

KERICHO COUNTY ASSEMBLY

THE HANSARD

Third Assembly

Fourth Session

Tuesday 6th May, 2025 A

(The House met at 9.45 a.m.)

[The Speaker (Hon. (Dr.) Patrick Mutai in the Chair)]

PRAYERS

The Speaker (Hon. (Dr.) Patrick Mutai): Good morning Hon. Members and welcome to our morning sitting today being 6th May 2025. Clerk, Order of Business!

COMMUNICATION FROM THE CHAIR

VISITING YOUTH REPRESENTATIVES FROM ACROSS KERICHO COUNTY

The Speaker (Hon. (Dr.) Patrick Mutai): Honourable Members, I have one communication to make and this is in regards to visitors at the Public Gallery and I would like to acknowledge in the Public Gallery, visiting youths representatives from across the County led by their President Elkana Mutai and we also have the Deputy President Kipkoech Siele. We have a total of 25 youths representatives from the various Wards and Honourable Members you will allow me to mention them since they also hold serious office; that is, representing the youths of this County. We have Ledishia Cheptoo from Kisiara, we have Brian Kipkoech from Chilchila who is the Organising Secretary, we have Rashid from Kapkatet, we have Kelvin Rotich from Seretut, we have Josephat Lotuk from Kamasian, we have Nixon Kiprono from Chaik, we have Willy Bett from Kipchebor, we have Edwin Kipchirchir from Kaplelartet, we have Willy Nyige from Tebesonik, we have Dennis Yegon from Litein, we have Bernard Cheruiyot from Kapsaos, we have Anthony Kiptoo from Kapsuser, we have Vickoty Chepkirui nominated from Kunyak, we have Geoffrey Kiprop, nominated from Chilchila, we have Weldon Lelei from Kunyak, we have Robinson Kemboi from Kapkugerwet, we have Collins Koech from Cheplanget, we have Diana Cheptoo from Kapsoit, we have Evans Kipngeno from Kipchimchim, we have Collins Kiplangat from Ainamoi, we have Victor kipyegon from Kisiara, we also have Gideon Kipkoech who is nominated from Kisiara, we have Dorris Chepkirui from Sigowet and we have Cecil Kiptoo from Waldai. Honourable Members in our usual tradition of receiving and welcoming visitors to the County Assembly, I extend the warm welcome to them and on behalf of this Assembly wish them a fruitful visit. So our youth Reps led by the President you are most welcome to follow us live. This is the County Assembly of Kericho where we transact our Business in

line with the constitution of this country. Honourable Members during the deliberations, I will be giving you a minute or so just to extend your invitations to the visitors that we have today. You will agree with me that they are a special group that deserves a warm welcome.

Clerk, Next Order!

NOTICES OF MOTION

REPORT OF THE PUBLIC ACCOUNTS AND INVESTMENTS COMMITTEE ON THE CONSIDERATION OF THE AUDITOR GENERAL'S REPORT OF THE COUNTY EXECUTIVE OF KERICHO FOR THE YEAR ENDED 30TH JUNE 2023

The Speaker (Hon. (Dr.) Patrick Mutai): The Honourable Vincent Korir, that is, the Chairman, County Public Accounts and Investments Committee; step forward so that you can give a Notice of your Motion.

Hon. Vincent Korir (Member for Londiani Ward): Thank you Mr. Speaker, Sir. I wish to give a Notice of Motion, THAT, this House adopts the Report of the Public Accounts and Investments Committee on the Consideration of the Auditor General's Report of the County Executive of Kericho for the year ended 30th June 2023. Thanks you very much Mr. Speaker, Sir.

The Speaker (Hon. (Dr.) Patrick Mutai): Clerk, Next Order!

QUESTIONS AND STATEMENTS

STATUS OF KERICHO TOWN MARKET

The Speaker (Hon. (Dr.) Patrick Mutai): Honourable Members, there is a Statement by the Hon. Philip Mutai, Member for Kipchimchim Ward. You can proceed to issue your statement.

Hon. Philip Mutai (Member for Kipchimchim Ward): Thank you Mr. Speaker, Sir, for according me this opportunity and in extension to the people of Kipchimchim Ward whom I represent. First and foremost allow me to join you and the rest of my colleagues in welcoming the youth representatives from the various wards in our county. I just want to extend our warm welcome and tell them to feel at home when they are around this County Assembly. I think they know that basically what we do is representation, legislation and oversight. That is our mandate as Honourable Members. Mr. Speaker, allow me to put across my statement and I know this might land to the Committee on Lands.

Mr. Speaker, Sir, pursuant to Section 9 of the County Governments Act of 2012 and Kericho County Assembly Standing Order number 48 (1), I wish to seek a statement on the following issues:

- 1) What is the status of the Kericho Town Market? Who was the contractor of the Kericho town Market? Why has the market not been handed over?
- 2) For the Financial Years 2022/2023 and 2023/2024 what are the development projects

undertaken by the Kericho Municipal Board;

- 3) What are the terms of the Kericho Town Municipal Manager including appointment procedures
- 4) As an accounting officer of the Municipal Board, the Municipal Manager prepares books of accounts including financial statements. When was the last time the Kericho Municipal Board's financial statements were prepared and submitted to the Board for approval?
- 5) Are there resolutions of the Kericho Municipal Board on the issuance and allocation of spaces for construction of temporary structures within Kericho town Municipality?
- 6) What is the status of independence of the Municipal Boards for Kericho and Litein towns?
- 7) I think I have concluded Mr. Speaker, Sir. Thank you!

The Speaker (Hon. (Dr.) Patrick Mutai): Alright, thank you the Honourable Philip Mutai. The statement is hereby committed to the Committee on Lands, Housing, Physical Planning and Settlement. The Chairman is here; the Hon. Chairman we want to give you 14 days, or we give you seven days?

Hon. Hezron Ngetich (Member for Chilchila Ward): Thank you Right Hon. Speaker for giving me this opportunity. Before I respond to your question and the Statement concerned, allow me to join you and the administration of the Assembly to warmly the leader of youths in Kericho County H.E President Elkana, Her Excellency the Vice President and the Honourable representatives from various wards and indeed the Organising Secretary from Chilchila Ward and the nominated representative also from Chilchila Ward. You are most welcome to the County Assembly of Kericho which is a replica of the National Assembly and the Senate.

Mr. Speaker, on the statement that has been raised, I think this statement is related to an earlier one but we will give a comprehensive response. In a nutshell, the tenure of the Municipal Manager was terminated for his failure to submit Financial Report to the Board contrary to section 47 of Urban and Cities Act. The second reason why his tenure was terminated Mr. Speaker, he failed to oversee the affairs of Kericho contrary to Section 20 (1) (a-d) of the Urban and Cities Act for allowing illegal structures to be constructed in unidentified areas. He further went against the Board resolutions to issue to members of the public without clearance from the Board contrary to section 30 of the Kericho Municipal Charter which says the Manager shall implement the resolutions of the Board. So that Manager was dismissed although there is collusion that they want to reinstate him and so you will give us a maximum of 14 days to give a comprehensive report to the House. Thank you!

The Speaker (Hon. (Dr.) Patrick Mutai): Alright Honourable Members and the membership of the Committee on Lands stand guided that you have 14 days to report back and dispense on the matter.

Clerk, Next Order!

MOTION

REPORT OF THE PUBLIC ACCOUNTS AND INVESTMENTS COMMITTEE ON THE
CONSIDERATION OF THE AUDITOR GENERAL'S REPORT OF THE COUNTY EXECUTIVE
OF KERICHO FOR THE YEAR ENDED 30TH JUNE 2023

The Speaker (Hon. (Dr.) Patrick Mutai): The Honourable Vincent Korir, now you can table your Motion!

Hon. Vincent Korir (Member for Londiani Ward): Thank you very much Mr. Speaker. Before I table my Motion, I want to join you and my colleagues in welcoming the youth representatives from Kericho County to this Assembly and I know that they will be able to learn on how we are doing in representing, legislating and overseeing on behalf of the people of Kericho County. There is a saying that goes that youths are not just the leaders of tomorrow but also partners of today and so you have the potentiality of becoming great leaders today and tomorrow.

Mr. Speaker, allow me to move the Motion, THAT, this House adopts the Report of the Public Accounts and Investments Committee on the Consideration of the Auditor General's Report of the County Executive of Kericho for the year ended 30th June 2023. Mr. Speaker, Sir, the Report is a bit voluminous but I will be able to read the most important parts of the Report where it captures the Auditors Report and the Committee's recommendations.

Mr. Speaker, allow me to start at page eight so that I can read what the Standing Order says.

Section 14 of the County Governments Act, 2012 establishes a Committee which empowers the County Assemblies to establish committees and make standing orders for the orderly conduct of its proceedings, including the proceedings of the Committees.

The County Public Investment and Accounts Committee is further established by the County Assembly of Kericho **Standing Order 199** whose mandate is as follows:

1. *The examination of the accounts showing the appropriations of the sum voted by the Assembly to meet the public expenditure and of such other accounts laid before the Assembly as the Committee may think fit.*
2. *The examination of the reports, accounts and workings of the county public investments;*
3. *The examination, in the context of the autonomy and efficiency of the county public investments, whether the affairs of the county public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices;*

Provided that the committee shall not examine any of the following:

- i. *Matters of major County or National Government policy as distinct from business or commercial functions of the public investments;*
- ii. *Matters of day-to-day administration; and*

- iii. *Matters for the consideration of which machinery is established by any special statute under which a particular county public investment is established.*

Number two is very important because most of the time members might ask why we are not doing investigations on activities that are very active. This is what the law says that we cannot investigate on matters of day to day activities but only on what the Auditor General report says.

The County Public Investment and Accounts Committee is the avenue through which the County Assembly under the provision of Article 185 (3) & (4) of the Constitution of Kenya, 2010 carries out the ex-post scrutiny of county governments' budget.

Committee Membership

The Committee on Public Investment and Accounts Committee was reconstituted on 3rd December, 2024 and its membership is as follows:-

- | | |
|--------------------------|------------------|
| 1. Hon. Vincent Korir | Chairman |
| 2. Hon. Monica Chelangat | Vice Chairperson |
| 3. Hon. Erick Bett | Member |
| 4. Hon. Kiprotich Rogony | Member |
| 5. Hon. Hillary Bosuben | Member |
| 6. Hon. Hezron Ngetich | Member |
| 7. Hon. Mathew Korir | Member |
| 8. Hon. Paul Chirchir | Member |
| 9. Hon. Albert Kipkoech | Member |

Mr. Speaker, allow me to read the Executive summary.

The committee examined the reports of the Auditor General on the Financial Statements of the County Executive of Kericho for the financial year ended 30th June 2023 and identified various fiduciary risks.

During the year under review, County Executive of Kericho had challenges of inaccuracies, errors and omissions in the financial statements which caused variances in figures in the financial statements and IFMIS ledgers. They also failed to provide some of the key supporting documents to Auditor General for audit verification. This violated various laws governing financial management in the public sector including section 62 (1) of the Public Audit Act of 2015.

The report also revealed that the County Executive of Kericho had a total revenue deficit of 11% and at the same time, there was an under-absorption of 10% of the budget. The revenue deficit was largely due to under collection of own source revenue which led to non-attainment of the set objectives during the period.

The audit report further revealed that, the county Executive list of pending bills showed inconsistencies, errors and duplication. At the same time, all the budgeted pending bills were neither paid nor prioritized based on dates that each of the bills was incurred.

During the period, it was observed that the County Executive did not comply with the fiscal financial responsibility principles on wage bill. The county wage bill was at 42% against the recommended 35%.

Similarly, the entity had various human resource issues including; non-adherence to one third basic rule, irregular payment of salaries outside IPPD system, lack of annual recruitment plan and non-compliance with law on ethnic diversity while carrying out recruitments.

Furthermore, the County Executive had incomplete and delayed construction of market stalls in Litein, Kericho and Sondu towns. Also, three tea buying centers were built on privately owned land.

Lastly, the entity did not conduct public participation on the Budget Estimates for the period under review and lacked critical ICT policy and the strategic plan. This violated various legislations including the constitution of Kenya, 2010 and the PFM Act, 2012.

GENERAL OBSERVATION AND RECOMMENDATION

The committee made the following general observations and recommendations:

1. Inaccuracies in the financial statements

The committee noted that there were variances in cash and cash equivalents brought forward in the prior year and the opening balances reported in the year under review. The two balances should have reflected the same figure. At the same time, the gross salary paid were different from the payroll total. Lastly, there also variances in statutory deductions remitted to NHIF and NSSF.

The committee recommends that, capacity building and competent personnel be placed on financial reporting to minimize such errors and omissions. Also, the management should put in place strong internal control measures to provide adequate checks and balances.

2. Unsupported expenditure

The committee noted that at the time of audit until the time they appeared before the committee, a lot of expenditure was not fully supported. These include purchase of Office and General Supplies of Ksh.5,037,405, Acquisition of assets of Ksh.29,196,561, Purchase of Trucks and Trailers of Ksh.2,728,010, other payments amounting to Ksh.154,156,955 and payables (Deposits and Retention) balances of Ksh.91,646,566 were provided for audit.

The committee recommends that all the supporting documents should be provided to the auditors at the time of audit as stipulated in the Section 9 (1) (f) of the Public Audit Act, 2015.

3. Transfers to Other Government Entities

The committee noted that three payments amounting to Ksh.19, 000,000 to Bomet Water Company for supply of bulk water to Tilwasco Ltd was raised and stopped citing lack of funds. This pointed to poor planning or funds diverted to other uses hampering the supply of water to the residents of Kericho. There was also unreconciled variances of Ksh.217, 517,463 transferred to Kenya Climate Smart Agriculture Project.

The committee recommends that the management should expend funds as appropriated by the County Assembly and proper planning should be done to ensure that service delivery to the residents of Kericho are not disrupted. Furthermore, the books of accounts should be accurate and free from material misstatements.

4. Variances and unreconciled bank balances

The committee noted that bank reconciliations was not done on the development bank account as well as six other special purpose bank accounts operated by the management at the time of audit.

The committee recommends that the management should do reconciliation in time and variances be investigated in time and corrections made. This is in line with Regulation 90 (3) of the Public Finance Management Regulations, 2015 which states that, an Accounting Officer shall ensure any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cashbooks.

5. Multiple and Outstanding Imprests

The committee noted that, payments totaling to Ksh.37,127,820 were paid to staff, some receiving multiple imprests out of which Ksh.13,109,699 was paid to 26 officers. This was 11 days to the close of financial year and the supporting documents for these payments were not provided to the auditors contrary to the stipulation of the Public Audit Act, 2015.

The Accounting Officer should be personally held liable for authorizing multiple imprest to staff as well as failure to provide supporting documents to the auditors at the time of audit contrary to PFM Act and Public Audit Act. Section 91 (8) of the PFM, Regulations, 2015 states that, in order to effectively and efficiently manage and control the issue of temporary imprest, an Accounting Officer shall ensure that no second imprest is issued to any officer before the first imprest is surrendered or recovered in full.

6. Budgetary control and performance

The committee noted that during the period, there was revenue deficit of 11% and under absorption of 10% of the budget.

The management in consultation with the Committee on Budget and Appropriations and Committee on Finance and Economic Planning should ensure that future budgets are realistic,

achievable and aligned with the actual revenue collections trends to prevent unrealistic projections that will lead to deficits or inefficiencies in service delivery.

7. Pending Bills

The committee noted that there was a pending bills balance of Kshs. 526,208,651 at the close of financial year 2022-2023. An amount of Kshs. 425,616,000 had been budgeted during the year but only Ksh.341, 520,210 was paid out as pending bills leaving a balance of Ksh.84, 095,790. The management failed to prioritize pending bills as the first charge on the budget contrary to Regulation 41(2) of the Public Finance Management (County Government) Regulation, 2015. An examination of the list of pending bills annexed to the financial statements shows some inconsistencies, errors and duplications casting aspersions on the authenticity and credibility of the list of pending bills.

The committee recommends that the Accounting Officer be held personally liable for failing to pay all the pending bills budgeted contrary to Section 41 (2) of the PFM (County Government Regulations), 2015 and failing to provide the documentation to the auditors for verification contrary to the Public Audit Act, 2015.

The committee further recommends the formation of an Ad hoc Committee to look into the issue of pending bills since the list of pending bills attached to the financial statements as Annex 2 has inconsistencies, errors and duplications.

8. Unresolved Prior Year Issues

The committee noted that some of the prior year issues had not been resolved and the management did not provide the criteria of resolving the said issues.

The committee recommends that the Committee on Implementation to follow up on the recommendations of the report of the Auditor General for the financial year 2021-2022 tabled in this house to ensure that all the recommendations are fully implemented.

9. Irregular payment to Council of Governors

The committee observed that the County Government made contributions to the Council of Governors amounting to Ksh.3, 000,000 contrary to Section 37 of the Inter-Governmental Relations Act, 2012 which states that the National Government should meet all operational expenses of the Council of Governors.

The Accounting Officer should be personally held liable for making payment to Council of Governors contrary to the provisions of the Inter-Governmental Relations Act, 2012.

10. Direct Procurement of Certified Seeds, Breeding Stock and Live Animals

The committee noted that the department of Agriculture, Livestock and Fisheries had MOU's with government agencies for the supply of certified seeds, breeding stock, vaccines and semen. However, the committee was not able to ascertain if the project met the intended objectives.

The committee recommends that, the departmental Committee on Agriculture, Livestock and Fisheries look into the matter to ensure that the intended objectives of the project was achieved before future allocations on the same are made.

11. Non-Compliance with Fiscal responsibility principles on wage bill

The committee noted that the wage bill is at 42% out the recommended 35% of the county total revenue. The County Government has continuously failed to meet the own source revenue targets leading to non-compliance with the fiscal responsibility.

The county Government should strategized on how to increase own source revenue in order to conform to its fiscal responsibility. Future recruitments should only be done on need basis so as to check on the ballooning wage bill.

12. Non-Compliance with law on Staff Diversity

The committee noted that 260 new employees were employed during the year out of which 96% was from the local dominant community contrary to Section 65 (1) (e) of the County Government Act, 2012 which states that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

The committee recommends that future recruitments be done in a way that reflects the face of Kenya and in compliance with Article 27 of the Constitution of Kenya 2010 and the County Government Act, 2012.

13. Non-Adherence to one third basic Salary Rule

The committee noted that 83 County Government officers were earning salaries below one third rule contrary to the law contrary to Section 19 (3) of the Employment Act, 2007.

The committee recommends that the Accounting Officer should ensure that one third rule is fully adhered to.

14. Irregular payment of salaries outside the Integrated payroll and personnel database (IPPD)

The committee noted that some staff emoluments were paid outside the Integrated Payroll Personnel Database (IPPD) system which is contrary to The National Treasury Circular which stipulates that the payments of all personal emoluments must be through IPPD system. The committee recommends that the management should ensure that all salaries are paid through the IPPD system in line with The National Treasury Circular No.13/2019.

15. Lack of annual recruitment plan

The committee noted that 251 officers which comprise of interns, ECDE supervisors, Agricultural officers and a procurement officer were recruited during the year without an approved recruitment plan contrary to Human Resource regulation plan.

The committee recommends that the management should follow the set procedures of recruitment of staff as per Human Resource manuals and procedures.

16. Irregular reallocation of Funds from Development to Recurrent expenditure

The committee noted that Kshs.808, 216,218 which comprised of 35% of the development vote in the budget was transferred to health facilities for operations which are recurrent in nature which includes domestic travel and subsistence allowance and trainings contrary to Section 43 (1) (b) of the PFM Act, 2012.

The committee recommends that the Accounting Officer to strictly adhere to the Budget as passed by the County Assembly. Further, the Departmental Committee on Finance and Economic Planning to look into the reasons why 35% of the development vote was diverted to pay for activities which are recurrent in nature denying development to the residents of Kericho.

17. Incomplete and Delay in Construction of Litein, Kericho And Sondu Markets Stalls

The committee noted that the constructions of the three markets stalls listed above has delayed past the expected completion time hence not serving the intended purpose. Although a significant amount of money has been allocated and paid out, value for money has not been achieved.

The committee recommends that the completion of the projects be expedited and put into use so as to serve the intended purpose.

18. Tea buying centers constructed on Private land

The committee noted that three tea buying centers were constructed by the County Government on privately owned land.

The management should ensure that, only tea buying centers with valid ownership documents receive funding for the construction of tea buying centers.

19. Irregular Provision of Security Services

The committee noted that the management hired private security services while it has the department of Enforcement which could have provided the same services.

The committee recommends that the management should prudently use public resources and proper justification should be given before engaging private services.

20. Failure to conduct Public Participation on 2022-2023 Budget

The committee noted that the management conducted public participation on County Fiscal Strategy Paper and Medium Term Expenditure Framework. However, they did not

demonstrate that they conducted public participation on the budget estimates for the period.

The committee recommends to that the management should adhere to the PFM Act and the Constitution regarding the role of public participation as important and mandatory exercise in the budget making process.

21. Lack of Information and Communication Technology (ICT) Policy and Strategic Plan

The committee observed that the management did not have the ICT policy as well Business Continuity Recovery Plan in the event of disruptions and disaster.

The management should develop an ICT policy and Business Continuity Recovery Plan so as to aid in the event of disruptions and disasters.

Mr. Speaker, Sir, legal framework:

In the execution of its mandate aforesaid, the Committee has been guided by core constitutional and statutory principles on Public Finance Management, as well as established customs, traditions, best practices and usages as stated below:-

1. The Constitution of Kenya, 2010

Constitutional principles on public finance

Article 201 of the Constitution of Kenya, 2010 enacts fundamental principles that, “..... shall guide all aspects of public finance in the Republic.....” These principles include;

- a) There shall be openness and accountability, including public participation in financial matters;
- b) Public money shall be used in a prudent and responsible way; and
- c) Financial management shall be responsible and fiscal reporting shall be clear.

Audit of Public Accounts

According to Article 229 (4), within six months after the end of each financial year, the Auditor-General is required to examine, audit and report in respect of that financial year, on-

- a) The accounts of the National and County Government;
- b) The accounts of all funds and authorities of the National and County Governments and express an opinion in the report; and ascertain whether money appropriated by Parliament or the relevant County Assembly and disbursed; -
 - (i) Has been applied for the purpose for which it was appropriated or raised;
 - (ii) Was expended in conformity with the authority that governs it; and
 - (iii) Was expended effectively, efficiently, economically and transparently as provided for under Section 149 of the Public Finance Management Act, 2012; and the said Audit reports shall then be submitted to Parliament or the County Assembly.

Article 229 (8) of the constitution provides that, within three months after receiving an audit report, Parliament or the County Assembly shall debate and consider the report and take appropriate action.

Further and without prejudice to the foregoing, Section 34 of the Public Audit Act, 2015 provides that the Auditor-General may, upon request or at his or her own initiative, conduct periodic Audits which shall be pro-active, preventive and deterrent to fraud and corrupt practices, systemic and shall be determined with a view to evaluating the effectiveness of risk management, control and governance processes in state organs and public entities.

Direct personal liability

Article 226 (5) of the Constitution is emphatic that, *“If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not.”*

The Public Investment and Accounts Committee has hoisted high these constitutional provisions as the basis for holding each individual, Public Officers directly and personally liable for any loss of public funds under their watch. The Committee has and will continue to invoke these provisions in its recommendations to hold those responsible; personally accountable. This is also intended to serve as a deterrent measure.

2. Public Finance Management Act, 2012

Obligations of Accounting Officers

Section 149 (1) of the PFM Act, 2012 stipulates 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.”*

This provision also obligates accounting officers designated as such to various County Government entities to appear before the Public Investment and Accounts Committee of the County Assembly to respond to queries relating to their respective departments.

Section 156 of the PFM Act, 2012 provides that;

- (1) If an accounting officer reasonably believes that a public officer employed by a County Government entity has engaged in improper conduct in relation to the resources of the entity, the accounting officer shall-
 - (a) *Take appropriate measures to discipline the public officer in accordance with regulations; or*
 - (b) *Refer the matter to be dealt in terms of the statutory and other conditions of employment applicable to that public officer.*

- (2) If the County Executive Committee Member for Finance reasonably believes that an accounting officer has engaged in improper conduct within the meaning of sub-section (4), the County Executive Committee Member for Finance shall-
- (a) take appropriate measures to address the matter in accordance with laid down procedures; or*
 - (b) refer the matter to be dealt with in terms of the statutory and other conditions of employment applicable to that public officer.*
- (3) The measures referred to in sub-section (2)(a) include the County Executive Committee Member for Finance revoking the designation as accounting officer.
- (4) For the purposes of this section, a public officer or accounting officer engages in improper conduct if the officer-
- (a) contravenes or fails to comply with this Act or any regulation in force;*
 - (b) undermines any financial management procedures or controls;*
 - (c) makes or permits an expenditure that is unlawful or has not been properly authorized by the entity concerned; or*
 - (d) fails without reasonable cause to pay eligible and approved bills promptly in circumstances where funds are provided for.*

This section of the law further empowers the appointing authority to discipline errant accounting officers, which could include revoking their appointments. This provision has sealed a longstanding loophole that has previously seen accounting officers continuously commit or preside over fiscal indiscipline and malpractice in their departments with impunity without sanction.

The Public Investment and Accounts Committee strongly holds the view that these provisions of the law were intended to be fully deployed to operationalize the principles set out under Article 201 of the Constitution stated hereinabove and to ensure prudent and responsible management of public funds. The Committee has accordingly invoked these provisions in recommending varying disciplinary actions against persons or public officers who bear responsibility for breach of the law and/or are responsible for the loss or wastage of public resources.

The Committee places a premium on these principles, among others, and has been guided by them in the entire process that has culminated into the production of this report.

3. Public Finance Management (County Governments) Regulation ,2015 Responsibility of Accounting Officer

Regulation 139 states that the Accounting Officer has the responsibility to investigate any circumstances of loss so as to ascertain the extent and amount of the loss; determine whether control or operational arrangements need to be improved in order to prevent similar losses in

the entity; or determine whether any offence or other fault by a public officer has been revealed by the loss.

However, lack of requisite sanctions to this has led to perennial failure by county Accounting Officers to adequately account for the management and use of public resources. It has also led to misallocations and wastage of resources, escalating of pending bills, stalled and incomplete projects, thereby affecting development programmes in the County, which in turn threatens sustainability of service delivery. There is also lack of adequate preparation for audit by some Accounting Officers which is exhibited by unavailability of requisite supporting documents and in some cases reluctance to cooperate with the auditors during the audit process.

4. The Public Audit Act, 2015

Powers and Authority of the Auditor-General

This is a critical piece of legislation that outlines the operational framework for the Auditor-General office, including the auditing processes, reporting standards and the rights of the Auditor-General to access documents and information necessary for the audits.

The Auditor General is required to provide assurances on the effectiveness of internal control, risk management system and governance in national and county governments entities as required under Section 7(1) (a) of the Public Audit Act, 2015.

Section 47 (1) provides that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

Section 48 (1) states that within six months after the end of each financial year, the Auditor-General shall audit and report, in respect of that financial year on the accounts specified in Article 229 of the Constitution.

Section 62 (1) (c) states that a person shall not without justification, fail to provide information within reasonable time that is required under this Act. The response by the Accounting officer did not provide explanation of the justification for late submission of the documents and/or information as required under the said section.

In carrying out the mandate, the Auditor-General is also required under Article 229(6) to assess and confirm whether the public resources have been applied lawfully and in an effective way by public entities.

The Act further provides for punishment under Section 62 (2) indicating that a person who contravenes the provisions of subsection (1) will be deemed to have committed an offence and is liable on conviction to a fine not exceeding five million shillings or to an imprisonment not exceeding three years or subjected to both.

5. County Assembly of Kericho Standing Orders

Standing Order 199 mandates the committee on Public Investment and Accounts Committee to examine reports, accounts and workings of the County Public Investments.

Apart from the standing orders, the Committee derives its powers from the Constitution of Kenya, 2010; the County Governments Act, 2012; Public Finance Management Act, 2012; Public Finance Management (County Governments) Regulations, 2015; Public Procurement and Assets Disposal Act, 2015; and Public Procurement and Assets Disposal Regulations, 2020.

In Conclusion Mr. Speaker, Sir, it should be noted that the Accounting Officer is required to adhere with the recommendations of this house by implementing the same. That failure to comply, the Accounting Officer shall be in contempt of the County Assembly and upon determination, County Assembly may recommend administrative sanctions such as removal as the Accounting Officer, reduction in rank among others pursuant to Section 53 (2) of the Public Audit Act, 2015.

Sittings of the Committee

The Committee held several meetings including a meeting with the County Executive Committee Member in charge of Finance and Economic Planning and other county officials in the month of April where it considered the report of the Auditor-General on County Executive of Kericho for the year ended 30th June 2023.

The sittings were primarily investigatory and the Committee received evidence from the County Executive Committee Member of Finance and Economic Planning as the Head of County Treasury of Kericho County. The Chief Officer Finance and Economic Planning and other County officials accompanied the County Executive Committee Member of Finance and Economic Planning.

Issues for Determination

The main issues for investigation and determination were the various audit queries contained in the report of the Auditor-General on County Executive of Kericho for the year ended 30th June 2023.

This report is issued pursuant to the requirements of Articles 185 (3) & (4) and 229 (8) of the Constitution of Kenya, 2010 and the County Assembly of Kericho Standing Order 199.

Guiding Principles

The Committee in arriving at particular recommendations took into account the responses given by the County Executive Committee Member in charge of Finance and Economic Planning, the mitigation measures by the county, and the fact that some issues

that required immediate attention having been overtaken by events. The Committee was further guided by the mandate of the County Assembly pursuant to the provisions of Article 185 (3) & (4) of the Constitution; particularly the need to oversight the County Executive and check on whether the county resources have prudently been utilized. Where any breach of law has an attendant remedy, consequence or penalty in law, recommendations of this report do not preclude any liability that may arise as a result of any legal action within the breach of the prescribed law

Mr. Speaker, Sir, let me now go to the detailed Report.

The Speaker (Hon. (Dr.) Patrick Mutai): Proceed!

Hon. Vincent Korir (Member for Londiani Ward): Thank you Mr. Speaker. Mr. Speaker, I now read the detailed Report of the Auditor General on the consideration of the Financial Statements for the Kericho County Executive for the year ending 30th June 2023.

The County Executive Committee Member in charge of Finance and Economic Planning, the Chief Officer Finance accompanied by other officials of the County executive appeared before the Committee on 1st and 2nd April, 2025 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Kericho County Executive for the Financial Year 2022/2023.

Mr. Speaker, Sir, this Report is a Qualified Report meaning that there are important issues that were raised by the Auditor General that requires consideration. It means that there are queries that should be answered by the County Executive Committee Member (CECM) for Finance and Economic Planning. If the Report is unqualified, it means that the Report is clean. There is also Adverse Report which means that it is the worst of all Auditor General Reports.

Mr. Speaker, in the opinion of the Auditor, except for the effects described in the basis of qualified opinion section of the report, the financial statements presents fairly, in all material respects, the financial position of County Executive of Kericho as at 30th June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash basis) and comply with the Public Financial Management Act, 2012 and the County Government Act, 2012.

Basis for qualified opinion

1. Inaccuracies in the Financial Statements

Mr. Speaker, Sir, the Auditor-General noted that the statement of cash flows reflects cash and cash equivalents amount of Kshs. 309,515,583 which includes

Kshs.311,933,309 at the beginning of the year and a net decrease in cash and cash equivalents of Kshs. 2,417,726. However, the comparative amounts in respect of cash and cash equivalents as at the end of the year reflects a cash balance brought forward of Kshs. 531,048,530 which is at variance with cash and cash equivalents amount of Kshs. 311,933,309 resulting in an unexplained variance of Kshs. 219,115,221.

In the circumstances, the accuracy and completeness of the cash and cash equivalent balance of Kshs. 309,515,583 could not be confirmed.

In their response, the management pointed out that under International Public Sector Accounting Standards (IPSAS) Financial Reporting under the Cash Basis of Accounting, paragraph 1.5.1 provides that, *when an error arises in relation to a cash balance reported in the financial statements, the amount of the error that relates to prior periods, shall be reported by adjusting the cash at the beginning of the period. Comparative information shall be restated unless it is impracticable to do so.* Consequently, the statement of assets and liabilities reflects prior year adjustment of Kshs.219, 115, 221 and as disclosed in Note 17 to the financial statements related to the correction of prior year errors.

Furthermore, the balance brought forward was Kshs. 531, 048, 530 as at 1st July 2022 and it included Kshs. 219, 115, 221 relating to closing bank balances for various county entities, (which are currently self-reporting) as shown in table 1 below. Their opening bank balances could not be included as part of cash and cash equivalents for financial year under review. Lastly, a prior year adjustment of Kshs. 219, 115, 221 was made. There is a table with a breakdown with account name, account number and amount. We have KCB, Kericho County Revenue Collection Account number 1140754297 with a balance of Kenya Shillings 69,299. We also have Health Facilities with an annex attached as I (a) with a balance of Kshs. 12,146,441, we have Health Centers and Dispensaries as annex 1 (b) which has Kshs. 11,356,498, we have KCB, Kericho Municipality KUSP UDG Fund account number 1261527399 which has Ksh. 195,542,885, we have also KCB, Kericho County KUSP UIG fund Account number 1261527461 which has a balance of Ksh. 98 giving a total of Kshs. 219, 115,221.

Committee Observation

The Committee observed that the prior year balances in the financial statements were not indicated to have been restated despite the assertion of the management that the figures were restated to correct prior year issues.

Committee Recommendation

The Committee recommends that capacity building be done and competent personnel be appointed to carry out financial reporting duties to minimize such errors and omissions. The statement of receipts and payments reflects an amount of Kshs. 6, 502, 537, 922 in respect of transfers from County Revenue Fund (CRF) and as disclosed in Note 1 to the financial

statements. However, review of Central Bank of Kenya (CBK) bank statements revealed transfers from exchequer included transfers of funds totalling Kshs. 1,049,579,241 received between 1 and 5 July, 2023 which was after the cut off period of 30 June, 2023.

In the circumstances, the accuracy and completeness of an amount of Kshs. 6,502,537,922 in respect of transfers from the CRF could not be confirmed.

2. Transfers from County Revenue Fund After Cut Off Period

The management confirmed to be true that County Government transferred funds totalling Kshs.1,049,579,241 from the County Revenue Fund between 1st and 5th July, 2023 which was after the cut off period of 30th June, 2023 but the requisitions were made before 30th June, 2023. However, payments which had been processed in IFMIS had to be cleared as per the end year closure procedures. It is worth noting that the delays in exchequer releases causes delays in withdrawals of funds from County Revenue Fund. They further asserted that, the receipts were captured in the bank reconciliation statements as receipts in cashbook not recorded in bank.

Committee Observation

The Committee observed that the transfers of Kshs. 1,049,579,241 made between 1st and 5th July, 2023 was for the period under review which was occasioned by late disbursement of funds from the exchequer.

Committee Recommendation

The Committee recommends full adoption of accrual accounting by the County Executive following the guidelines given by the National Treasury. This will ensure that revenues and expenditures are recognized once they are earned and incurred and not when actual cash is received or paid.

3. Compensation of Employees

3.1 Variances Between Gross Payment Voucher and Gross Salaries Payroll

The Statement of receipts and payments reflects an amount of Kshs. 2,776, 973,006 in respect of compensation of employees and as disclosed in Note 3 to the financial statements. However, review of gross payroll and gross pay per payment vouchers revealed different amounts of Kshs. 2,777,686,719 and Kshs. 2,773,240,930 respectively resulting to unexplained and unreconciled variance of Kshs. 4,445, 789.

In the circumstances, the accuracy and completeness balance of Kshs. 2,776,973,006 in respect of compensation of employees' allowances could not be confirmed.

Management Response

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The management acknowledged the auditor's observation. They stated that the variance of Kshs. 4,445, 789 relates to a payment voucher for the Department of Lands and Housing which was erroneously omitted.

Committee Observation

The Committee noted that omission of Kshs. 4,445,789 had not been corrected in the financial statements hence the accuracy and completeness of the compensation of employees figures could not be confirmed.

Committee Recommendation

The Committee recommends capacity building be done and competent personnel be appointed to carry out financial reporting responsibilities to minimize such errors and omissions.

3.2 Variances in Statutory Deduction Remittances

The statement of receipts and payments reflects an expenditure of Kshs. 2,776,973,006 in respect of compensation of employees which includes amounts of Kshs. 7,218,000 and nil amounts in respect of NSSF and NHIF respectively and as disclosed in Note 3 to the financial statements. However, review of the payroll deductions and payments made by the County Executive revealed amounts of Kshs. 14,499,093 and Kshs. 47,796,450 resulting to an unexplained and unreconciled variance of Kshs. 7,281,093 and Kshs. 47,796,450 respectively.

In the circumstances, the accuracy and completeness balance of Kshs. 2,776,973,006 in respect of compensation of employees' allowances could not be confirmed.

Management Response

The management acknowledged the auditor's observation. The variance of Kshs. 7,281,093 and Kshs. 47,796,450 in respect to NSSF and NHIF respectively relates to employee contribution to the stated service providers. These amounts are included in basic salaries of permanent employees and basic wages of temporary employees as deductions. The disclosed figure in Note 3 of the financial statements of Kshs. 7,218,000 is the employer contribution to compulsory NSSF scheme.

Committee Observation

The Committee noted that reporting in the financial statements is not consistent since prior year NSSF employer contribution was nil but the year under review is Ksh.7,218,000 as stated above as well as in note 3 of the financial statements.

Committee Recommendation

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The Committee recommends that the application of the accounting policies be consistent over a given period of time as per the International Public Sector Accounting Standards.

4. Use of Goods and Services

4.1 Unsupported Domestic Travel and Subsistence Allowance

The statement of receipts and payments reflects use of goods and services of an amount of Kshs. 1,041,341,564 which includes an amount of Kshs. 189,228,477 in respect of domestic travel and subsistence allowances and as disclosed in Note 4 to the financial statements. However, review of the supporting documents and IFMIS payment details revealed total payments amounting Kshs. 296,960,179 resulting in an unreconciled variance of Kshs. 110,731,702. Further, review of development IFMIS payments from various departments revealed an amount of Kshs. 87,975,956 in respect of domestic travel and subsistence allowances without supporting authority approving reallocation of development fund for recurrent.

In the circumstances, the accuracy and completeness of an amount of Kshs. 189,228,477 in respect of domestic travel and subsistence allowances could not be confirmed.

Management Response

The management stated that, the amount of Kshs. 296,960,179 consist of payments processed in IFMIS charged to both development and recurrent votes from five different accounts namely; Development account, Recurrent account, Health Special Purpose account, Financing Locally-led Climate Action (FLLOCA), Special Purpose Account and Primary Healthcare Account.

The analysed schedules include payments relating to acquisition of assets, Research, Feasibility Studies, Project Preparation and Design, Project Supervision, Other Infrastructure and Civil Works, User Fees Forgone Reimbursement, Primary Healthcare, Financing for Locally-led Climate Action Program (FLLOCA), voided payments and payments relating to the previous Financial Year 2021/22 which had been audited and certified.

Further analysis and reconciliation of the schedule of domestic travel and subsistence allowances showed that the variance from the amount disclosed in the financial statements and IFMIS records is Kshs .107, 731,702 and not Kshs. 110,731,702.

The DSA paid under development vote related to payments for formulation of county policies-specifically completion of the CIDP III, formulation and development of financial standard operating procedures (SOPs), risk management policy and county budget policy. Additionally, the county government has donor funded projects- in this case, Financing

Locally Led Climate Action programme (FLLOCA) which has an approved work plan under which DSAs is paid.

The variance of Kshs. 107,731, 702 is summarized below in the table below. The table has Account name, amount in IFMIS schedule, Amount charged to DSAS as disclosed in Financials Statements and Variance. We have Development Account with Ksh 35,775,091 with a variance of the same amount. We also have a Recurrent Account with Kshs. 216,430,733, amount charged as Kshs. 189,228,477 and a variance of Kshs. 27,202,256.

The Speaker (Hon. (Dr.) Patrick Mutai): Maybe you need to read the variances only.

Hon. Vincent Korir (Member for Londiani Ward): Thank you very much. Transforming Health System for UHC, SPA has a variance of Kshs. 36,361, 600, variance for FLOCCA amounts to Ksh. 8, 238,700 while Primary Health Care has Kshs. 154,055.

With regard to Kshs. 87,975,956, observed as having been reallocated to development, it is important to note that all donor funded projects are budgeted for in development vote. This is in accordance with financing agreements and approved work plans which contain expenditure of recurrent nature such as, training (capacity building), other operations and maintenance expenditure. This is to safeguard against comingling of funds in the annual budget.

Committee Observation

The Committee noted that Ksh.107, 731,702 was paid out as domestic and subsistence allowance from development and donor funded projects while Ksh.189, 228,477 was paid out from recurrent expenditure.

The Committee further noted that the amount paid out from the development and donor funded projects could be on the higher side and thus the intended objective of the development or donor project might not have been done in an efficient and effective way as well as value for money might not have been achieved.

Committee Recommendation

The Committee on Budget and Appropriation in consultation with the relevant stakeholders should ensure that funds are utilized prudently especially domestic and subsistence allowances allocated under the development vote and donor funded projects to avoid misappropriation.

Unsupported Domestic Travel and Subsistence Allowances

Review of the IFMIS payment details and bank statements revealed that forty-seven

(47) officers were paid domestic travel and subsistence allowance in excess of the number of days that may reasonably be available in a year. The total amount paid was Kshs. 169,837,014 without supporting payment vouchers.

In the circumstances, the accuracy and completeness of Kshs. 169,837,014 in respect of domestic travel and subsistence allowances could not be confirmed.

Management Response

The management acknowledged the auditor's observation. However, they stated that the amount of Kshs. 169,837,014 was not paid to officers for domestic travel and subsistence allowance. Included in the amount are payments relating to training, public participation, hospitality (board, committees, conferences, seminars and catering services), donor funded activities in development vote.

They further stated that, included in this amount are payments made during the previous year FY 2021/2022 which had been audited and certified. In addition, during the time of audit, some of these payments documents were sampled by the auditor and the management availed the documents to the auditors.

Committee Observation

The Committee had requested the management to provide evidence in support of their response but the same was not provided. In the circumstances, the committee was not able to ascertain the claims.

Further, the Committee observed that most of these payments are related to domestic and subsistence claims from development vote and special purpose projects.

Committee Recommendation

The Committee recommends that the 47 officers stated above, who were paid domestic travel and subsistence allowance exceeding the number of days that may reasonably be available in a year, should be surcharged and disciplinary action be taken against them by the County Public Service Board. The CECM in charge of Finance and Economic Planning to give a report on the action taken to the County Assembly within 30 days.

4.3. Unsupported Expenditure on Office and General Supplies and Services

The statement of receipts and payments reflects use of goods and services of an amount of Kshs. 1,041,341,564 which includes an amount of 24,698,126 in respect of office and general supplies services and as disclosed in Note 4 to the financial statements. However, supporting documents including payment vouchers totalling to Kshs.5, 037,405 were not provided for audit.

In the circumstances the accuracy and completeness of an amount of Kshs.5, 037,405 in respect of office and general supplies services could not be confirmed.

Management Response

The management stated supporting documents including payment vouchers totalling Kshs.5, 037,405 have been provided for audit verification.

Committee Observation

The Committee noted that the documents were provided to the committee but not to the auditors at the time of audit. This is contrary to Section 62 (1)(c) of the Public Audit Act, 2015 which states that, ‘a person shall not without justification fail to provide information within a reasonable time that is required under the Act.’

Committee Recommendation

The Accounting Officer should ensure that all the required documents and information are submitted for audit pursuant to the provisions of the Public Audit Act, 2015.

5. Transfers to Other Government Entities**5.1 Omitted Transfers to Bomet Water Company**

The statement of receipts and payments reflects an amount of Kshs. 815,691,599 in respect of transfers to other government entities and as disclosed in Note six to the financial statements. However, review of the IFMIS payment details revealed payments of Kshs. 31,000,000 made to Bomet Water Company which was not included in the transfers to other government entities.

In the circumstances, the accuracy of an amount of Kshs. 815,691,599 in respect of transfer to other government entities could not be confirmed.

The management acknowledged the auditor’s observation. However, they stated that the amount paid to Bomet water on behalf of Tilwasco for bulk water supply was Ksh 12,000,000 and not 31,000,000 as observed. The amount of Ksh 12,000,000 was disclosed in the financial statement as transfers to other government entities under Note six.

They further stated that, the amount of Kshs. 31,000,000 as per IFMIS payment details was inclusive of stopped payments of Kshs. 7,000,000 on 9th February 2023, Kshs. 7,000,000 on 11th April 2023 and Kshs. 5,000,000 on 26th October 2022 due to insufficient funds.

Committee Observation

The Committee noted that there were three transactions raised for payments to Bomet Water Company but were later diverted for other purposes resulting to disruption of Water Supply to the residents of Kericho County. This pointed out poor planning of funds.

Committee Recommendation

The Committee recommends that proper measures to be put in place to ensure that liabilities are settled in time to avoid disruption of services to the residents of Kericho County.

5.2 Transfers to Kenya Climate Smart Agriculture Project

The statement of receipts and payments reflects transfers to other government entities of Kshs.815, 691,599 which includes an amount of Kshs.217, 517,463 in respect of transfers to Kenya Climate Smart Agriculture Project and as disclosed in Note 6 to the financial statements. However, review of the IFMIS payment details revealed payment totalling Kshs.149, 190,521 resulting in an unreconciled variance of Kshs.68, 326,942.

In the circumstances, the accuracy and completeness of transfers to Kenya Climate Smart Agriculture Project amounting to Kshs.217, 517,463 could not be confirmed.

Management Response

The management acknowledged that Kenya Climate Smart Agriculture Project received a total amount of Kshs. 149,190,521 from World Bank and County Contribution through Development Account as per analysis in table 4 below. It is worth noting that Kenya Climate smart Agriculture Project is not a self-reporting entity and is consolidated with the county executive financial statements. Further, the actual expenditures are disclosed under transfers and its cash and bank balances of Kshs 28,295,036.55 disclosed under Note 13(a) of the county executive financial statements. The variance of 68,326,942 is the difference of actual expenditure and transfers as per table 4 and 5.

Mr. Speaker, we have a table and let me read the figures out. We have CRF-World Bank as the source of funds dated 16th September 2022, 3rd November 2022 up to 20th February 2023 and we have a total of 149,190,521. In table five Mr. Speaker we have a total of 217, 517, 463.10.

Committee Observation

The Committee observed that the variance was as a result of opening and closing balances for the fund.

Committee Recommendation

The Committee recommends that the management should be providing necessary information during the audit to reduce the number of queries being raised by the auditors whereas the information was available.

6. Acquisition of Assets

6.1 Unsupported Payments to Various Contractors

The statement of receipts and payments and as disclosed in Note nine to the financial statements reflects an amount of Kshs.1,754,673,761 in respect of acquisition of assets. Review of the IFMIS payment details revealed that fifteen (15) contractors were paid amount of Kshs.29,196,567 for the supply of various goods and services. However, supporting documents including procurement documents, delivery documents and inspection and acceptance report were not provided for audit review.

In the circumstances, the accuracy and completeness of payments captured in the IFMIS records amounting to Kshs.29, 196,561 in respect of supply of various goods and services by the fifteen (15) contractors could not be confirmed.

Management Response

The management stated that they endeavour to provide the documents as required. However, in this case, they are unable to determine the specific 15 contractors awarded contracts amounting to Kshs.29, 196,561.

Committee Observation

The Committee observed that the management being unable to determine the specific 15 contractors awarded contracts amounting to Kshs.29, 196,561 is an indication of insincerity or non-cooperation with the auditors. The audit process takes a period of not less than 60 days and the management had the opportunity to seek for clarification from the auditors.

Committee Recommendation

The Committee recommends that the County Public Service Board takes disciplinary action against the officers who failed to provide the above stated information to the auditors at the time of Audit in accordance to Section 156 of the Public Finance Management Act, 2012.

6.2 Unsupported Purchase of Trucks and Trailers

The statement of receipts and payments and as disclosed in Note nine to the financial statements reflects acquisition of assets of an amount of Kshs.1,754,673,761 which includes an amount of Kshs.12,818,400 in respect of purchase of vehicles and other transport equipment which further includes payment for purchases of trucks and trailers amounting to Kshs.2,728,010. However, supporting documents including procurement documents, quotations, inspection and acceptance committee reports, payment vouchers and assets register were not provided for audit review.

In the circumstances, the accuracy and completeness and regularity of expenditure on purchase of vehicles and other transport equipment of Kshs.2, 728,010 could not be confirmed.

Management Response

The management acknowledged the auditor's observation. However, they pointed out that the purchase of the Trailers was done through Request for Quotation (RFQ) as stipulated in section 105 of the Public Procurement and Asset Disposal Act 2015 and a contract Ref (CGK/Q/024/ENV/2022/2023) dated 08th December 2022 was made with Online Garage & Spares Limited to Fabricate and supply two trailers. Copies of Requisition, Quotation, Inspection Report and Store Records are provided.

Further, the trailers were inspected by the mechanical department and approved to be mechanically fit.

Committee Observation

The Committee observed that the documents which were not provided have since been provided in support of the payments.

Committee Recommendation

The Committee recommends that necessary access to information, records, documents and personnel by the auditors should be done promptly at the time of audit in line with the Public Audit Act, 2015.

7. Unsupported Other Payments

The statement of receipts and payments reflects an amount of Kshs. 154,156,955 in respect of other payments and as disclosed in Note 12 to the financial statements. However, the supporting schedules and payment vouchers were not provided for audit.

In the circumstances, the accuracy and completeness of the expenditure amounting to Kshs. 154,156,955 in respect of other payments could not be confirmed.

Management Response

The management stated the expenditure of Kshs. 154,156,955 in respect to other payments relates to agency notice served to the county government. The amount was deducted at source by Kenya Revenue Authority.

Committee Observation

The Committee observed that Kenya Revenue Authority deducted Kshs. 154,156,955 at source being unremitted taxes by the management. At the same time, according to the demand notice, KRA levied Kshs. 61,143,468 in terms of interest and penalties. However, this information was not provided to the auditors at the time of audit contrary to the requirements of the Public Audit Act, 2015.

Committee Recommendation

The Committee recommends that the Accounting Officer be held personally liable for non-remittance of taxes resulting to loss of public funds in terms of penalties and interest. The

County Public Service Board should avail a report to the County Assembly within 30 days on the action taken against the Accounting Officer.

8. Variances in Development Bank Accounts Balance

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs. 309,515,583 as disclosed in Note 13A to the financial statements which includes Kshs. 897,757 in respect of county development bank balance as at 30 June, 2023. The certificate of bank balance from Central Bank of Kenya (CBK) had a balance of Kshs. 6,471,975 while the cash book balance was Kshs. 897,759. Review of the bank reconciliation statements reflected reconciling balances of Kshs. 791,489,877 and Kshs. 785,915,661 in respect of payments in cash book not yet recorded in bank (unpresented cheques) and receipts in cash book not yet recorded in bank respectively. However, detailed analysis of the unpresented cheques reflected a total of Kshs. 789,590,177 resulting to a variance of Kshs. 1,899,700 while receipts in the cash book not in bank amounted to Kshs. 783,326,548 resulting in an unexplained variance of Kshs. 2,589,063.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs. 897,757 could not be confirmed.

Management Response

The management acknowledged the auditor's observation that there was variance of the Ksh 1,899,700 in payments in cashbook and not yet recorded in bank Statement. This was as result of error of omission of a payment in the reconciling items.

Additionally, the variance of Kshs 2,589,063 in receipts in cashbook not yet recorded in bank was a result of returned payment of Kshs 2,589,063 at the end of the year. However, the correct reconciling items and bank reconciliation statement to support the cashbook balance has been provided.

Committee Observation

The Committee observed that errors of omission and commission were rampant as a result of the incompetence of personnel placed in financial reporting.

Committee Recommendation

The Committee recommends that the Accounting Officer ensures that staff are trained and developed on financial reporting. Additionally, that internal controls are put in place to ensure that errors and omissions do not recur.

9. Unreconciled Project Receipts and Payments

The statements of financial assets and as disclosed in Note 13A to the financial

statements reflects a balance of Kshs. 309,515,583 in respect of cash and cash equivalents. However, review of cash movements and recorded balances for the various projects revealed that there were unreconciled variances as detailed below;

- (i) The special purpose department of crop development account-KACSP-Kenya Climate Smart Agriculture -State Department of Crop revealed a variance of Kshs. 23,005,937;
- (ii) The Kericho County Roads Maintenance Fuel Levy Account revealed a variance of Kshs. 7,991,921;
- (iii) The Kericho County Agriculture Sector Development Support Project (ASDAP II) Account revealed a variance of Kshs. 7,999,279;
- (iv) The Kericho County Kenya Development Support Programme (KSDP) Account revealed a variance of Kshs. 44,643,522;
- (v) The Kericho County Primary Health Care Account revealed a variance of Kshs. 3,850,000; and
- (vi) The Kericho County Climate Change Fund Account revealed a variance of Kshs. 37,970,211.

Those variances were not explained or reconciled.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs. 309,515,583 as at 30 June, 2023 could not be confirmed

Management Response

The management acknowledged the auditor's observation. However, they clarified that the variance of Kshs. 23,005,937 under Kenya Climate Smart Agriculture Project relates to county counterpart contribution to the project as per the financial agreement between the county and donor and as per the table below. We have a table that shows contribution, date and amount with a total amount of Kshs. 23,005,937.

Additionally, the variance of Kshs 7,991,921 under The Kericho County Roads Maintenance Fuel Levy Account (RMLF) relates to expenditure of road maintenance incurred during the year under review. Further, there were no transfers during the year under review since there was an opening balance in the fund.

The variance of Kshs 7,999,279 under the Kericho County Agricultural Sector Development Support Project (ASDSP II) Account is the county counterpart contribution to the fund as per table 7 below. We have a table that shows date, payee and amount with a total of Kshs. 8,000,000.

Further, the variance of Kshs 44,643,522 relates to the actual expenditure under Kenya Development Support Program (KSDP).

Additionally, the variance of Ksh 3,850,000 under The Kericho County Primary Health Care Account is the receipts received on 5th October 2022 for DANIDA funding to the account making the total receipts to Ksh 15,931,625.

The Variance of Kshs. 37,970,211 under The Kericho County Climate Change Fund Account is the expenditure of the Program accounted for in various Ledgers.

Committee Observation

The Committee noted that the reconciliation was neither done before audit nor was the auditor provided with information on the same.

Committee Recommendation

The Committee recommends that the management should do reconciliation, variances investigated and corrections made in time. This is in line with Regulation 90 (3) of the Public Finance Management Regulations, 2015 which states that: ‘an Accounting Officer shall ensure any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cashbooks.’

10. Multiple and Outstanding Imprests

The statement of assets and liabilities reflects Nil balance in respect of outstanding imprests and advance as disclosed in Note 14 to the financial statements. However, the IFMIS payments details revealed that between 19th June and 30th June, 2023 there were payments totalling Kshs. 37,127,820 paid to staff, some receiving multiple payments for domestic travelling out of which an amount of Kshs.13,109,699 was paid to twenty-six (26) members of staff. Further, Management did not provide documents to support when the activities took place and how the amounts were cleared within the eleven days before the close of the financial year. In addition, manual imprests registers from the twelve (12) departments of the County Executive were not provided for audit.

In the circumstances, the accuracy and completeness of the Nil balance in respect of outstanding imprest could not be confirmed.

Management Response

The management notes the auditor’s observation. However, we would like to state that the amount of Kshs. 13,109,699 paid to staff related to outstanding claims for activities that had been undertaken before but had not been paid due to the late exchequer releases. Imprest surrender documents including manual imprest registers have since been availed for audit review.

Committee Observation

The Committee observed that the management in their response attributed Kshs. 13,109,699

to be claims for activities earlier undertaken. However, the auditor is referring to multiple imprests advanced to 26 members of staff towards the close of financial year and imprest registers not provided for audit.

Committee Recommendation

The Accounting Officer should be personally held liable for authorizing multiple imprests to staff as well as failure to provide supporting documents to the auditors at the time of audit contrary to PFM, Act and Public Audit Act.

11. Unsupported Payables – Deposits and Retentions Balance

The statement of assets and liabilities reflects a balance of Kshs. 91,646,566 in respect of deposits and retentions as disclosed in Note 15 to the financial statements. However, the supporting control ledger, schedule and any supporting certificates were not provided for audit.

In the circumstances, the accuracy and completeness of the deposits and retentions balance of Kshs. 91,646,566 could not be confirmed.

Management Response

The management concurred with the auditor's observation. There was an opening balance of Kshs 43,744,697 at the beginning of the year. The county government retained and transferred an amount of Kshs 116,069,122.55 to the deposit account in the financial year under review an amount of Kshs 68,166,653.40 was paid to contractors resulting to a net movement of Kshs 47,902,469 and hence a closing balance of Kshs. 91,646,566.

Furthermore, supporting records for retentions deducted in the financial year made up of deposit registers, cash book, bank statement had been provided.

Committee Observation

The Committee noted that, at the time of audit, supporting control ledger, schedule and any supporting certificates were not provided for audit. This is contrary to the provision of the Public Audit Act, 2015 on provision of access to documents, records, information and personnel by the auditors.

Committee Recommendation

The Accounting Officer should ensure that the accounting records are correct, complete and free from material misstatements. The same should be submitted to the auditors promptly as required by the law.

Emphasis of Matter**1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipt budget and actual comparable basis amounts of Kshs. 7,474,085,274 and Kshs. 6,681,961,783 respectively resulting in under-funding of revenue of Kshs.792, 123,491

or 11% of the budget. Similarly, the County Executive spent Kshs. 6,732,281,978 against budget amount of Kshs. 7,474,085,274 resulting into under- absorption of Kshs. 741,803,296 or 10% of the budget.

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

Management Response

The management acknowledged the auditor's observation. The underperformance of the budget was as a result of late exchequer releases, unrealized grants, donor funding and own source revenue. This impacted negatively on planned activities.

The county government has put in place measures to improve on own source revenue by enforcing provisions in the finance act and the county government has developed the Kericho County Revenue Administration and Management Bill, 2021.

Committee Observation

The Committee observed that during the period, there was revenue deficit of 11% and under absorption of 10% of the budget.

Committee Recommendation

The management should ensure that future budgets are realistic, achievable and aligned with the actual revenue collections trends to prevent unrealistic projections that will lead to deficits or inefficiencies in service delivery.

Pending Bills

1.1 Unsupported Pending Bills Brought Forward

Disclosed in Note 20 (1) and Annex 2 to the financial statements are pending accounts payable of Kshs.526,208,651. However, review of the approved revised supplementary estimate II revealed that an amount of Kshs.425,616,000 had been allocated during the year under review to settle the pending bills that were carried forward to 2022/2023 financial year in line with 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 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 obligation. However, the budgeted amount was not supported by a breakdown of the pending bills which were to be paid. Further, the details of the pending bills settled with the budgeted amount of Kshs.425, 616,000 were not provided for audit.

Management Response

The management stated that the County Government had budgeted an amount of Kshs. 425,616,000 for settlement of pending bills that were carried forward to 2022/2023 financial

year. The management paid an amount of Ks 341,520,210.45. The Budgeted amount was meant to settle part of Kshs. 526,208,651 of the Pending Bills after Verification.

Committee Observation

The committee observed that only Kshs. 341, 520,210 of pending bills was paid out of a budgeted amount of Ksh.425, 616,000. That no reason was given why all the budgeted amount was not paid contrary to Section 41 (2) of the PFM (County Government) Regulations, 2015 which states that: ‘the debt service payments shall be first charge on the county revenue fund and the Accounting Officer shall ensure this is done to the extent possible.’

Furthermore, the management neither provided supporting documents to the auditors nor showed the criteria used in prioritization of pending bills paid.

Committee Recommendation

The Committee recommends that the Accounting Officer be personally held liable for failing to pay all the pending bills budgeted contrary to Regulation 41 (2) of the PFM (County Government) Regulations, 2015.

Furthermore, the Accounting Officer should personally be held liable for failing to provide the same documentation to the auditors for verification contrary to the Public Audit Act, 2015.

Lastly, the Committee recommends the formation of an *Ad-hoc* Committee...

PROCEDURAL MOTION EXTENSION OF TIME

The Speaker (Hon. (Dr.) Patrick Mutai): Order Honourable Vincent! Looking at the time, it is 12.00pm. You may take your seat so that we can deal with the House Keeping orders! The Hon. Hezron Ngetich!

Hon. Hezron Ngetich (Member for Chilchila Ward): Thank you Mr. Speaker for giving me this opportunity. Pursuant to Standing Order 30, that is, on ‘hours of meeting’ which stipulates that unless the Speaker, for the convenience of the assembly otherwise directs, the assembly shall meet on Tuesdays morning 9.30 a.m, Tuesdays afternoon 2.30 p.m, Wednesdays morning 9.30 a.m. and Wednesdays afternoon at 2.30 p.m. I now jump to section three that: ‘notwithstanding paragraph one and two, the County Assembly may resolve (a) to extend its time or (b)...’ but Mr. Speaker I’ll base my Motion on part (a) and now jump to section four whereby a Motion under paragraph 3 (a) shall be moved at least 30 minutes before the time appointed for adjournment. Mr. Speaker, looking at our time, it is 12.00 p.m. and our session should end at 12.30 p.m. and now Mr. Speaker, considering the Business of the day and it is 30 minutes prior, I rise to move a Motion that we extend the time

of our morning sitting from 12.30 p.m. up to 1.00 p.m. to allow us to deliberate and finish on the Business of the day. I therefore call upon Honourable Erick Bii to second.

The Speaker (Hon. (Dr.) Patrick Mutai): Hon. Erick Bii!

Hon. Erick Bii (Member for Kaplelartet Ward): Thank you Mr Speaker for giving me an opportunity to second the Motion but before then Mr. Speaker, maybe I take this opportunity too to welcome the youth from this County to this session and inform them that this is a House of rules and procedures and I hope that they have been attentive for the past two hours they have been in this House. Mr. Speaker the session has prolonged and I want to say that the matter before us is very weighty and we need to deliberate on it before the afternoon session. So Mr. Speaker, I second the Motion. Thank you!

The Speaker (Hon. (Dr.) Patrick Mutai): Okay thank you! I now rise to put the Question.

(Question put and agreed to)

Honourable Members, we have 56 minutes to go. I know the Chairman, you are almost through and then we shall limit ourselves to that 56 minutes because we have an afternoon session. So you can proceed Honourable Vincent Korir as I call upon the Deputy Speaker to also come over and give me a break.

(Hon. Cheruiyot Bett, the Deputy Speaker took the Chair)

The Deputy Speaker (Hon. Cheruiyot Bett): Proceed, the Honourable Chair!

Hon. Vincent Korir (Member for Londiani Ward): Thank you so much Mr. Speaker. I was at Committee recommendations on the unsupported pending bills brought forward.

Mr. Speaker, the Committee recommends that the Accounting Officer be personally held liable for failing to pay all the pending bills budgeted contrary to Regulation 41 (2) of the PFM (County Government) Regulations, 2015.

Furthermore, the Accounting Officer should personally be held liable for failing to provide the same documentation to the auditors for verification contrary to the Public Audit Act, 2015.

Lastly, the Committee recommends the formation of an *Ad-hoc* Committee to look into the issue of pending bills since the list of pending bills attached to the financial statements as Annex 2 has inconsistencies, errors and duplications.

1.2 Inaccuracies in Pending Bills

The financial statements reflect pending accounts payable balance of Kshs.526, 208,651 as disclosed in Note 20.1 and detailed in Annex 2 on analysis of the pending accounts

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payable to the financial statements. However, review of the invoices and completion certificates of certified works revealed a re-computed balance of Kshs.582, 053,849 resulting to an unexplained and unreconciled variance of Kshs.55, 845,198. Further, review of the Annex 2 to the financial statements revealed that the balance of Kshs.28,413,675 was in respect of recurrent and development expenditures for previous financial year 2021-2022 which implies there was failure to clear pending bills in the year to which they relate.

In the circumstance, the accuracy and completeness of the balance of Kshs.526, 208,651 in respect of pending bills could not be confirmed.

Management Response

The management acknowledged the auditor's observation. However, we wish to state that the pending Bills as at 30th June 2023 was Kshs. 526,208,651 and not Kshs. 582,053,849 as observed by the Auditor. The amount comprises of development pending Bills of Kshs. 383,118,457 and recurrent pending bills of Kshs. 143,090,194 totalling to Kshs. 526,208,651.

Committee Observation

The Committee observed that the management did not give any reasons why pending bills amounting to Kshs.28, 413,675 relating to the financial year 2021/2022 did not form a first charge in the subsequent financial year as stipulated under Regulation 41 (2) of the PFM (County Government) Regulations, 2015.

Further, the management did not provide reconciliation between the stated pending bills figure in the financial statements of Kshs.526, 208,651 and the recomputed figure of Ksh.582, 053,849.

Committee Recommendation

The Accounting Officer be held personally liable for prioritizing 2022/2023 pending bills before paying Ksh.28,413,675 relating to financial year 2021/2022 contrary to Regulation 41 (2) of the PFM (County Government) Regulations, 2015.

The correct figure for pending bills should be clearly shown in the financial records with proper supporting documents and should not be subject to manipulation.

Other Matters

2. Unresolved Prior Year Matters

As disclosed under the progress on follow up of auditors' recommendation section of the financial statements, the Management indicated that some of the issues have been resolved. However, Management did not provide reports and invitations from the oversight committee's detailing the deliberations and recommendations of the committees on resolved issues. Further, no satisfactory reasons were provided for the delay in resolving other issues.

Management Response

The management stated that, on Prior year Matters, that they provided reports and invitations from the oversight committee's detailing the deliberations and recommendations of the committees on resolved issues.

Committee Observation

The Committee observed that some of the issues in the prior year had not been resolved and no criteria was provided in resolving the same.

Committee Recommendation

The Committee recommends that the Committee on Implementation to follow up on the recommendations on the report of the Auditor-General for the financial year 2021/2022 tabled in the House to ensure that all the recommendations have been fully implemented

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**1. Irregular Payment to Council of Governors**

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects an amount of Kshs. 815,691,599 in respect of transfers to other government entities. However, review of the IFMIS payment details and bank statements revealed that an amount of Kshs. 3,200,000 was transferred to Council of Governors to cater for subscription contrary to Section 37 of the Inter-Governmental Relations Act, 2012 which states that the National Government should meet all operational expenses of the Council of Governors.

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

Management Response

The management acknowledged the payment of Ksh 3,200,000 to the Council of Governors. The payments made were in relation to participants attending Devolution conferences as registration fees and not a subscription to Council of Governors. The funding was distributed among the departments that had attendees for devolution conference as participation fees which are paid on activity basis to enable county officials to attend and showcase their county investments during the conference.

Committee Observation

The Committee observed that the County Government paid Ksh.200,000 for conference fees, Ksh.1,000,000 as contribution to legal fees and 2,000,000 to annual intergovernmental contribution to the Council of Governors contrary to Section 37 of

the Inter-Governmental Relations Act, 2012 which states that the National Government should meet all operational expenses of the Council of Governors.

Committee Recommendation

The Accounting Officer should be personally held liable for making payment to Council of Governors contrary to Section 37 of the Inter-Governmental Relations Act, 2012.

Direct Procurement of Certified Seeds, Breeding Stock and Live Animals

The statement of receipts and payments and as disclosed in Note 9 to the financial statements reflects acquisition of assets of an amount Kshs. 1,754,673,761 which includes an amount of Kshs. 39,347,827 in respect of purchase of certified seeds, breeding stock and live animals out of which an amount of Kshs. 25,038,420 was paid to various suppliers for the supply of vaccines, veterinarian supplies and farm materials. Review of the supporting documents revealed that direct procurement was used to procure the items contrary to Section 103, (1) and (2) of the Public Procurement and Asset Disposal Act, 2015 which states the conditions for direct procurement.

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

Management Response

The management agreed with the Auditors observation on direct procurement of certified seeds from the Kenya Veterinary Vaccines Production Institute (KEVEVAPI), Kenya Animal Genetic Resources Centre (KAGRC), KALRO & Kenya Seed Company which are State Corporations and distributors of Vaccines, Bull Semen & Day-old Chicks respectively.

The Direct procurement method was applied having satisfied section 103 (2) (a) of the PPDA, 2015 which allows for procurement from a particular supplier when there is no reasonable alternative or substitute exists. Additionally, the county government has a memorandum of understanding (MOU) with the stated suppliers to supply the goods and services on a need basis.

Committee Observation

The Committee observed that Department of Agriculture and Livestock had MOUs with Government Agencies for the supply of vaccines, bull semen and certified seeds. However, the Committee was unable to determine if the whole amount of Kshs. 39,347,827 was paid to the three government agencies.

Committee Recommendation

The Committee recommends that the Accounting Officer should ensure all procurement procedures are followed and documentations of the same be provided to the auditors at the time of Audit in line with the Public Audit Act, 2015.

2. Compensation of Employees

2.1 Non-Compliance with Fiscal Responsibility Principles on Wage Bill

The payment on compensation of employees of Kshs. 2,776,973,006 constitutes 42% of total revenue of Kshs. 6,681,961,783 received during the year under review. This is 7% above the limit contrary to Regulation 25(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the County Executive Committee Members with the approval of the County Assembly shall set a limit on the county government's expenditure on wages and benefits for its public office pursuant to Section 107(2) of the Act and, (b) the limit set under paragraph shall not exceed 35 per cent of the county government total revenue.

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

Management Response

The management concurred with the auditor's observation, that the reasons for the increase was occasioned by implementation of the Collective Bargaining Agreement (CBA) for healthcare workers, recruitment of enforcement officers and harmonization of contractual staff. Additionally, due to non-realization of own source revenue, which caused non-compliance with fiscal responsibility in regard to the wage bill.

Committee Observation

The Committee observed that the County Government has continuously failed to meet own source revenue targets leading to non-compliance with fiscal responsibility.

Committee Recommendation

The County Government should strategize on how to increase own source revenue in order to conform with its fiscal responsibility. Also, the Committee recommends that future recruitments should only be done on need basis so as to check on the ballooning wage bill.

2.2 Non-Compliance with Law on Staff Diversity

The County Executive recruited total number of two hundred and seventy-one (271) new staff during the year. However, the staff number comprised of two hundred and sixty (260) members of staff from the dominant ethnic community in the County forming 96% of the new staff composition. This was contrary to Section 65 (1)(e) of the County Government Act, 2012 which states that in selecting candidates for

appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county. It is not clear what action the Management is taking to remedy the anomaly.

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

Management Response

The County Government of Kericho inherited most of its staff from the defunct local authorities which sourced its staff from the local dominant community. However, the county public service board is encouraging the minority community to apply in case of any future job advertisements.

Committee Observation

The Committee observed that most of the employees of the County Executive were inherited from the defunct local Government. However, 96% of the 260 new employees employed during the year under review were from the local dominant community contrary to Section 65 (1) (e) of the County Government Act, 2012 which states that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

Committee Recommendations

The management should ensure that future recruitments be done in a way that reflects the face of Kenya and in compliance with Article 27 of the Constitution of Kenya, 2010 and the County Government Act, 2012.

2.3 Non-Adherence to One-third Basic Salary Rule

As disclosed in Note 3 to the financial statements, the statement of receipts and payments reflects compensation of employees of Kshs. 2,776,973,006 which includes an amount of Kshs.775, 043,366 in respect of basic salary of permanent employees. However, review of the Integrated Payroll and Personnel Database (IPPD) for the year ended 30th June, 2023 revealed that eighty-three (83) officers were drawing net salary less than a third of their monthly basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that total deductions from salaries of employees shall not exceed two-thirds of the respective basic salaries.

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

Management Response

The management confirmed that during the year under review, the tax law (Amendment) Act,

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2020 was assented on 25th April, 2020 which amended various tax regulations meant to cushion Kenyans against the harsh economic effects of Covid-19 pandemic. They further stated that after the tax relief a number of staffs committed their pay slips thus leading to earning below one third rule of their Basic Salary,

When the relief was lifted, the IPPD system could not be reverted. After identifying the same, the county requested the relevant financial institutions where commitments were made to regularize the deductions to align with the law. The management has taken initiatives to communicate with affected staff to restructure their pay slip commitments to comply with one third rule.

Committee Observation

The Committee observed that 83 County Government officers were earning salaries below one third rule contrary to the law.

Committee Recommendation

The Accounting Officer should ensure that one third rule is fully adhered to.

2.4 Irregular Payment of Salaries Outside the Integrated Payroll and Personnel Database (IPPD)

The statement of receipts and payments reflects compensation of employee's expenditure amount of Kshs. 2,776,973,006. However, included in the balance is Kshs. 80,108,526 processed and paid outside the Integrated Payroll Personnel Database (IPPD) system contrary to The National Treasury Circular No.13/2019 dated 28th August, 2019, which states that Integrated Payroll Personnel Database (IPPD) must support the allocation of personnel emoluments. No explanation was provided by Management for the use of the manual system.

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

Management Response

The management stated that, the payment outside IPPD system was due to delay in processing personal numbers of county staff. Further, this mostly affected the interns who were brought on board at the same time. The management has since provided personal numbers to all interns and ECDE teachers.

Committee Observation

The Committee observed that the County Executive pays some staff emoluments outside the Integrated Payroll Personnel Database (IPPD) system which is contrary to The National Treasury Circular which supports that the allocation of personnel emoluments must be

through IPPD system.

Committee Recommendation

The management should ensure that all salaries are paid through the IPPD system in line with The National Treasury Circular No.13/2019 dated 28th August, 2019. This will reduce the chances of human error and manipulation.

2.5 Lack of Annual Recruitment Plan

Review of the human resource documents revealed that during the year under review, new staff members were recruited including two hundred and ten (210) interns, 1 director supply chain Management officer, twenty (20) ECDE Supervisors, and thirty (30) staff in Department of Agriculture which were not supported with a recruitment plan. This was contrary to Human Resource Plans B.2 (1) which states that every Ministry/State Department shall prepare Human Resource Plans to support achievement of goals and objectives in their Strategic plans. The plans shall be based on comprehensive job analysis and shall be reviewed every year to address emerging issues and needs. Further, supporting documents including the advertisement, selection panel recommended list and the recruitment plans were not provided for audit.

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

Management Response

The management acknowledged the auditor's observation. However, they stated that the approved county staff establishment and organizational structure was used by the board as the basis to carry out the staff recruitment during the financial year under review. Further, Human Resource Plans are a replica of the staff establishment and organizational structure. The departments also adequately identified and budgeted for the recruitment of the staff.

Committee Observation

The Committee observed that the County Government recruited additional employees without a recruitment plan contrary to Human Resource Plan.

Committee Recommendation

The management should follow the set procedures of recruitment of staff as per Human Resource manuals and procedures.

3. Acquisition of Assets**3.1 Irregular Reallocation of Development Funds to Recurrent Expenditure**

Review of the statement of comparison of budget and actual amounts –development reflects final budget of Kshs. 2,582,512,372 in respect of development expenditure budget and actual on comparable basis of Kshs. 2,185,937,721. However, review of the IFMIS payment details in respect of development revealed payments totalling Kshs. 808,216,218 or 35% of the development budget were in respect of transfers to other government entities largely for health facilities operations, domestic travel and subsistence allowance and Kenya School of Government trainings. These are expenditures of recurrent in nature reallocated from capital funds contrary to Section 43(1)(b) of the Public Finance Management Act, 2012 which states, inter alia, that Accounting Officers may not reallocate funds which are appropriated for capital expenditure except to defray other capital expenditure.

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

Management Response

The management stated that the donor funds was budgeted under development capital transfers economic line items. However, they could not ascertain the amount of Kshs. 808,216,218 as stated in the audit findings.

Committee Observation

The Committee observed that amount totaling Kshs. 808,216,218 of the development budget was transferred largely to health facilities for operations which are recurrent in nature. These includes; domestic travel and subsistence allowance and trainings at Kenya School of Government.

Committee Recommendation

The committee recommends that the Accounting Officer strictly adheres to the Budget as passed by the County Assembly. The Committee on Implementation to follow up on the matter confirm whether Kshs. 808,216,218 was spent as appropriated.

Procurement of Non – Current Assets from Non-Prequalified Firms

As disclosed in Note 9 to the financial statements, the statement of receipts and payments reflects an amount of Kshs. 1,849,303,010 in respect of acquisition of assets. However, review of the supporting documents revealed payments of Kshs. 82,625,7873 in respect of non-current Assets were procured from non-prequalified suppliers and contractors for the year 2022-2023 contrary to Section 106(1 and 2) of the Public Procurement and Asset Disposal Act, 2015.

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

Management Response

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The management concurred with the auditor's observation. Payments totalling to Kshs. 82,625,783 was tenders procured through open tender which do not require prequalification.

Committee Observation

The Committee observed that the procurement of non – current assets amounting to Kshs. 82,625,788 was through the open tender advertised in the National dailies.

Committee Recommendation

The Committee recommends that the management should follow due procedure and strictly adhere to the law while tendering for projects as per the Public Procurement and Asset Disposal Act, 2015.

3.2 Incomplete Refurbishment and Construction of Shops and Stalls at Litein Market

The statement of receipts and payments reflects acquisition of assets of an amount of Kshs. 1,754,673,761 as disclosed in Note nine to the financial statements which includes an amount of Kshs. 574,327,451 in respect of construction and civil works out of which an amount of Kshs. 3,176,858 was for refurbishment and construction of twenty-four (24) shops and stalls at Litein market by a local company. The contract was signed on 13th January, 2022 at a contract sum of Kshs. 9,475,064 without an end date for the project. However, physical inspection on 8th November, 2023 revealed that only nineteen (19) shops out of twenty-four (24) shops were constructed as per bills of quantities due to limited space. Management did not provide any explanation on how they will make good the loss of the five (5) shops not constructed due to limited space. Further two (2) shops were incomplete with the following works still pending; roofing, plastering, flooring, doors and windows were not fixed, electrical works. The refurbishment to the already existing pit latrines was also not done at time of audit in the month of November, 2023 against the bill of quantities.

In the circumstances, value for money for the expenditure of Kshs. 3,176,856 in respect of refurbishment and construction of twenty-four (24) shops and stalls at Litein market could not be confirmed.

Management Response

The management acknowledged the auditor's observation and clarified that the number of stalls (shops) as per the tender document was 23 and not 24. Additionally, they stated that at the time of audit, the works were still ongoing. After realizing the drawings could not accommodate all the shops, the project manager issued additional site instructions to utilize part of the parking bay to complete the remaining stalls. They reported that the 23 shop stalls were constructed and completed by May, 2024 as per the completion certificate. Further, the refurbishment of the pit latrine was done and completed by May, 2024. The

works in Litein market are now complete awaiting handing over to the Department for onward allocation to traders for operations.

Committee Observation

The Committee observed that the construction of Litein Market stalls is complete and ready to be handed over to traders for use.

Committee Recommendation

The Committee recommends that the project be put to use so as to realize value for money as well as serve the residents of Kericho County.

3.3 Delay in Construction of Modern Sondu Market

The statement of receipts and payments reflects acquisition of assets of an amount of Kshs. 1,754,673,761 as disclosed in Note nine to the financial statements which includes an amount of Kshs. 574,327,451 in respect of construction and civil works out of which an amount of Kshs. 4,342,425 relate to construction and completion of Modern Sondu Market. The contract agreement was signed on 12th June, 2019 at contract sum of Kshs. 128,945,229 for a contract period of fifty-two (52) weeks with effect from 14th August, 2019. Further, review of the supporting documents revealed that the contractor has been paid an accumulated amount of Kshs. 100,442,289. However, physical inspection carried out on 8th November, 2023 revealed that the project was incomplete despite the expiry of the completion date. The contractor was on site at the time of audit and the percentage covered was minimal. Further, an interview with the Management revealed that there has been a boundary dispute between the neighbouring communities over the location of the Sondu Modern market.

In the circumstances, value for money and the expected benefits from the projects to the public may not be realized.

Management Response

The management acknowledged undertaking construction of a modern market in Sondu market at a contract sum of Kshs. 128,945,229 for a contract period of fifty-two (52) weeks with effect from 14th August, 2019. They said that, the delay in the completion of the project was caused by civil unrest and ethnic clashes at Sondu town border. Sondu town is a border town between Kericho and Kisumu counties. Stakeholders meetings were organized and mediated by the National government to address the challenges as evidenced by the latest engagement on 3rd May, 2024.

In addition, despite the challenges noted above, the County government has extended the contract period to 14th June 2024 to enable completion of the project and that the county government has given clear instructions to the contractor to complete the works within the extended period with due support from the county government.

The county government believes that a lasting peaceful solution will enable the two counties to work in cohesion for purposes of completing the project.

Committee Observation

The Committee observed that despite several extensions, the project is still incomplete with 80% of the contract price already paid.

Committee Recommendation

The Committee recommends that the project be expedited to completion so as to serve the intended purpose.

3.4 Delay in Construction of Modern Market in Kericho Town

The statement of receipts and payments reflects acquisition of assets of an amount of Kshs. 1,754,673,761 as disclosed in Note nine to the financial statements, which includes an amount of Kshs. 574,327,451 in respect of construction and civil works out of which an amount of Kshs. 60,934,681 relate to payments for the proposed construction of Modern Market in Kericho which commenced on 22nd February, 2021 at contract sum of Kshs. 234,970,538 and a completion date of 22nd February, 2023. Further review of the interim payment certificates revealed that the contractor had been paid an accumulated amount of Kshs. 159,501,390. However, physical verification inspection of the project on 8th November, 2023, revealed that the project was incomplete despite the expiry of the project duration and no document was provided for audit in respect of the extension of the project completion. Review of the inspection and acceptance report dated 1st December, 2022 revealed that the contractor was asked to review the work program to compensate for the time lost and ensure that works proceeds without interruption of absenteeism from site, an indication that the contractor had not been doing much to ensure that the project is completed within the stipulated time.

In the circumstances, value for money and the expected benefits from the projects to the public may not be realized.

Management Response

The management acknowledged that during physical verification of the project on 8th November, 2023, the project was still ongoing.

The county government signed a contract for construction of modern market in Kericho Town on 22nd February 2021 with a tentative completion date of 22nd February 2023. After lapse of the initial contract, the contractor requested for four extensions of time.

The Contractor was required to submit a revised work program and valid performance guarantee covering the extended time and the revised project completion date is 30th

September 2024. The current PIT Report has been provided showing the current state and also the percentage of completion of the project.

The Contractor was instructed to adopt revised methods which will accelerate the completion of works, such as increase in the working hours and/or in the numbers of Contractor's Personnel and/or Goods, which will be at the risk at the cost of the Contractor.

Committee Observation

The Committee observed that Kericho modern market is stalled and the contract completion date has since lapsed.

The Committee also noted that, due to the delay in completion, the project is not serving the intended purpose hence value for money has not been realized.

Committee Recommendation

The Committee recommends that the project be expedited to completion so as to serve the intended purpose.

3.5 Tea Buying Centre Constructed on Private Land

The statement of receipts and payments reflects acquisition of assets of amount of Kshs. 1,849,303,010 as disclosed in Note nine to the financial statements, which includes an amount of Kshs. 574,327,451 in respect of construction and civil works out of which Kshs. 8,816,133 was in respect of construction of three (3) tea buying centres at Chebole Kapsimotwet and Kipsiya/Chesagogo through the department of Agriculture, Livestock Development and Cooperative Development. Physical inspection conducted on 8th November, 2023 and interview with the local residents revealed that the parcels of land were donated by locals for the construction of the tea buying centres which were complete and not in use as at the time of inspection. However, land ownership documents title deeds, sale and transfer agreements, survey and valuation reports were not provided for review. The County Government of Kericho may be faced with the risk of losing the land in case of future claims in respect of the ownership and operations of such projects.

In the circumstances, the ownership of the parcels of land and expenditure on tea buying centres could not be confirmed.

Management Response

The County Executive agreed to have constructed Tea Buying Centres (TBC) on the stated parcels of land which they said was under the programme of promotion of cash crops in the county government.

They stated that before execution of such an agreement, there was a public participation between the county government, the community and the owners of the parcels of land before

an agreement was signed as evidenced in the minutes. Furthermore, the process of ceding and titling of the parcel of lands from the initial owner to the community was ongoing as per supporting documents.

Committee Observation

The Committee observed that the Tea Buying Centre was constructed on a private land and no valid document on its ownership was provided. However, a sale agreement was availed to the Committee.

Committee Recommendation

The management should ensure that, only tea buying centres with valid ownership documents receive funding for construction.

4. Irregular Provision of Security Services

As disclosed in Note four to the financial statements, the statement of receipts and payments reflects use of goods and services of an amount of Kshs. 1,041,341,564 which includes an amount of Kshs. 113,411,535 in respect of other operating expenses out of which an amount of Kshs. 2,415,584 is in respect of provision of security services. Further, review of the governance structure revealed that the County Executive of Kericho has a directorate of enforcement officers employed on permanent and pensionable terms of service. However, Management engaged a private security firm to provide the same security service at a total cost of Kshs. 2,415,584 during the year under review.

In the circumstances, the accuracy and regularity of the payments of Kshs. 2,415,584 in respect of provision of security services could not be confirmed.

Management response

The county government spent Kshs. 2,415,584 towards outsourcing of the security services for some of departmental office premises. This was necessitated by inadequate enforcement officers.

In addition, the services was sourced competitively and a contract ref. (CGK/WTR/ADMI/Q/001/2021/2022) dated 27th July 2022 was made for one year for the external security provider to offer specialized security not only to the department premises but as well as high valued machineries stationed at the office such as the drilling rig and its accessories.

Committee Observation

The Committee observed that the management did not justify the reason for outsourcing security services whereas the county has its own enforcement officers.

Committee Recommendation

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The management should prudently use public resources and proper justification should be given before engaging private services where such services are available internally.

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

5. Failure to Conduct Public Participation on 2022-2023 Budget

Regulation 7(1) of Public Finance Management-County Government Regulations, 2015 requires the County Executive Member to publish process and procedures for public participation in the planning and budget processing. However, no documentary evidence was provided for audit indicating that public participation took place.

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

Management Response

The management did not acknowledge the fact that they did not conduct public participation. However, they stated that the county conducted public participation on County Fiscal Strategy Paper 2022 and Medium-Term Expenditure Framework 2022/2023-2025/2026.

Committee Observation

The Committee observed that the management conducted public participation on County Fiscal Strategy Paper and Medium Term Expenditure Framework. However, they did not demonstrate that they conducted public participation on the Budget Estimates for the period.

Committee Recommendation

The Committee recommends that the management should adhere to the PFM Act and the Constitution placing importance on public participation during the budget making process.

6. Lack of Information and Communication Technology (ICT) Policy and Strategic Plan

The County Executive of Kericho did not provide for review ICT policy and disaster recovery plan. In the circumstances, the County Executive's preparedness from possible disaster recovery could not be confirmed.

Management Response

The management acknowledged the auditor's observation. However, the Department of ICT and E-governance is at the draft stage of developing ICT Policy and Disaster Recovery plan.

Committee Observation

The Committee observed that the management did not have an ICT policy as well as Business Continuity Recovery Plan in the event of disruptions and disaster.

Committee Recommendation

The management should develop an ICT policy and Business Continuity Recovery Plan so as to aid in the event of disruptions and disasters.

Thank you very much Mr. Speaker. I call upon Hon. Hezron Ngetich to second.

The Deputy Speaker (Hon. Cheruiyot Bett): Thank you very much for a well-researched report. Hon. Hezron! And going by our time, we have 15 minutes to spend so far on this matter and so when you get an opportunity later on to contribute, make sure that you utilize one minute or two. Thank you!

Hon. Hezron Ngetich (Member for Chilchila Ward): Thank you Hon. Speaker for giving me this opportunity to second this Motion by the Public Accounts Committee. I want to use this opportunity to enlighten Hon. members that this is a report which is self-explanatory and we need not deliberate so much on it because every fine detail was looked into and we did a thorough research and investigations as a committee. Mr. Speaker now the ball is on the chair of implementation because all the recommendations and grey areas, we have recommended as a committee to the Committee on Implementation to follow up on all the recommendations because it's a self-explanatory Report and I don't want to dwell much on it because of time. I rise to second this Motion. Thank you!

The Deputy Speaker (Hon. Cheruiyot Bett): Thank you members. Now that the Motion has been seconded I now propose the Question.

(Question proposed)

The floor is now open for the debate. Let me give to the Hon. Eric Bii, one minute each, followed by be Honourable Chair for Education, then number three, is the Honourable Eric Bett and number four is Honourable Whip in that order.

Hon. Eric Bii (Member for Kaplelartet Ward): Thank you Honourable Speaker once again for forgiving me an opportunity to deliberate on this report. Allow me Mr. Speaker to thank the Chair Public Accounts and Investments Committee (PAIC) for the well-researched report though we've taken a very long time during the presentation. Mr. Speaker, this is a very good report and I must appreciate the mover of this Motion. Mr.

Speaker, as it has been said that this is a well elaborated report but I want to give emphasis on two or three issues. I will just use one minute and its starts now. One is the issue of pending bills. We've seen from the report that there's a lot of pending bills which have been irregularly placed and there's no good report in terms of payment and that is why when you look at the County Government of Kericho there are so many complainants who did good works previously but they have never been paid. I think there have been skewed payments as we have heard from the Report. We want to request the County Government led by the County Executive Committee Member (CECM) in charge of Finance to relook on the issue of pending bills. Even this year we are anticipating a lot of pending bills that might not allow us next year to do our works. Mr Speaker, this should be scrutinised well and there should be a declaration so that as we budget in this House we shall be able to know what amount of pending bills which has not been paid.

Mr. Speaker, I am very particular on Sondu which is in my ward and you know the market which was built in 2019 and we've seen the figures whereby the actually appropriated 128 million and Mr. Speaker so far 100 million has been used and if you look at the structure right now, it is not functional and the reason they are giving us from the report is that there has been unrest in Sondu and I want to confirm to this House that there's no such issues. I think those are the issues raised by the department which are not factual from the ground. So they need to go back and compel the contractor to be able to complete the works so that we the value for money is realised in the Ward.

Lastly Mr. Speaker is the issue of public participation and for the people who are in the Public Gallery, why did the County Executive fail to carry out public participated for the budget of 2022/2023? It is mandatory that before forwarding the budget to this House they should have first involved the public so that, us as an Assembly can also carry out our own public participation. So they failed to conduct the public participation for 2022/2023 which is wrong and we need to find out the reason. The Implementation Committee should follow up on the matter and furnish this House with a Report. Otherwise I support this Motion and thank you for the two minutes.

The Deputy Speaker (Hon. Cheruiyot Bett): Thank you Hon. Bii. Let me give to Hon. Maritim, the Chair for Education. I know he is a one-minute-man and I know he will utilise that one minute.

Hon. David Maritim (Member for Kedowa/Kimugul Ward): Thank you Mr. Speaker, Sir for this opportunity. Going through this document, I can see that our county is economically collapsing. Mr. Speaker, there is a lot of variances in expenditure which is not explained. Lack of supporting documents in expenditures, inaccuracies of financial statements, multiple imprests being paid without supportive documents; this is bad Mr. Speaker. The accounting officer should be liable for this. There is also payment of Council of Governors meeting despite being paid by the national government. Payment of contractors with no supportive documents and services offered is not shown. So, the county, Mr. Speaker, is just collapsing.

This is a damning report, Mr. Speaker. With the Litein shops, I'm being informed by a member from there, an MCA, that the shops are not complete, there are no drainages and

more importantly, there is no toilet. So, the county government and the management should take charge, Mr. Speaker. Otherwise, I want to thank the committee for coming up with this report and I support. Thank you!

The Deputy Speaker (Hon. Cheruiyot Bett): Thank you, Honourable Maritim. Where is the Honourable Member for Litein to confirm those facts that the market is stalled? I can see the nominated member from Litein. Once you get an opportunity, you confirm to us whether it is complete or not. The Honourable Eric Bett!

Hon. Eric Bett (Member for Kipchebor Ward): Thank you, Mr. Speaker, for giving me this chance to also contribute on this matter. In the interest of time, I just want to welcome the youth leadership of Kericho County with their leader, Elkana, and the team. I welcome you so much to this Assembly.

So, Mr. Speaker, Sir, on this issue, I'm a member of this committee. All I want to say, Mr. Speaker, is that this report is for the period ending 30th June 2023 which means we are one year behind. So, we have a report for the period ending 30th June 2024. So, my plea to the assembly is that we need to dispense this matter rightfully now and then we can also embark on the report which is also passed because the Committee on Implementation is supposed to look at all these recommendations and to be able to give us the status if they have improved because this is like two years ago. So, we need to know as of today, 2025, are these inconsistencies still there or they have done so? So, my appeal as I conclude is that all these are weighty recommendations. We need to see action. And I want to ask that we are able to get these particular recommendations so, that we can look at the one for 2024/2025. So, Mr. Speaker, as I do support and I would really implore that we look at this matter with the Committee on implementation so that we know if really the County is improving or there are challenges going forward. Thank you, Mr. Speaker.

The Speaker (Hon. (Dr.) Patrick Mutai): Thank you, the Honourable Eric Bett. Next is the Honourable Chief Whip.

Hon. Haroun Rotich (Member for Seretut/Cheptororiet Ward): Thank you very much, Mr. Speaker. First I want to welcome the visiting youth who are the representatives of the youth from our County.

Number two, Mr. Speaker, I want to go direct because of time I want to appreciate first the Chairman and the members of the Public Accounts and Investment Committee for an elaborate report. Mr. Speaker, we are impressed by the work that they have done though a lot of inconsistencies are well captured in this report. Mr. Speaker, first I want to note that we are told this is an adverse report, that is, from the Auditor General as per the Public Audit Act of 2015.

Mr. Speaker, I want to say that a lot of areas have been cited that there is a lack of supportive documents. Mr. Speaker, I am really touched by the part that they say the pending bills

should have been the first charge. But then, if you noted the part that they have said that they paid the 2022/2023 ones instead of those for 2021/2022 contrary to Regulation 41(2) of the PFM (County Governments Regulations), 2015.

Mr. Speaker, I want to state very clearly that the inconsistencies that have happened, if you noted in the observations as per the report and the recommendations, Mr. Speaker, it has been captured very well and I am in agreement that they have stated the accounting officer who failed to present documents for audit or either to substantiate or probably the public funds that are in question. Mr. Speaker, I want to state it very clearly, as I end, because all the recommendations in the areas that were captured by the Auditor General are very clear, that there are issues of money. For instance, 47 officers who were paid domestic travel allowances beyond the days stipulated should be surcharged.

I want to believe that, as has been said by my colleagues, that the Implementation Committee should take charge and probably action this report and let no stone left unturned. So with those three remarks, Mr. Speaker, because of time, I want to agree with my fellow members that we will be following up on this report from the Implementation Committee. Thank you very much, Mr. Speaker.

The Speaker (Hon. (Dr.) Patrick Mutai): Alright, thank you. The Honourable Anita!

Hon. Anita Mibey (Member for Chemosot Ward): Thank you, Mr. Speaker, for the opportunity to be able to respond but before I respond, allow me to also welcome the youth leadership team from Kericho County led by the President, Elkana, who comes from Chemosot ward. You are welcome and I know this has been a learning session for you today. Mr. Speaker, Sir, I would like to also echo some of the words and some of the observations that have been highlighted looking into the report covering the period that ended on 30th June 2023 with so many glaring areas that have been highlighted.

I want to appreciate the PAIC Committee for this comprehensive report and I think, Mr. Speaker, Sir, this has been an eye-opener for us today to get to know the status and position of most of the projects in this county. As I support what Honourable Eric mentioned that this being two years ago report 2023, I think we'll encourage the committee to move faster and give us the latest report so that we can be able to actually know what is the true position of some of the issues that have been raised here.

I'll just mention one, if you allow me Mr. Speaker, Sir, which was on the incomplete refurbishment and construction of stalls in Litein Market. I think myself coming from that area, this is a concern from Bureti with the market that has been built for years now and the report or the management response indicating very clearly that they have 23 stalls that were constructed and completed by May 2024 with a completion certificate. There's also a pit latrine that was done and completed by May 2024. I know this is contrary with what

Honourable Maritim mentioned that they don't have a toilet, but they have mentioned that it was completed already in this report.

Mr. Speaker, Sir, I think going forward, because this is a market that the response says it has been completed and awaiting handing over to the department, and looking at the public resources that have been used to construct, and it is almost an year now because the completion was May 2024 and we're in May 2025; one year down the line, yet no handing over has been done. I think we call upon the Committee on Implementation at this point to actually look into some of these facilities that have been completed and yet to be handed over as per this report today. Otherwise, I support this report in totality. Thank you so much.

The Speaker (Hon. (Dr.) Patrick Mutai): All right, thank you! The Honourable Cheruiyot Bett! And then I'll give to Honourable Moses and then Honourable Martin. Then we can call upon the mover of the Motion to reply. Two minutes!

Hon. Cheruiyot Bett (Member for Ainamoi Ward): Thank you, Mr. Speaker, Sir, for giving me this opportunity and of course, the great people of Ainamoi. Mr. Speaker, allow me from the onset, to welcome the leadership of our youths led by the President Elkana, to our County Assembly.

Mr. Speaker, number two, allow me also to most sincerely thank the Committee on Public Accounts and Investment Committee under the leadership of the Honourable Vincent Korir. This is a very well-researched and a very comprehensive report that they have tabled today. I also want to thank your office, for facilitating this committee so that we have this report today.

Mr. Speaker, I want to agree with what has been said by the Honourable members that the public finances in this county, somehow are not being spent well. I want to urge each and every committee to rise up to the occasion and address some of these issues. I want to also address the County Executive from where I am, that we also have Ainamoi theatre, Mr. Speaker, that has stalled from 2020 up to today. I know when the chair is going to table the Auditor General's Report for the year ending 30th June 2024, that Ainamoi theatre will not miss in that report that it has stalled for long.

Mr. Speaker, what I just want to inform the County Executive is that most of these projects, that we need to make sure that they are completed as per the contract agreement so that the people of this county get what they deserve. I am surprised, that a market in Sondu, they have already paid for 80% of that market contract price while the work done is probably less than 50%.

Ainamoi theatre is at 95% complete but the contract sum that has already been paid, Mr. Speaker, is less than 40%. So we also need the County Executive to be fair in how they are paying some of these contracts. They should pay according to the nature and the percentage

of the work. If the contractor leaves site in Sondu, he has already been given more than what he has done yet a contractor in Ainamoi is suffering because of petty politics. So I want to urge the County Executive, especially the Department of Finance and Economic Planning and that of Health, that they should treat all works in all the wards equally so that our people get value for their money. I want to support the committee and support the Motion. Thank you, Mr. Speaker.

The Speaker (Hon. (Dr.) Patrick Mutai): All right. Thank you. Doctor Moses Rotich!

Hon. Moses Rotich (Member for Tendeno/Sorget Ward): Thank you so much, Mr. Speaker, for giving me this opportunity to, one, welcome our county youth leadership into this Assembly. Mr. Speaker, I also congratulate our able PAIC Chair for a wonderful report. The Honourable Vincent Korir has been my political mentor since 2013 and I understand from record that he may be becoming our future something. So thank you so much, Honourable Korir, for a wonderfully researched report. Mr. Speaker, what is before us is a PAIC report that qualified and what is happening at the County Executive has been highlighted in this report. This is what has been adversely affecting the development in our county.

Looking into the pending bills, Mr. Speaker, I remember back in 2023 or 2022, we had requested as an Assembly a pending bill report to be tabled before this House. A committee to investigate pending projects, Mr. Speaker, was done, and no report was brought into this House.

We have noted with a lot of concern issues of errors-I don't want to call them errors of omission but errors of commission. If an Accounting Officer of a department is paying salaries outside the Integrated Personnel and Payroll Database (IPPD), it's a serious violation. Secondly, Mr. Speaker payment of projects which are not completed and which have no documentation is a serious violation.

Looking at the recommendation from our committee on PAIC, Mr. Speaker, that using your powers you establish another committee, I think with my wisdom or even lack of it, that is the way to go so that we dispense this issue once and for all with a lot of diligence and looking at the nitty-gritty to unravel the issues raised and bring sanity in our county. So, Mr. Speaker, as I conclude, I have a cold and for purposes of infection and prevention, I wish that I be the last to speak so that the next person may not catch the flu. You may also direct, Mr. Speaker, our Serjeant-at-Arms to sanitise this machine after I am done. I thank you, Mr. Speaker!

The Speaker (Hon. (Dr.) Patrick Mutai): All right, thank you, the Hon. Dr. Moses, and because of your cold, I guess it is not that bad, let's have the final honourable member, Honourable Martin; two minutes, kindly!

Hon. Martin Cheruiyot (Member for Kapkugerwet Ward): Thank you very much, Mr. Speaker, Sir, for giving me this opportunity and by extension to the people of Kapkugerwet. Let me join you by welcoming the youth leadership that are present with us in this County Assembly; welcome very much. Mr. Speaker, Sir, I want to congratulate or commend the committee that is led by Honourable Korir, that is, the Committee on Public Investment and Accounts Committee, for the good work that they did.

Mr. Speaker, Sir, there are many areas that are highlighted that need a lot of attention. I've gone through the report, Mr. Speaker, and one area that has really captured my attention and mentioned several times, Mr. Speaker, is the question of revenue; own-source revenue. Since this report is a report that covers a period ending at June 2023, I want also to mention or put across that there are other reports that are follow-up reports and as per the recommendations of this committee, Mr. Speaker, I want to urge the Implementation Committee that they make follow-ups and also in the other reports, that is, 2023/2024 report and the rest of the reports that comes after that, that we should really see the improvement in these grey areas that have been highlighted.

Mr. Speaker, Sir, the Accounting Officers are people that are vested with some responsibilities for proper management of resources so that our great people get services. So, in our subsequent reports that come up, that is, as at 30th June 2024, I want to urge the Implementation committee to see look into it, so that in the next reports we see if there is any improvement.

Otherwise, I want to urge the County Executive that for the people of the county of Kericho, to realise development, these reports should be implemented to the fullest. Otherwise, thank you, Mr. Speaker, Sir, and I support the report. Thank you.

The Speaker (Hon. (Dr.) Patrick Mutai): All right, thank you. The Honourable Vincent Korir, now you can reply to your Motion.

Hon. Vincent Korir (Member for Londiani Ward): Thank you, Mr. Speaker, Sir. As I reply to the Motion, I would like to thank your office, thank the members of this House, members of the secretariat and members of the committee for the cooperation and support during the writing of this report. I would like to say that we, as a House, are doing the right oversight by actually checking on the County Executive in spending of our resources. Mr. Speaker, Sir, you see, we made recommendations and what will make this report to be a full report, is the implementation part of it. We have made some of the recommendations that some of the staff, like the accounting officer, should be surcharged. You find that in that report and the documents provided, some of the staff were actually earning DSA of 10,000 per day for 365 days which I don't think is possible but that's what we found out as a committee.

On the issue of pending bills, Mr. Speaker, what shocked us is in the attachments. You find that there are three or four companies doing the same road and repeated as a pending bill. That is not possible and as oversight team, we request that the issue of pending bills be looked at and checked properly and that's why we ask for the formation of a proper committee to actually go into finer details, looking at company by company, document by document so that we have a proper, clear and clean pending bill list that can be well accounted for.

Mr. Speaker, Sir, I know in this report, we have touched on several areas, including the internal controls, the issues of wage bill, the issues of budgetary allocations and these are the things that we normally touch as a house on a daily basis. What we need to do now is to see to it that the County Executive seal the loopholes, especially on the own source revenue, whereby we see that the budgetary allocations that we budget as a House was either underspent by 11% or over projected by 10%. This has made maybe the county to not implement the projects successfully.

Mr. Speaker, Sir, as a committee, we are committed to look at the other reports. We have coming reports also on CRF receivable revenue. We have reports for the 2023/2024 that we are about to start to work on and we are happy because as a committee, we want to be very active. This report was very long but it also tell you that we had a long period of sittings, working and interrogating the County Executive Committee Members. Otherwise, as members and as the oversight arm, we should also follow up through our committees and through our various statements. For example, I saw the statement raised by Honourable Philip is still captured in this report and which we should follow up as a House so that the County Executive can be accountable, efficient and effective in spending of the resources for this county. Otherwise, thank you very much. I do support this report.

The Speaker (Hon. (Dr.) Patrick Mutai): All right. Thank you, Honourable Vincent Korir, the mover of the Motion for replying.

Honourable members, it's now my pleasure and duty to put the Question.

(Question put and agreed to)

Honourable members, listening and following you keenly on the issues that have been raised, I direct the Committee on Implementation, and the Chairman is here, the Honourable Dr. Moses, to follow up on the issues that have been raised and adopted by this House, and you can report back in the next 60 days.

Honourable members, on the matter of pending bills, I shall be giving directions next week on Tuesday, morning session on the way forward.

ADJOURNMENT

The Speaker (Hon. (Dr.) Patrick Mutai): Otherwise, there being no other order of Business, this House stands adjourned until 2.30 p.m.

[The House rose at 12.58 p.m.]