cash equivalents management could not be confirmed.

List of Unresolved Prior Year Matters

No.	Audit Issues for 2023/2024
1	Inaccuracies in the Financial Statements
2	Compensation of Employees
3	Voided Transactions in IFMIS
4	Unsupported Cash Transfers
5	Unremitted Housing Levy Payroll Deductions
6	Staff Establishment and Payroll Records
7	Non-Compliance with Provisions on Ethnicity Diversity, Affirmative Action on Gender and Persons Living with Disabilities
8	Non-Adherence to One Third rule on Basic Salary Rule
9	Payment of Salaries Outside the IPPD System
10	Irregular Payment of Allowances to Employees on Acting Capacity

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No.	Audit Issues for 2023/2024
11	Recruitment of Employees
12	Non-Compliance with Fiscal Responsibility Principle on Compensation of Employees Expenditure
13	Non-Compliance with the Law on Framework Contract Agreement
14	Avoidable Legal Fees
15	Unexplained Changes in the Payroll
16	Lack of Audit Committee and Unestablished Internal Audit Function

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COUNTY ASSEMBLY **OF** KISII – NO.45

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

604. Non-Compliance with Transitional IPSAS Reporting Template

Under Note 2 to financial statements on the Statement of Compliance and Basis of Preparation of the financial statements, the County Assembly has taken advantage of the transitional provisions under IPSAS 33. However, Management did not indicate the elements of the financial statements that have not been recognized and the steps being taken towards full compliance with IPSAS Accrual.

In the circumstances, the presentation and disclosure of financial statements could not be confirmed.

605. Variance Between the Financial Statements and Integrated Financial Management Information System Trial Balance

A comparison between the presented financial statements balances and the trial balance generated from IFMIS revealed differences as detailed below:

Items	Financial Statement Balances (Kshs)	IFMIS Trial Balance (Kshs)	Variance (Kshs)
Employee Costs	653,324,834	647,297,696	6,027,138
Use of Goods and Services	352,076,409	351,850,608	225,801
Cash and Bank Balances	6,147,707	6,873,600,698	(6,867,452,991)
Receivables	0	117,348,352	(117,348,352)
Trade and Other Payables	8,200,216	167,283,873	(159,083,657)
Transfer from CRF	1,027,411,099	6,819,572,161	(5,792,161,062)

Management has explained that IFMIS system is not configured to conform with the accrual method of reporting and that some transactions that were posted and cleared in the IFMIS system were not posted to the general ledger.

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

606. Unsupported Voided IFMIS Transactions

The statement of financial performance reflects total expenses amounting to Kshs.1,007,908,081. Review of the financial transactions in IFMIS revealed that three

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hundred and twenty-seven (327) transactions amounting to Kshs.107,972,137 were voided. However, documents in support of authorization and reasons for voiding the transactions to the Controller of Budget (CoB) expenses amounting to Kshs.54,653,285 were not provided. Further requisitions of the voided payments to pending accounts payables and cancelled payments were not provided for audit.

In the circumstances, the accuracy and completeness of the payments amounting to Kshs.1,007,908,081 could not be confirmed.

607. Unsupported Legal Expenses

The statement of financial performance reflects an amount of Kshs.352,076,409 in respect to use of goods and services as disclosed in Note 10 to the financial statements. Included in this expenditure is an amount of Kshs.36,466,773 paid in respect to other operating expenses. The other operating expenses includes an amount of Kshs.1,910,583 to an advocate in respect to legal fees for court case filed against the County Assembly. However, the case files, pleadings, summons, rulings pertaining to the case were not provided for audit review and direct procurement method was used to source the advocate contrary to Section 103 of Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the accuracy and regularity of expenditures totalling Kshs.1,910,583 could not be confirmed.

Other Matter

608. Unresolved Prior Year Audit Matters

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly in 2024/2025 revealed that the following twenty-two (22) issues remained unresolved as listed at the end of this report.

Other Information

609. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

610. Irregular Retention of Staff Beyond the Mandatory Retirement Age

Review of employee records and employee master data revealed that County Assembly of had four (4) staff members who were above the mandatory retirement age of sixty (60)

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years. This was contrary to Section 80(10) (a) and (b) of the Public Services Commission Act, 2017 which requires an officer to retire from the service with effect from the date of attaining the mandatory retirement age. Further, the Commission or other appointing authority is prohibited from extending the services of such retired public officer beyond the mandatory retirement age.

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

611. Non-Compliance with Authorized Staff Establishment Limit

Review of personnel records revealed that the County Assembly had one hundred and forty-six (146) employees which exceeded a limit of one hundred and twenty-six (126) employees as per the County Assembly's staff establishment which require optimum level resulting in an over establishment of twenty (20) employees. Similarly, the number of employees also exceeded the maximum limit of one hundred and fifteen (115) employees set in the Commission of Revenue Allocation Circular No. CRA/FA/01 Vol 11 (22) dated 28 June, 2018 resulting in an unauthorized employment of thirty-one (31) members of staff.

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

612. Non-Compliance with the Law on Staff Ethnic Composition

Review of employee records and employee master data revealed that County Assembly had one hundred and forty-six (146) employees, out of whom one hundred and three (143) or 98% of the staff were from the dominant ethnic community in the County. This was contrary to section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which states that public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one-third of its establishment from the same ethnic community.

In circumstances, Management was in breach of the law.

613. Irregular Payment of Subscriptions

Revie of records revealed that Management paid subscription fees of Kshs.4,000,000 to County Assemblies Forum (CAF) and Kshs.750,000 to Society of Clerks at the Table in Kenya (SOCATT), all totalling Kshs.4,750,000. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

614. Unsatisfactory Implementation of Projects

614.1. Stalled Construction of Ibeno , Boochi Tendere and Boikang'a Ward Offices

Management paid an amount of Kshs 5,274,927 to a contractor in respect of the proposed construction of Ward offices at Boikang'a, Boochi Tendere and Ibeno Wards. However, physical inspection during the month of September 2025 revealed that the projects had

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stalled at the substructure level and the payment related to the first certificate of works done before the contract was terminated as per court ruling. Further, evidence of termination and the court proceedings that resulted to the termination were not provided for audit.

614.2. Idle Bogiakumu Ward Offices

As reported in the previous audits, the County Assembly paid an amount of Kshs.6,004,289 out of a contract sum of Kshs.7,350,465 towards the construction of Bogiakumu Ward Office. The contract completion dated was 2 February, 2022. However, audit inspection on September 2025 revealed that only few outstanding items remained to be fixed, but the office was not in use. Management did not provide an explanation for the non-occupation of the offices.

In circumstances, the value for money on the expenditure for the above Ward Offices could not be confirmed.

615. Failure to Deduct and Remit Capacity Building Levy

The County Assembly did not deduct and remit to the Public Procurement Regulatory Authority, 0.03% Public Procurement Capacity Building Levy of contract sum from suppliers and contractors amounting to Kshs.19,480. This was contrary to Circular No. 1/2024 (Ref) PPRA/6/5 Vol II (2024) of 30 August, 2024. Management has explained that Integrated Financial Management Information System (IFMIS) had not been configuration and activated to remit the payments. As at the time of review, the configuration process was complete within the implementation of the electronic Government Procurement but the no evidence of remittance provided for audit review.

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

616. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payable balance of Kshs.8,200,216 as disclosed in Note 32 to the financial statement, out of which a balance of Kshs.400,000 has been outstanding for more than three (3) years. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which require debt service payments to be a first charge. Management explained payable was subjected to pending bill verification and commits to settle the payment in the financial year 2025/2026.

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

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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

617. Weaknesses in Internal Audit Function

As reported in the previous audit, the County Assembly has an Internal Audit Function with six (6) staff members. However, the audit established that despite having an Work Plan and a Service Charter, there were no Internal Audit Reports for the different departments as per the Work Plan that shows that the Finance Department would be audited monthly, the procurement Department would be audited quarterly, and Administration and ICT Semi-Annually. Similarly, the Internal Audit Procedures Manual provided for audit had not been approved and the Internal Audit did not carry out a review of its performance, the Departments Work Plan and Strategic Plan were not submitted to the Audit Committee.

In circumstances, the existence of effective internal control, risk management and governance systems could not be confirmed.

618. Ineffective Audit Committee

As reported in the previous audits, the County Assembly had an Internal Audit Committee in place. However, there was no evidence of its activities for the period under review. This was contrary to Regulation 172(1) of the Public Finance Management (County Governments) Regulation, 2015 and Gazette Notice No.40 which provide that the Audit Committee shall meet at least once in every three months. Further there was no evidence that the Audit Committee carried out an annual review of the independence, performance and competency of the Internal Audit Unit contrary to Regulation 159 (2) of the Public Finance Management (County Governments) Regulation, 2015.

In the circumstances, the effectiveness of the governance mechanism of the County Assembly could not be confirmed.

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List of Unresolved Prior Year Audit Matters

No	Audit Issues for 2023/2024
1	Undisclosed Amounts in the Trial Balance
2	Unsupported Use of Goods and Services Expenditure
3	Unsupported Basic Wages for Temporary Employees
4	Unsupported Voided IFMIS Transactions
5	Budgetary Control and Performance
6	Pending Bills Not Settled as a First Charge.
7	Unresolved Prior Year Matters
8	County Assembly Preparedness to Transition to Accrual Accounting
9	Non-Adherence to Staff Ethnic Diversity and Gender Balance
10	Staff Over Establishment
11	Irregular Procurement of Legal Services
12	Delayed Construction of the Speaker's Official Residence.
13	Completed Project on Extension of Library, ICT Centre and Procurement Offices not put to use.
14	Stalled Construction of Ward Office in Bogiakumu
15	Incomplete Construction of Reinforced Concrete Underground Water Tank and Elevated Steel Tower.
16	Lack of Monitoring and Evaluation Framework and Reports
17	Non-Compliance with Public Participation in Budgeting Process
18	Irregular Subscriptions to the County Assembly Forum (CAF) and Society of Clerks-at-the-Table (SOCATT)
19	Incomplete Procurement Plan
20	Ineffective Audit Committee
21	Weak Internal Audit Function
22	Lack of Effective Assets Management & Controls

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COUNTY ASSEMBLY OF NYAMIRA – NO.46

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

619. Unreconciled Domestic Subsistence Allowance

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services expenditure of Kshs.306,734,477 which includes domestic travel expenses of Kshs.198,135,872. However, the domestic travel expense as per the IFMIS ledger was Kshs.192,352,663 resulting in an unreconciled variance of Kshs.5,783,209.

Further, the analysis of IFMIS data revealed that the County Assembly made domestic and subsistence allowance payments to two advocates totalling Kshs.2,054,855, various private companies totalling Kshs.2,837,400 and cash payments to undisclosed persons of Kshs.1,847,558 all of whom were non-staff members but was charged under domestic travel expense.

In the circumstances, accuracy and regularity of domestic travel expenditure of amounting to Kshs.198,135,872 could not be confirmed.

Emphasis of Matter

620. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total receipts final budget and actual on comparable basis of Kshs.797,762,663 and Kshs.692,199,965 respectively resulting in an under-funding of Kshs.105,562,698 or 13% of the budget. However, the County Assembly spent an amount of Kshs.663,184,196 against actual receipts of Kshs.692,199,965, resulting in an under-utilization of Kshs.29,015,769 or 4% of the receipts.

The underfunding affected the implementation of planned activities and programs and may have negatively impacted on service delivery to the public.

My opinion is not modified in respect of this matter.

Other Matter

621. Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit in 2024/2025 revealed that the following fourteen (14) matters remained unresolved.

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No.	Audit Issues for 2023/2024
1.	Non – Adherence to Cut – Off
2.	Budgetary Control and Performance
3.	Pending Accounts Payables
4.	Unresolved Prior Year Matters
5.	Delayed Construction of County Assembly Offices
6.	Delayed Completion of Speaker's Residence
7.	Non - Compliance with Law and Ethnic Composition
8.	Non – Compliance with One Third Rule on Basic Salary
9.	Overpayment of Salary Market Adjustment
10.	Irregular Procurement oof Legal Expenses
11.	Unsupported Purchase of Office Furniture
12.	Lack of Approved Disaster Recovery and IT Strategic Plans
13.	Failure to Maintain and Asset Register
14.	Ineffective Internal Audit and Audit Committee

Other Information

622. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

623. Non-compliance with the Law on Fiscal Responsibility Principles

The statement of financial performance reflects transfers from the County Revenue Fund of Kshs.692,528,311 which was 11% of the total revenue of Kshs.6,147,139,110 of the County Government. The amount is more than 7% of the total collections amounting to Kshs.6,147,139,110, which amounted to Kshs.430,299,738. This was contrary to Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that the approved expenditure of a County Assembly shall not exceed seven percent (7%) of the total county revenue or twice the personnel emoluments, which is Kshs.688,511,830, whichever is lower.

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

624. Non-Compliance with the One-Third Rule on Basic Salary

Review of payroll records for the months of August to October, 2024 revealed that there were fifty (50) employees who earned net salaries below a third of their basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

625. Non-Compliance with the Law Staff Ethnic Composition

Review of the personnel records for the month of June, 2025 revealed that the County Assembly had two hundred and forty-three (243) out of whom, two hundred and forty-one (241) or 99% of the employees were from the dominant ethnic community in the County. This was contrary to section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which states that public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one-third of its establishment from the same ethnic community.

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

626. Non-Compliance with Persons with Disabilities Act, 2025

Review of the personnel records revealed that the County Assembly had two hundred and forty-three (243) employees , out of whom only two (2), or less than 1% were persons with disabilities . This was contrary to Section 5(1)(e) of the Persons with Disabilities Act, 2025 which states that 'every county government shall promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disabilities'.

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

627. Lack of Insurance Policy for the Employees

Review of records and interview with Management revealed that, during the year under review, the County Assembly did not have insurance cover for the employees. This was contrary to Section 7(1) of the Work Injury Benefit (WIBA) Act, 2007 which requires that every employer shall obtain and maintain an insurance policy, with an insurer approved by the Minister in respect of any liability that the employer may incur under this Act to any of the employees.

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

628. Non-Compliance with the Law on Staffing Level Ceiling

Review of personal records revealed that the County Assembly had one hundred and four (104) permanent employees. This was contrary to Commission on Revenue Allocation Circular No. CRA/FA/01 VOL 11 (22) dated 28 June, 2018 which limited number of employees to one hundred (100) resulting in an unauthorized employment of four (4) employees.

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

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629. Non-Compliance with the law on Reservations for Disadvantaged Groups in Procurements

Review of the approved procurement plan and the budget for the financial year 2024/2025 revealed that the County Assembly had an estimated procurement budget of Kshs.449,821,129. Out of the budget, 30% or an amount of Kshs.134,946,338 or 30% should have been reserved for disadvantaged groups such as; youth, women, and persons with disabilities for various goods, works, and services. However, the reservation was not done to the groups. This was contrary to Section 157 (5) of the Public Procurement and Asset Disposal Act, 2015.

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

630. Non-Compliance with Public Procurement and Assets Disposal Act, 2015

The statement of financial performance reflects an amount of Kshs.306,734,477 in respect to use of goods and services which includes insurance cost of Kshs.35,495,017 as disclosed in Note 8 to the financial statements. Review of records revealed that, Management entered into a contract with an insurance firm for an amount of Kshs.35,036,339 inclusive of all taxes for medical insurance for staff. The insurance services were procured using direct procurement method. However, the criteria for use of direct method were not met contrary to Section 103 of the Public Procurement and Asset Disposal Act, 2015.

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

631. Long Outstanding Payables

The statement of financial position reflects trade and other payables balance of Kshs.30,405,009 and as disclosed in Note 16 to the financial statements. An analysis of payables schedule provided for audit revealed that payables totalling Kshs.19,868,776 related to invoices that were overdue for more than 60 days. This was contrary to regulation 150(1) of the Public Procurement and Asset Disposal (PPAD) Regulations, 2020 which requires that subject to availability of funds and after proper certification of goods, works or service prompt payments are made within 60 days from date of receipt of invoice. Further, pending bills amounting to Kshs.18,860,676 out of the Kshs.19,868,776, remained outstanding for over 365 days.

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

632. Delay in Completion of County Assembly Offices Block

The County Assembly entered into a contract for construction of a modern office block that would host offices of the County Assembly staff and provision of other supporting amenities. The contract sum amounted to Kshs.367,000,000 and the works officially commenced on 03 July, 2018 with an expected completion date of 30 June, 2021. The completion date had been severally revised with the latest completion date of 07 March, 2025. The scope of works entailed the construction of the office block, installation of lifts, waste water management, civil works and other associated works.

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Physical verification carried out in September, 2025 revealed that completed works included the casting of the first floor to sixth floor (roof slab), offices partitions, plastering and skimming works, external walling, painting, aluminum windows fixing, mechanical and electrical works and procurement of finishes material. The other works were incomplete and the contractor was not on site.

The payment records showed that as at 31 May, 2025 an amount of Ksh.267,239,182 was paid for 100% of works certified. Thus, the outstanding balance as per the Status Report dated 31 May, 2025 amounted to Kshs.99,760,818. The percentage of the work done and the payments were both at 73%.

In the circumstances, the value for money and the expected benefits from the project to the public could not be confirmed.

633. Avoidable Interest on Bank Overdraft

The statement of financial performance and Note 11 to the financial statements reflects finance costs amount of Kshs.643,524, being interest on bank overdraft. The County Assembly arranged with a commercial bank to operate a salary account, allowing the bank to pay staff salary at a fee or penalty in case of late salary disbursements. Further, records including bank statements and salary schedules to indicate the salaries were disbursed late and the related months were not provided for audit review.

Further, no evidence was provided to confirm that the overdrafts that occasioned the penalties were guaranteed by the National Government. This was contrary to Regulation 177(3) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, any borrowing by a County Government shall require a National Government guarantee pursuant to Section 58 of the Act.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

634. There were no material issues raised on internal controls, risk management and governance.

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NAIROBI CITY COUNTY ASSEMBLY – NO.47

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

635. Irregular Management of Imprest

635.1. Imprest under Pending Bills

Review of the imprest register provided for audit revealed that imprests were processed as reimbursement claims, rather than being issued in advance for the intended activity. This practice defeats the purpose of imprest which is issued to facilitate an officer undertake an official assignment and is a pre-authorized spending and ensures alignment with budgetary allocations. In addition, this contravenes The National Treasury Circular No.3/2013 Section 3.3 which clearly state that imprests are advances and should not be recognized as liabilities.

635.2. Irregular Management of Standing Imprest in the County Wards

Review of a sample surrender payment vouchers provided for audit revealed that each County Ward received a standing imprest of Kshs.109,230 every quarter. However, no detailed memorandum cash books for accountability were attached to the surrender payment vouchers.

Further, the imprests surrender payment vouchers were not adequately supported with electronic tax register (ETR) receipts. A sample of receipts attached also contained non office expenses raising questions on whether the standing imprest was used for the intended purpose. This was contrary to Regulation 93(14) and 15 of the Public Finance Management (County Governments) Regulations, 2015 which requires that, the holder of a standing imprest shall keep a memorandum cash book to record all receipts and payments and the balance on hand shall agree with the cash balance recorded in the memorandum cash book and in the absence of any receipts, the actual cash balances plus the expenses paid shall equal at all times the fixed level of the imprest for which the imprest holder is personally responsible.

635.3. Exceeding Standing Imprest Ceiling

Review of standing imprest records revealed that an MCA was issued with an amount of Kshs.150,000 instead of the approved limit per quarter of Kshs.100,000 thus exceeding the approved amount by Kshs.50,000. No explanation or approval was provided for exceeding the limit.

635.4. Submission of Questionable Receipts in the Surrender of Imprest

Review of records revealed that Management presented receipts amounting to Kshs.133,720 as part of imprest surrender documentation. However, the receipts had

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duplicated serial numbers, unverifiable supplier names and non-existent KRA PINs indicating possible lack of accountability.

In the circumstances, the propriety of the imprest issued could not be confirmed.

636. Inaccuracies in the Financial Statements

636.1. Unexplained Payables Variance

The statement of financial performance and statement of cash flows reflect use of goods and services amounts of Kshs.1,421,442,841 and Kshs.656,047,148 respectively resulting to an unpaid balance of Kshs.765,395,693. However, the statement of financial position reflects trade and other payables balance of Kshs.767,696,223 as disclosed in Note 32 to the financial statements resulting in an unexplained and unreconciled variance of Kshs.2,300,530.

636.2. Variance in Net Cash Flows from Operating Activities

Note 40 to the financial statements on reconciliation of cash generated from operations reflects an increase in payables amount of Kshs.422,830,803 against a recomputed increase of Kshs.502,621,761 resulting to an unexplained variance of Kshs.79,790,958.

636.3. Variance in Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.130,754,605. However, the corresponding Note 26 to the financial statements reflects a total balance of Kshs.130,349,451 resulting in an explained variance of Kshs.405,154.

Further, disclosed in Note 26 to the financial statements are additions totalling Kshs.145,531,381. However, the statement of cash flows and statement of comparison of budget and actual amounts reflects an amount of Kshs.99,127,261 resulting to an unreconciled variance of Kshs.46,404,120.

636.4. Omission of Addition of Intangible Assets

The statement of financial position reflects intangible assets balance of Kshs.11,456,302 which as disclosed in Note 27 to the financial statements includes additions in intangible assets of Kshs.13,092,917. However, this amount was not reflected in either the statement of cash flows or the statement of comparison of budget and the actual amounts.

636.5. Variances Between Comparative and Prior Year Balances

Review of the financial statements revealed unreconciled variances between comparative balances and balances reflected in the previous year audited financial statements as analysed below;

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Description	Comparative Balances (Kshs)	Previous Year Audited Balance (Kshs)	Variance (Kshs)
Receivables from Exchange	25,368,452	0	25,368,452
Trade and Other Payables	513,919,253	63,131,482	450,787,771
Current Portion of Borrowing	85,317,692	0	85,317,692

636.6. Unexplained Impairment Allowance

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.539,946,021 as disclosed in Note 23 to the financial statements. The balance was arrived at by adjusting outstanding imprest of Kshs.236,322,645 with an impairment allowance of Kshs.303,623,376. However, the impairment allowance was not explained or supported.

636.7. Unexplained Paid Creditors

The statement of changes in net assets reflects a balance of Kshs.320,306,838 in respect of other changes as creditors paid. However, no explanation was provided as to what the balance represents. Further, the amount was not reflected in the statement of cash flows as an outflow.

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

Emphasis of Matter

637. Long Outstanding Trade and Other Payables and Receivables

The statement of financial position reflects trade and other payables balance of Kshs.767,696,223 as disclosed in Note 32 to the financial statements. Included in this balance is an amount of Kshs.193,612,414 in respect of amounts due to vendors which has been outstanding for over one (1) year. No explanation was provided as to why the payables have remained outstanding.

Further, the statement of financial position reflects receivables from non-exchange transactions balance of Kshs.539,946,021 as disclosed in Note 23 to the financial statements. Included in the balance is an amount of Kshs.270,361,697 in respect of amounts which have been outstanding for over one (1) year. No explanation was provided for the long outstanding amounts.

638. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final receipts budget and actual on a comparable basis of Kshs.2,615,068,628 and Kshs.1,552,088,714 respectively, resulting to an under-funding of Kshs.1,062,979,914 or 41% of the budget. However, the County Assembly spent an amount of

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Kshs.1,629,022,534 out of the actual receipts of Kshs.1,552,088,714 resulting in over-expenditure of Kshs.76,933,820 or 5% of the receipts.

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

My opinion is not modified in respect of these matters.

Other Matter

639. Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Report on Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit revealed that the matters ranging from 2020/2021 as listed at the end of this report remained unresolved as listed at the end of this report.

Other Information

640. There were no material issues relating to Other Information.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

641. Lack of Proper Governance in Borrowings

The statement of financial position reflects current portion borrowings balance of Kshs.146,490,300 and Kshs.85,317,692 in the current and prior years as disclosed in Note 38 to the financial statements. Review of records revealed that, the County Assembly had an opening balance of Kshs.85,317,692 in funds borrowed from the Car and Mortgage Fund. During the year, the County Assembly received additional transfers amounting to Kshs.83,206,568, resulting to total borrowings balance of Kshs.168,524,260. Further, records indicated that the County Assembly repaid an amount of Kshs.22,033,960 as disclosed in the statement of cash flows leaving an outstanding balance of Kshs.146,490,290 at the end of the financial year.

Further, the County Assembly and the Mortgage Fund are under the management of the same Accounting Officer, raising concerns over independence, oversight, and financial responsibility in the borrowing and repayment process. There were also no laws, policies, or regulations governing the borrowing arrangements between the County Assembly and the Mortgage Fund. This was contrary to Section 141(1) of the Public Finance Management Act, 2012 which provides that, "in borrowing money, a County Government shall ensure that its financing needs and payment obligations are met at the lowest possible cost in the market that is consistent with a prudent degree of risk, while ensuring that the overall level of public debt is sustainable."

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

642. Non-Compliance with the One-Third Rule on Basic Salary

Review of the staff payrolls established that six (6) employees were paid net salaries that were less than one-third of their basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

643. Non-Compliance with the Fiscal Responsibility Principles on Wage

The statement of financial performance and as disclosed in Note 9 to the financial statements is employee costs totalling Kshs.969,208,211. However, the expenditure on employee compensation represented approximately 50% of the total revenue of Kshs.1,938,918,658 for the year under review. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

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

644. Irregular Composition of Select Committee Members

Review of the minutes for the Implementation Select Committee meeting held at the Chamber Board Room revealed that the Committee composition had twenty (22) members exceeding the maximum limit of seventeen (17) by five (5) members. In addition, the Committee did not comply with the two-thirds gender rule in the nomination of its members as it had only four (4) female and eighteen (18) males. This was contrary to Section 173 of the Standing Orders for County Government of Nairobi City, which requires that subject to any written law, these standing orders or a resolution of the County Assembly, a select committee shall consist of an odd number of members being not less than eleven (11) and not more than seventeen (17) members.

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

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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

645. Irregular Allocation of Official Transport

Review of motor vehicle management records revealed that official transport was provided to the leadership of the County Assembly who do not qualify for official transport. This was contrary to Paragraph 3(a) of Gazette Notice 6518 dated 7 July, 2017 on other benefits and allowances which provides that the official transport will be provided to the Governor, Deputy Governor, County Assembly Speaker and Member of County Executive Committee.

In the circumstances, the internal controls in management of motor vehicles could not be confirmed.

List of Unresolved Prior Years Matters

NO	Audit Issues for 2019/2020
1.	Presentation of Financial Statements
2.	Unreconciled Compensation of Employees
3.	Allowances to Members of County Assembly
4.	Unsupported Use of Goods and Services
5.	Unreconciled Outstanding Imprests
6.	Lack of an Updated Fixed Assets Register
7.	Pending Bills
8.	Prior Year Grants
9.	Budgeted Receipts Payments
10.	Prior Year Adjustment
11.	Total Payments
12.	Budgetary Control and Performance
13.	Irregularities in Compensation of Employees
14.	High Wage Bill
15.	Excessive Deductions on Staff Pay
16.	Payments to Staff by County Executive of Nairobi
17.	Domestic and Subsistence Allowances
18.	Payment to County Assembly Forum
19.	Unapproved Risk Management Policy
No.	**Audit Issues for 2020/2021**
1.	Presentation of the Financial Statements
2.	Inaccuracies in the Financial Statements
3.	Statement of Assets and Liabilities
4.	Statement of Comparison of Budget and Actual Amounts
5.	Unsupported Payments on Committee Allowance
6.	Communication Supplies and Services

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No.	Audit Issues for 2020/2021
7.	Legal Expenses
8.	Foreign Travel and Subsistence
9.	Acquisition of Assets – Overstatement of Assets Balance
10.	Pending Accounts Payables
11.	Irregular Promotions
12.	Irregular Payment of Temporary wages
13.	Unauthorized expenditure
14.	Committee Sittings
15.	Excessive Number of Participants in an MCAs Retreat
16.	Failure to Adhere to the Board Appointment Requirement
17.	Non-Compliance with the Law on Fiscal Responsibility
18.	Unapproved Travel Refunds and Claims
19.	Irregular Use of Direct Procurement Method
20.	Outstanding Imprests
21.	Irregular Payment to County Assembly Forum
22.	Payment of Honoraria Allowance
23.	Non-Remittance of Taxes
24.	Failure to Maintain AIE Holders Register
25.	Lack of an Updated Assets Register
26.	Overlapping Committee Retreats
27.	Un-Approved Training Plan
28.	Failure to Adhere to the Approved Staff Establishment
No.	**Audit Issues for 2021/2022**
1.	Inconsistencies in Statement of Comparison of Budget and Actual Amounts
2.	Unsupported Prior Year Adjustments
3.	Variance Between the Financial Statements and the Trial Balance
4.	Variances Between the Financial Statements and Ledgers
5.	Unsupported Expenditure
6.	Unsupported and Unauthorized Compensation of Employees Expenditure
7.	Undisclosed Contingent Liabilities
8.	Unsupported use of Goods and Services
9.	Irregular Procurement of Conference Facilities and Air Tickets
10.	Domestic and Foreign Travel and Subsistence
11.	Routine Maintenance of Other Assets
12.	Inaccuracies in Legal Payments
13.	Irregular Payment of Subscriptions
14.	Rental of Produced Assets
15.	Unauthorized Borrowings
16.	Unsupported Cash and Cash Equivalents
17.	Voided Transactions
18.	Unsupported Payments
19.	Budgetary Control and Performance

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No.	Audit Issues for 2021/2022
20.	Unsupported Pending Accounts Payable
21.	Prior Year Audit Matters
22.	Non-Compliance with the Fiscal Responsibilities Provisions - Wage Bill
23.	Non-remittance of Statutory Deductions
24.	Outstanding and Irregular Imprests
25.	Lack of Approved Information Technology Security Policy and Disaster Recovery Plan
26.	Payment of Salary Outside Payroll
27.	Lack of an Updated Fixed Assets Register
No.	**Audit Issues for 2022/2023**
1.	Variances between the Financial Statements and the Trial Balance
2.	Variances between the Financial Statements and the Ledgers
3.	Inaccuracies in the Statement of Receipts and Payments
4.	Unsupported Expenditure on Use of Goods and Services
5.	Unsupported Expenditure on Acquisition of Assets
6.	Inaccuracies in the Statement of Comparison of Budget and Actual Amounts
7.	Unsupported Prior Year Adjustments
8.	Inaccuracy Statement of Cash Flows
9.	Misclassification of Expenditure
10.	Inaccuracies in Cash and Bank Balances
11.	Undisclosed Motor Vehicle Reimbursements
12.	Unsupported Other Operating Expenses
13.	Unsupported Communication, Supplies and Services
14.	Unsupported Domestic Travel and Services Subsistence
15.	Unsupported Foreign Travel and Subsistence
16.	Unsupported Accounts Payables
17.	Unsupported Salary Advances
18.	Budgetary Control and Performance
19.	Non-Compliance with Fiscal Responsibility Principles
20.	Irregularities in Recruitment of Members of Staff
21.	Non-Remittance of Statutory Deductions
22.	Irregular Payments to Services Providers Using Imprest
23.	Irregular in Legal Contracts
24.	Irregular Expenditure on Subscriptions
25.	Non-Compliance with Ward Partisan Staffing Levels
26.	Unutilized Speaker's Residence
No.	**Audit Issues for 2023/2024**
27.	Inaccuracies in the Financial Statements
28.	Unsupported Legal Expenses
29.	Unsupported Prior Year Adjustments
30.	Pending Payables
31.	Budget Control and Performance

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No.	Audit Issues for 2023/2024
32.	Receipt of Goods on Expired Local Purchase Order
33.	Unsupported Procurement of Bulk Short Message Service (SMS
34.	Non-Adherence to the One-Third Basic Salary Rule
35.	Noncompliance with Fiscal Responsibility Principles

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APPENDIX

A: List of County Assemblies and Audit Opinions given on their Financial Statements

1. Certificates with Unqualified Opinion

S/N	County Code	County Assembly	Opinion
1.	1	Mombasa	Unqualified
2.	2	Kwale	Unqualified
3.	6	Taita Taveta	Unqualified
4.	14	Embu	Unqualified
5.	15	Kitui	Unqualified
6.	16	Machakos	Unqualified
7.	26	Trans Nzoia	Unqualified
8.	34	Kajiado	Unqualified
9.	43	Homa Bay	Unqualified

2. Certificates with Qualified Opinion

S/N	County Code	County Assembly	Opinion
1.	3	Kilifi	Qualified
2.	4	Tana River	Qualified
3.	5	Lamu	Qualified
4.	7	Garissa	Qualified
5.	8	Wajir	Qualified
6.	9	Mandera	Qualified
7.	10	Marsabit	Qualified
8.	11	Isiolo	Qualified

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S/N	County Code	County Assembly	Opinion
9.	12	Meru	Qualified
10.	13	Tharaka-Nithi	Qualified
11.	17	Makueni	Qualified
12.	18	Nyandarua	Qualified
13.	19	Nyeri	Qualified
14.	20	Kirinyaga	Qualified
15.	21	Murang'a	Qualified
16.	22	Kiambu	Qualified
17.	23	Turkana	Qualified
18.	24	West Pokot	Qualified
19.	25	Samburu	Qualified
20.	27	Uasin Gishu	Qualified
21.	28	Elgeyo/Marakwet	Qualified
22.	29	Nandi	Qualified
23.	30	Baringo	Qualified
24.	31	Laikipia	Qualified
25.	32	Nakuru	Qualified
26.	33	Narok	Qualified
27.	35	Kericho	Qualified
28.	36	Bomet	Qualified
29.	37	Kakamega	Qualified
30.	38	Vihiga	Qualified
31.	39	Bungoma	Qualified

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S/N	County Code	County Assembly	Opinion
32.	40	Busia	Qualified
33.	41	Siaya	Qualified
34.	42	Kisumu	Qualified
35.	44	Migori	Qualified
36.	45	Kisii	Qualified
37.	46	Nyamira	Qualified
38.	47	Nairobi City	Qualified

3. Certificates with an Adverse Opinion

None

4. Certificates with a Disclaimer of Opinion

None

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