

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

SECOND ASSEMBLY-THIRD SESSION

NBI CA. PLC. 2019 / (053)

4th July, 2019

PAPER LAID

Pursuant to Standing Order 191 (6) I beg to lay the following Paper on the Table of the Assembly, today Thursday 4th June, 2019.

THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS ON THE CONSIDERATION OF THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY FOR THE YEAR ENDED 30 JUNE, 2017

(Chairperson, Select Committee on Public Accounts)

Copies to:
The Speaker
The Clerk
Hansard Editor
Hansard Reporters
The Press

*Paper laid
on 4th July 2019
By Hon. David
Mberia. F.C.A.
4/7/2019.*

*Approved for taking
[Signature]
4th July 2019.*



NAIROBI CITY COUNTY



NAIROBI CITY COUNTY ASSEMBLY

SECOND ASSEMBLY – THIRD SESSION

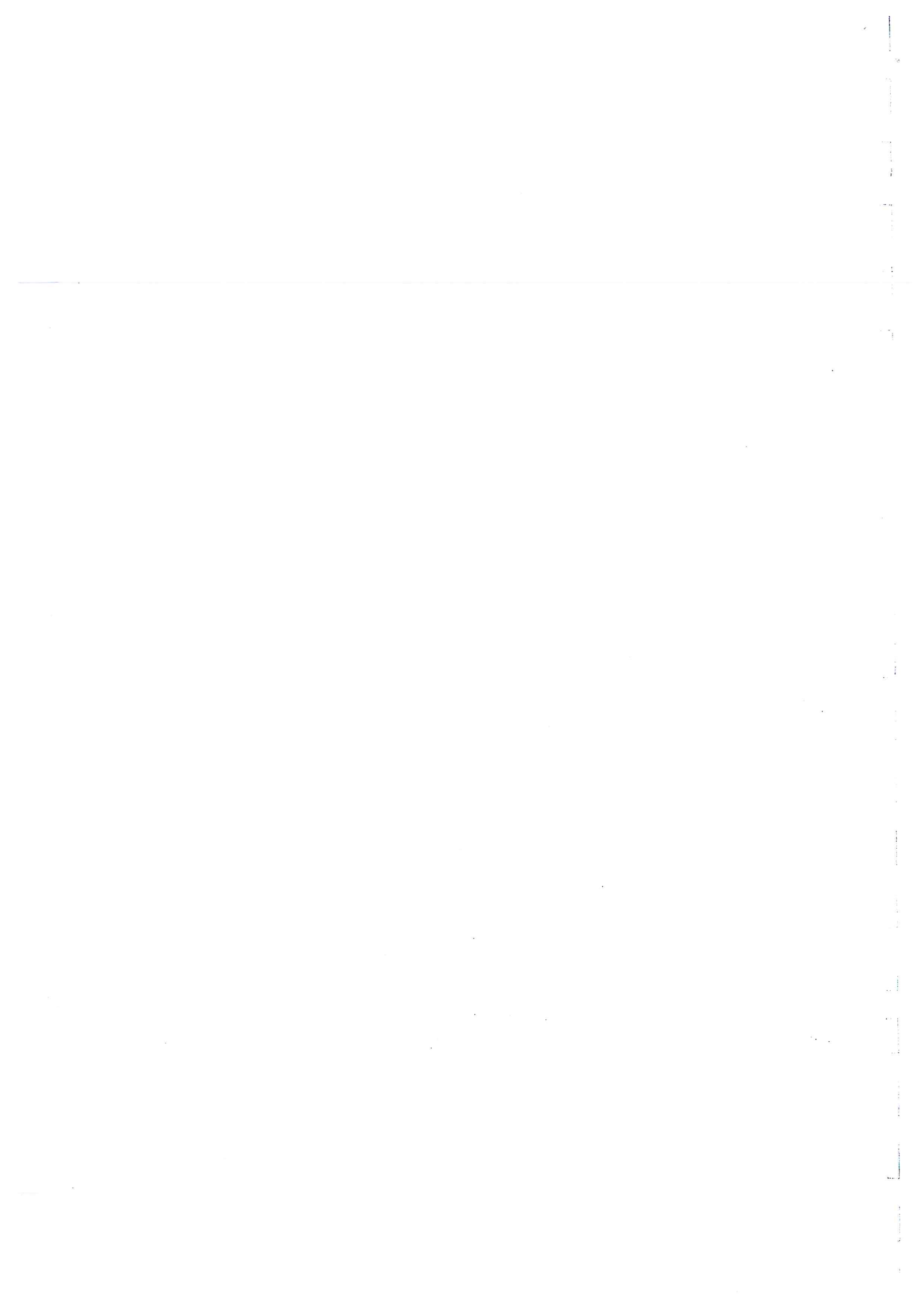
THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS

ON

THE CONSIDERATION OF THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL
STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY FOR THE YEAR ENDED 30TH JUNE,
2017

Clerks Chambers
Nairobi City County Assembly
City Hall Buildings
NAIROBI

JUNE 2019



ABBREVIATIONS

FY – Financial Year

IFMIS- Integrated Financial Management Information System

IPSAS - International Public Sector Accounting Standards

KENAO – Kenya National Audit Office

MCA- Member of County Assembly

PAC – Public Accounts Committee

PFM – Public Finance Management

CHAIRPERSONS FOREWORD

Honourable Speaker, on behalf of the Public Accounts Committee (PAC) and pursuant to the provisions of Standing Order 191(6), it is my pleasant privilege and honour to present to this Assembly this report of the Public Accounts Committee on the consideration of the “The report of the Auditor General on the financial Statements of Nairobi City County Assembly for the year ended 30th June, 2017.”

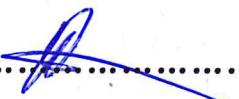
Article 176 of the Constitution establishes the County Government comprising of two distinct and independent arms namely; the County Assembly and the County Executive. The County Assembly is supposed to enjoy both financial and operational autonomy. This is to ensure that the Assembly remains independent while exercising oversight over the County Executive Committee and County Government entities. Indeed, Section 148 (4) designates the Clerk of the County Assembly as the accounting officer of the Assembly. In this regard, the Clerk as the Accounting Officer is charged with the responsibility of managing the finances and resources of the Assembly. As such, as provided for under Section 149 of the PFM Act, 2012, the Clerk like any other accounting officer of a County Government entity is accountable to the County Assembly in ensuring that the resources of the Assembly are used in a lawful, effective, efficient, economical and in a transparent manner.

It is against this backdrop that the Auditor General submits annual reports on accounts of the County Assembly to the Assembly pursuant to article 229 of the Constitution in order for the Assembly to take appropriate action. The Auditor General’s report is subsequently committed to PAC for consideration and reporting pursuant to Standing Order 197. This report is therefore a result of a meticulous exercise carried out by the Committee in considering the Auditor General’s report. The Committee held five (5) sittings to consider the report one of which it received responses from the Accounting Officer. It is worth noting that the Auditor General did not raise serious concerns regarding the management of Assembly’s finances. Indeed, while considering the report, the Committee identified issues such as financial reporting, delay in release of funds to the County Assembly and

challenges in budget implementation as some of the shortcomings that require intervention in order to forestall audit queries.

In conclusion, **Honourable Speaker**, I would like to thank the Clerk of the County Assembly, **Mr. Jacob Ngwele** for appearing before the Committee and responding to the queries raised by the Auditor General. I wish also to register my appreciation to fellow Honourable Members of the Committee for their commitment. Equally, I thank the Offices of the Speaker and the Clerk of the County Assembly, and the Office of the Auditor General for their continued support. I also thank members of the Secretariat for their valued input in the work of the Committee.

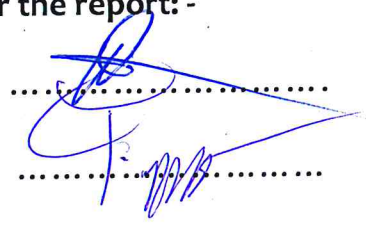
Honourable Speaker, on behalf of the Public Accounts Committee, I now wish to table the report and urge the Assembly to adopt it and the recommendations therein.


.....

Hon. Wilfred Oluoch Odalo, MCA

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

1.Hon. Wilfred Odalo, MCA-Chairperson



2.Hon. Fredrick Njogu, MCA-Vice Chairperson



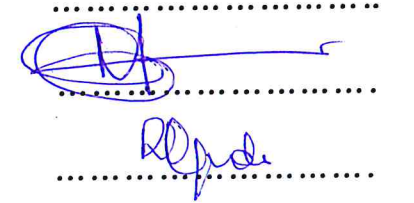
3.Hon. Waithera Chege, MCA



4.Hon. Peter Imwatok, MCA



5.Hon. Moses Ogeto, MCA



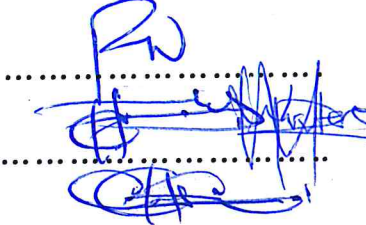
6.Hon. Rose Adhiambo Ogonda, MCA



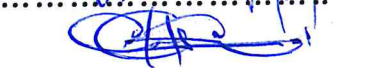
7.Hon. Anthony Karanja, MCA



8.Hon. Peter Wanyoike, MCA



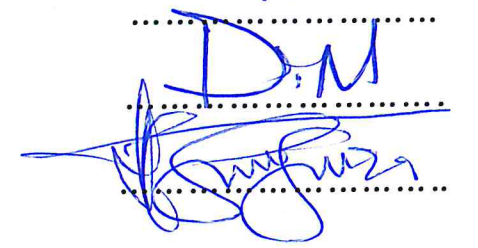
9.Hon. Charles Thuo, MCA



10.Hon. Peter Warutere, MCA



11.Hon. David Mberia, MCA



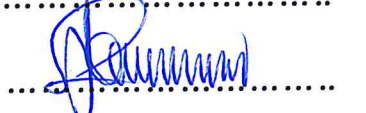
12.Hon. Joseph Wambugu, MCA



13.Hon. Silvia Museiya, MCA



14.Hon. Lawrence Otieno, MCA



15.Hon. Esther Nyangweso, MCA



16.Hon. Redson Otieno, MCA




17.Hon. June Juliet Ndegwa, MCA



18.Hon. Millicent Jagero, MCA



19.Hon. Elizabeth Nyambura, MCA



1.0. INTRODUCTION

1.1. Mandate of the Public Accounts Committee

The Public Accounts Committee derives its mandate from Standing Order 197 (2) of the Nairobi City County Assembly, which provides that: -

“The Public Accounts Committee shall be responsible for the examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think fit”.

The primary mandate of the Committee is therefore to oversight the expenditure of public funds by Nairobi City County entities, to ensure value for money and adherence to government financial regulations and procedures. The Committee further aims at ensuring that Nairobi City County public funds are prudently and efficiently utilized. The Committee executes its mandate on the basis of annual and special audit reports prepared by the Kenya National Audit Office (KENAO).

Article 229 (8) of the Constitution provides that within three months after receiving the report of the Auditor General, Parliament or the **County Assembly** shall debate and consider the report and take appropriate action. It is on this basis that this report has been produced by the Committee for consideration and adoption by the County Assembly.

1.2. Guiding principles

In the execution of its mandate, the Committee is guided by core constitutional and statutory principles on public finance management, as well as established customs, traditions, practices and usages. These principles include the following: -

(a) Constitutional Principles on Public Finance

Article 201 enacts fundamental principles aimed at guiding all aspects of public finance in the Republic. It states that the principles are, *inter alia*, *openness and accountability, including public participation in financial matters; public money shall be used in a prudent and responsible way; and financial management shall be responsible, and fiscal reporting shall be*

clear. The Committee places high regard on these principles, among others, and has been guided by them in the entire process that has led to this report.

(b) Direct Personal Liability

Article 226(5) of the Constitution is unequivocal 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”*. Consequently, Section 203(1) of the PFM Act, 2012 enacts that: - *“A public Officer is personally liable for any loss sustained by a county government that is attributable to-*

(a) the fraudulent or corrupt conduct, or negligence, of the officer; or

(b) the officer’s having done any act prohibited by sections 196, 197 and 198”

The Committee considers this Constitutional and legal provisions as the basis for holding Accounting Officers and other Public Officers directly and personally liable for any loss of public funds that may occur under their watch.

1.3. Obligations of the Accounting Officer

Article 226(2) of the Constitution provides, inter alia, that: *“the Accounting Officer of a national public entity is accountable to the National Assembly for its financial management, and the Accounting Officer of a county public entity is accountable to the County Assembly for its financial management”*. Subsequently, Section 149(1) of the Public Finance Management (PFM) Act, 2012 provides that: *“An accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is—*

(a) lawful and authorized; and

(b) Effective, efficient, economical and transparent.”

These provisions obligate all the Accounting Officers to appear before the PAC to respond to audit queries raised by the Auditor General. It is against this backdrop that the Clerk of the County Assembly appears before the Committee to respond to the queries raised by the Auditor General.

1.4. Committee Membership

The Committee comprises of the following members: -

Chairperson

1. Hon. Wilfred Odalo, MCA

Vice Chairperson

2. Hon. Fredrick Njogu, MCA

3. Hon. Waithera Chege, MCA

4. Hon. Peter Imwatok, MCA

5. Hon. Anthony Karanja, MCA

6. Hon. Peter Wanyoike, MCA

7. Hon. Charles Thuo, MCA

8. Hon. Elizabeth Nyambura, MCA

9. Hon. Peter Warutere, MCA

10. Hon. Joseph Wambugu, MCA

11. Hon. Silvia Museiya, MCA

12. Hon. Rose Adhiambo Ogonda, MCA

13. Hon. Moses Ogeto Nyangaresi, MCA

14. Hon. Lawrence Otieno, MCA

15. Hon. Esther Nyangweso, MCA

16. Hon. Redson Otieno, MCA

17. Hon. David Mberia, MCA

18. Hon. Millicent Jagero MCA

19. Hon. June Juliet Ndegwa, MCA

1.5. Committee Secretariat

Shadrack Makokha

Clerk Assistant

Anthony Nyandiere

Audio Officer (Hansard)

Faith Wairimu

Office Assistant

2.0. KEY ISSUES AND RECOMMENDATIONS

While considering the report of the Auditor General and having considered the responses of the Accounting Officer, the Committee identified the following issues that require interventions:-

1. *Financial Reporting*

Section 164 of the PFM Act, 2012 provide *inter alia* that: - “At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.” Subsection 4 of the said section further provides that: - “Within three months after the end of each financial year, the accounting officer for an entity shall—

(a) submit the entity’s financial statements to the Auditor-General”

Whereas the Clerk of the County Assembly who is also the Accounting Officer prepared the statements as required, a majority of the audit queries raised by the Auditor General during the period under review centred on inaccuracies of the financial statements. While the Committee established that indeed there was no loss of public funds, such erroneous statements would create a wrong impression. In addition, some of the documents/schedules required to support the statements were submitted to the Auditor General during the Committee’s interrogation period. The Committee has therefore recommended that:-

- i) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012. This should include assigning specific officers with express responsibility of preparing financial reports.
- ii) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General to forestall audit queries.

2. *Release of funds to the County Assembly*

In order for the Assembly to implement its programs aimed at ensuring that Members fulfil their constitutional mandates of legislation, oversight and representation, timely

exchequer releases to the Assembly is paramount. During the period under review, the County Assembly initially experienced erratic flow of funds due to delays by the County Treasury to release funds to the Assembly and the bottlenecks created by institutions such as the Controller of Budget. This necessitated the Accounting Officer to effect budget readjustments and borrow from the Mortgage and Car Loan Scheme fund in order to finance Assembly activities. This was eventually picked by the Auditor General as an audit query. The Committee recommends that:-

- i) The County Treasury should ensure timely release of funds to the County Assembly to enable the Assembly to fully discharge its mandate.
- ii) State institutions such as the Controller of Budget should give adequate support to the operations of the Assembly to allow it to implement its planned programs.

3. Budget Implementation

Accounting Officers of County Governments entities are required to implement the budget as approved by the County Assembly. However, while implementing the budget, Accounting Officers pursuant to Section 155 of the PFM Act, 2012 may reallocate funds between programs or between sub votes provided that provisions made in the budget of a program or sub-vote are available and are unlikely to be used and that the total of all reallocations made to or from a program or sub-vote does not exceed ten percent of the total expenditure approved for that program or sub-vote for that year. Similarly, the same ought to be approved by the County Treasury. During, the period under review, the Auditor General noted that whereas the Accounting Officer reallocated funds, due process was not followed. In this regard, the Committee has recommend that the Accounting Officer must at all times implement the budget as approved by the County Assembly. In the event of any reallocations, due process must be followed in accordance with Section 154 of the PFM Act, 2012 and in case of over expenditure a supplementary budget must be submitted to the County Assembly for approval/regularization in compliance with Section 135 of the PFM Act, 2012.

3.0. WITNESSES AND SITTINGS

The Clerk of the County Assembly who is also the Accounting Officer, Mr. Jacob Ngwele, appeared before the Committee on 19th March, 2019 and submitted written responses to the audit queries raised by the Auditor General. The Committee held a total five (5) **sittings** to consider the report of the Auditor General during which it examined both written and oral submissions by the Clerk. Minutes of the Committee's sittings and the submissions tabled by the Accounting Officer are annexed to this report.

4.0. FINANCIAL STATEMENTS OF THE NAIROBI CITY COUNTY ASSEMBLY FOR THE YEAR ENDING 30TH JUNE, 2017

The queries raised by the Auditor General are outlined in the paragraphs as follows:

Basis for Adverse Opinion

4.1. Accuracy of the financial statements

4.1.1. Non-disclosure of Non-current Assets Balances

The summary statement of fixed assets at Annex 4 to the financial statements reflects total fixed assets balance of Kshs 107,533,555.75 as 30th June, 2017. The amount however relates only to the total fixed assets acquired during the financial year under review. The statement does not reflect the balance of assets acquired in prior years contrary to the requirements of the reporting format issued by the Public Sector Accounting Standards Board. Further, management did not provide fixed assets register for audit verification. Consequently, the accuracy of summary statement of fixed assets balance of Kshs 107, 533, 5.75 as at 30th June, 2017 cannot be confirmed.

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that:-

- i) It is true that the fixed assets register was not provided for audit verification during the time of audit. It is also true that prior year assets were omitted in the annexure 1 of the financial statements as required by IPSAS.
- ii) The schedules of the assets acquired during the year have now been provided for audit review. Further, the financial statements have now been adjusted and included prior year balances as required which is captured under note 10 i.e. acquisition of assets on the financial statements.

Committee observations and findings

Had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

4.1.2. Un accounted for Receipts

The statement of receipts and payments reflects exchequer release of Kshs 1,447,004,403 which differ with an amount of Kshs 1,446,104,403 indicated in the supporting schedules, resulting in an unexplained difference of Kshs 900,000. Further, the County Assembly had inter-accounts borrowing totaling Kshs 44,034,191 from car loan, mortgage and other receipts during the year under review as analyzed below:-

Date	Details	Amount (Kshs.)
14/07/2016	Transfer	5,000,000
8/8/2017	Transfer	4,000,000
29/09/2016	Transfer	5,000,000
3/9/2016	Transfer	3,000,000
7/10/2016	Transfer	9,000,000
	Income - Nairobi County Assembly	
12/1/2017		2,429,647
14/03/2017	Transfer	3,000,000
3/4/2017	Pioneer insurance	7,604,544
26/05/2017	Transfer	5,000,000
	Total	44,034,191

However, the legal basis for transferring the funds to the County Assembly's recurrent account has not been explained or supported with documentary evidence. In addition, receipt from Pioneer Insurance of Kshs 7,604,544 has not been explained or accounted for in the financial statements. In the circumstances, the accuracy of transfers from the County Treasury totaling Kshs 1,447,004,403 for the year ended 30th June 2017.

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that:-

- i) It is true that the Assembly had inter account borrowings from the fund to meet payments of imprests and salaries thus, could not be recognized as additional receipts from the exchequer or be treated as County Government entity loan borrowing as envisaged in Sec.140, 141, 142 and 143 of the PFM Act, 2012 hence the Assembly receipts as per the financial statements were correctly reported.
- ii) This borrowing was occasioned by delays in releasing exchequer receipts to the Assembly by the treasury. As evidenced in the attached correspondences between the Assembly, the Controller of Budget and the County Executive, the Assembly's efforts to requisition funds from the treasury was in vain. This affected the Assembly's operations negatively and the management as a stopgap measure decided to borrow from the Fund.
- iii) It is worth noting that immediately exchequer release funds, the Fund is replenished with the amount borrowed hence could not be treated as additional receipts. The unsupported variance of Kshs.900, 000 between the exchequer receipts has since been supported accordingly.
- iv) The Assembly lost two of its officers during the year under review. Thus, the receipts of Kshs. 7,604,544 and Kshs. 2,429,647 from Pioneer Insurance were compensations for the loss of the insured officers' as captured in the above schedule hence they have been captured in the bank statements as other receipts.

Committee observations and findings

- i) The Committee heard from the Auditor General that this matter had been resolved based on the documentary evidence submitted to the Committee and the explanations by the Accounting Officer to the satisfaction of the Auditor General.
- ii) The Committee observed that had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary

documentation and explanations required at the time of audit in order to forestall audit queries.

- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

4.1.3. Compensation to Employees

The statement of receipts and payments reflects an amount of Kshs 780,476,852 in respect to compensation of employees for the year end 30th June, 2017. The amount includes pensions and other social security contributions of Kshs.134, 593,617.91 out of which Ksh.107, 892,803.22 was reported to have been paid to Lapfund by 30th June, 2017. However, an amount of Ksh.70, 353,360 out of the total of Kshs 107,892,803.22 was not supported by payment vouchers. Consequently, the accuracy of compensation of employees expenditure of Kshs 780,476,852 for the year ended 30th June, 2017 cannot be confirmed. .

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that:-

- i) As noted by the auditors it is true that a total of Ksh.107,892,803.22 was paid to Lapfund by the end of June, 2017 as reported in the financial statements but only a total of Ksh.37,539,443.22 was supported by the payment vouchers and documents availed for audit.
- ii) The statement has since been adjusted to reflect the correct values of gratuity payments made and it is available for audit review.

Committee observations

- i) The Committee heard from the Auditor General that the Accounting Officer had made the necessary adjustments to reflect the correct values of gratuity payments and provided supporting documents to the satisfaction of the Auditor General.
- ii) The Committee observed that had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

4.1.4. Casting Error

The statement of receipts and payments reflects of Kshs.1, 492, 398,495. However, total payments of Kshs.1, 492,398,195 resulting in a casting error of Kshs.300. In the circumstances, the accuracy of the financial statements for the year ended 30 June 2017 could not be confirmed.

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that as noted by the auditors it is true that there was overcasting of Kshs.300, which was corrected, and the required adjustments done in the financial statements.

Committee observations and findings

- i) The Committee heard from the Auditor General that the Accounting Officer had corrected the overcast of Kshs. 300 and made the necessary adjustments in the restated financial statements to the satisfaction of the Auditor General.
- ii) The Committee observed that had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.

- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

4.2. Cash and cash Equivalents

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs 64,561,610 as at 30 June 2017. However, a review of the bank reconciliation statements revealed that the balances reported for each bank account were balances as per the bank statements instead of the reconciled cashbook balance. In addition, the bank reconciliation statement for the month of June 2017 reflects un-presented cheques totaling Kshs 88, 722,677.87 and payments in the bank statements not in the cashbook totaling Kshs 157,908,034.60. However, the list of the reconciling items for all the months were not dated and lacked unique identification numbers such as cheques number, transaction number and payment voucher number and therefore could not be traced in either the bank statement or the cashbook. Examination of the cashbook further revealed that the un-presented cheques of Kshs.88, 722,677.87 shown as being in the cashbook. In addition, the co-operative account bank statement-recurrent, reflects several contra entries amounting to Kshs 98,370,321 whose reversals could not be traced in the debit side of the bank statement. The same transactions could also not be traced in the cashbook and those traced had different narrations and therefore, the cashbook and the bank statement could not correlate. No clear explanations have been given for these anomalies. Consequently, the accuracy of cash and cash equivalents balance of Kshs 64,561,610 as at 30 June 2017 cannot be confirmed.

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that the cash book and the bank reconciliation has since been performed and the reconciling items adjusted correctly hence the cash and cash equivalents as reported in the adjusted financial statements reflect true and fair value of the financial affairs of the Assembly.

Committee observations and findings

- i) The Committee heard from the Auditor General that the Accounting Officer had reconciled the cashbook and bank statements and availed the same for audit verification and made the necessary adjustments in the restated financial statements to the satisfaction of the Auditor General. In addition, the Accounting Officer had also made the necessary adjustments to cash and cash equivalents in the restated financial statements to reflect the correct position and provided the necessary documentation.
- ii) Had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

4.3. Use of Goods and Services

4.3.1. Insurance costs

As disclosed in Note 5 to the Financial Statements, use of goods and services total expenditure of Kshs 604,088,961 includes insurance costs of Kshs 98,398,001. However, an amount of Kshs 25,452, 216.99 in respect to insurance has been double counted in the ledger. Further, the ledger under use of goods and services reflects an amount of Kshs.98, 398,001 leading to unexplained variance of Kshs 209,000. Consequently, the accuracy of insurance cost of Kshs.98, 189,001 for the year ended 30 June 2017 cannot be confirmed.

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that:-

- i) As noted by the Auditor General, it is true that an amount of Kshs.25, 452,216.99 was inadvertently posted twice hence inflating the expenditure amounts. This anomaly has since been corrected and insurance cost has been adjusted downwards from Kshs.98, 398,001 to kshs.72, 736,784.
- ii) Further financial statements have been adjusted as depicted under note 4 notes to the financial statements hence the error has since been adjusted correctly.

Committee observations and findings

- i) The Committee heard from the Auditor General that the Accounting Officer had corrected the double posting of Kshs. 25,452,216.99 for insurance cost and had adjusted the same in the restated financial statements to the satisfaction of the Auditor General.
- ii) Had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

4.3.2. Misclassification of Expenditure

Note 5 to the financial statements under use of goods and services reflects other operating expenses of Kshs.166, 713,614 comprising the following items:

Personal Allowance	162,164,399.05
Fuel, Oil and Lubricants	1,924,214
Uniforms	2,615,232
un explained amount	9,768.95
Total	166,713,614.00

However, the same expenses have been accounted for under compensation of employees, uniforms and fuel, an oil and lubricants. Further, the reported figure has an explained suspense of Kshs 9,768.95. The financial statements presentation is not fully compliant with the approved budget and consequently the presentation and disclosure of other operating expenses cannot be confirmed.

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that the other operating expenses as reported in the financial statements presented for audit review had an amount of Kshs 166,713,614.00 as noted by the auditors with misclassified items of fuel and uniforms. The personal allowance of Ksh.162, 164,399.05 double counted has been corrected and the other items has since been reclassified correctly as evidenced in the adjusted financial statements.

Committee observations and findings.

- i) The Committee heard from the Auditor General that the Accounting Officer had corrected the double accounting of Kshs. 162,164,399.05 for personal allowances and re-classified the miss-classified items to show the correct position and made the necessary adjustments in the restated financial statements and provided supporting documents to the satisfaction of the Auditor General.
- ii) Had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

4.3.3. Omitted Expenditure in the financial statements

Note 5 to the financial statements on use of goods reflects nil expenditure on routine maintenance. However, the ledger and trial balance provided reflects an amount of Kshs 3,238,284 for the items. No explanation has been provided for the omission. In the circumstances, the accuracy of nil expenditure under routine maintenance of vehicles and other transport equipment cannot be confirmed.

Submissions by the Accounting Officer

The Accounting Officer admitted that:-

- i) The audit finding and submitted that the financial statements have been adjusted to reflect ledgers and trial balances figures correctly.
- ii) The sub-component of use of goods, routine maintenance having zero expenditure was erroneously classified and we have corrected as depicted under note 5 notes to the financial statements.

Committee observations

- i) The Committee heard from the Auditor General that the Accounting Officer had made adjustments to the ledgers and trial balance figures in the restated financial statements to reflect the true position to the satisfaction of the Auditor General. In addition, the Accounting Officer had corrected the sub-component of use of goods, routine maintenance which was erroneously classified.
- ii) Had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

4.3.4. Unexplained Variance on Office and general supplies and services

Note 5 to the financial statements reflects Office and general supplies and services expenditure of Kshs 13,294,886. However, the ledger reflects expenditure amounting to Kshs 13,294,886. However, the ledger reflects expenditure amounting to Kshs 43,197, 828 leading to unexplained variance of Kshs 29,902,942. Consequently, the accuracy of office and general supplies and services amount of Kshs 13,294,886 cannot be confirmed.

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that: -

- i) The ledgers provided to support Office and General Supplies and Services varied with the figures as reported in the financial statements because the ledgers presented for audit review were misclassified.
- ii) The corrected supporting schedules under note 5 to the financial statements under use of goods and services have been provided for audit verification.

Committee observations

- i) The Committee heard from the Auditor General that the Accounting Officer had availed the correct schedules in the restated financial statements to reflect the correct position to the satisfaction of the Auditor General.
- ii) Had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

4.4. Un Accounted for Provisional Sums

Provisional sums totaling Kshs 480,000 paid in respect of two contracts during the year under review had not been accounted for as at 30th June, 2017.

Contract No.	Description of Work	Payment Voucher	Un-accounted Provisional Sum
NCA/CASB/ARCH/M/05/2017	Proposed renovations to existing kitchen premises	960	250,000
NCA/CASB/ARCH/M/05/2017	Proposed renovations to existing kitchen premises	980	125,000
NCA/CASB/ARCH/M/05/2017	Proposed Re-roofing of existing covered shed at County Assembly Catering Unit.		105,000
Total			480,000

Consequently, the propriety of Kshs 480, 000 paid as provisional sums cannot be confirmed.

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and stated that there were provisional amounts in the said contracts; however, the total sum of Kshs 480,000 on provisional sum was utilized to pay the project manager's allowances.

Committee observations and findings.

The Committee observed that while the Accounting Officer had corrected the amount paid to the project manager's allowances from Kshs. 580, 000 to 480,000, the Accounting Officer did not provide authority/basis upon which the project manager's allowances were paid from the provisional sum.

Committee recommendations

- i) The Accounting Officer must at all times incur expenditure as authorised and provide all supporting documents.
- ii) The Accounting Officer must at all times discharge his responsibilities in management of public finances as provided for in Section 147 of the Public Finance Management Act, 2012.

4.5. Rentals of produced Assets.

Note 5 to the financial statements reflects an amount of kshs.19, 782,000 on rentals of produced assets. Included in the figure is an amount of kshs.9, 100,000,000 for speaker's house rent arrears for the period of July 2014 to August 2016 (26 months) at a rate of Kshs 350,000 per month. However, the Salaries and Remuneration Commission (SRC) Circular reference number SRC/TS/CGOVT/3/61 dated 24 October 2016 limits the speaker's house rent to Kshs 150,000 per month. The County Assembly therefore overpaid for the speaker's house by Kshs 5,200,000

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that it is true that the reported Rentals of produced assets under Use of Goods and services was Kshs. 19,785,000.00 initially which was under-stated by kshs.450, 000.00 as depicted in the financial statement under .Hence the correct amount has been reported in the financial statements for accuracy purposes depicted under note 5 & 12 to the financial statements and a supporting schedule.

Committee observations and findings

- i) The Committee heard from the Auditor General that the Accounting Officer had corrected the typological error of rent arrears to reflect Kshs 9,100,000 and not Kshs 9,100,000,000 as earlier reported to the satisfaction of the Auditor General. In addition the Accounting Officer had corrected the understated amount of Kshs 450,000 in the restated financial statements and availed a supporting schedule.
- ii) Had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.

- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012

4.6. Pending Accounts Payable

Note 18.1 to the financial statement reflects pending accounts payable balance of Kshs. 79,949,597.75. However, schedules provided to support the figures reflect Kshs 182,614,652.75 resulting in unexplained of Kshs. 102,665,055. Further, included in the pending accounts payable schedule is Kshs. 130,262,405.60 relating to acquisition of assets. In addition, the pending bills balance includes unanalyzed withholding tax of Kshs 1,907,057. In the circumstances, the accuracy of pending bills balance of Kshs 79,949,597.75 as at 30 June 2017 cannot be confirmed.

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that the variance between the schedules provided for audit verification and the figures in the financial statements was due to the fact that schedules provided to support the pending bills were overstated erroneously with vouchers for current financial year, hence the a normality that has been corrected under 18.1 disclosure notes provided.

Committee observations and findings

- i) The Committee heard from the Auditor General that the Accounting Officer had corrected the variance of Kshs. 102,665,055 in the schedules availed for audit verification which was as a result of inclusion of payment vouchers for the financial year 2017/2018 and made the necessary adjustments in the restated financial statements to the satisfaction of the Auditor General.
- ii) Had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary

documentation and explanations required at the time of audit in order to forestall audit queries.

- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012

4.7. Maintenance of Updated Retention Register and Release of Retention money

Note 15 to the financial statements reflects deposits and retention money totaling Kshs 9,693,566.20. During the year under review, however, the County Assembly did not maintain an updated retention money register. All retentions deducted from contracts during the year were not recorded/posted in the register. Further, the County Assembly was not depositing the retained amounts in the deposits accounts. Release of retention money could also not be confirmed in the register. Consequently, the accuracy of the balance of Kshs 9,693,566.20 cannot be confirmed.

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that:-

- i) The retention register has been updated and retention monies deducted from contracts have since been posted in the register.
- ii) As noted by the auditors it is true that the retention monies were not deposited in the deposit account as required. This was occasioned by technical IFMIS issues that has since been rectified. Therefore, because of the IFMIS challenges the retention monies were paid through development account.
- iii) Retention sum of Kshs.8, 500,000 paid vide voucher number 421 is a cumulative sum of several certificates that are readily available for audit verification.

Committee observations and findings

- i) The Committee heard from the Auditor General that the Accounting Officer had availed an updated retention register for audit verification and also availed a copy of PV No. 421, bank statement and specific bank certificates to support retention payments to Kensun Enterprises for Kshs. 8,500,000 to the satisfaction of the Auditor General.

- ii) Had the Accounting Officer provided the information to the Auditor General during the audit period and kept proper accounting records, this matter would not have been an audit query.

Committee recommendations

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012

4.8. Audit Committee Meetings

Although the Nairobi City County Assembly had an audit Committee in place, no evidence was presented to indicate the Committee met and conducted business during the year under review. The County Assembly was, therefore, in breach of regulation 172 of the PFM (National Government) Regulations, 2015 which require the audit Committee to meet once in every three months. Management has not provided explanations for this anomaly.

Submissions by the Accounting Officer

The Accounting Officer submitted that:-

- i) Pursuant to the requirements of section 155(5) of the public Finance Management Act, 2012, Nairobi county assembly advertised for the position of chairperson and three members of audit committee in 2016 through local dailies and in its website.
- ii) Application were received, interviews conducted and successful candidates who met the requisite selection criteria were recruited and appointed. Thus Audit Committee is thus in place and operational.

Committee observations and findings

The Committee observed that indeed the audit Committee is in place and that the Accounting Officer availed minutes of the proceedings of the Audit Committee for audit verification to demonstrate that it is operational.

The Committee marked the matter as resolved.

4.9. Budget and Budgetary Control

4.9.1. Under-Expenditure

The Nairobi County Assembly had an approved budget of kshs.1, 702,057,083. However, examination of the IFMIS account analysis report revealed that the County Assembly did not adhere to the budget and budgetary control under eleven (11) line items with under expenditure amounting to kshs.157, 773,127.25 as analyzed below:

Item	Budgeted Amount (Kshs)	Expenditure (Kshs)	Under Expenditure (Kshs)
Communication, Supplies and Services	13,162,684.00	3,847,652.00	9,315,032.00
Foreign travel and subsistence	77,522,900	42,270,716	35,252,184.00
Training Expenses	32,188,000	24,788,324	7,399,676.00
Routine Maintenance-Vehicles and other transport Equipment	2,203,861.00	1,931,764	272,097.00
Routine Maintenance-Other Assets	4,407,722.00	1,306,520	3,101,202.00
Fuel, Oil and lubricants	1,979,002	1,924,214	54,788.00
Refurbishment of Buildings	146,422,579	64,355,728	82,086,850.75
Purchase of Office Furniture and General Equipment	44,260,000	43,197,828	1,062,172.5
Purchase of ICT Equipment, Software and other ICAT Assets	18,370,000	-	18,370,000.00
Basic Salaries of permanent Employees	321,007,010	320,154,285	852,725,00
Compulsory national social security schemes	12,400	6,000	6,400.00
Total	661,536,158.00	503,763,030.75	157,773,127.25

Submissions by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that the Auditor General's observation was correct, initially Nairobi County assembly was under-funded hence this automatically resulted to under-expenditure.

Committee observations and findings

Failure or delay by the County Treasury to release funds to the County Assembly hampers the County Assembly's programmes and effectively curtails it from executing its constitutional functions of legislation, oversight and representation.

Committee recommendations

- i) The County Treasury should ensure timely release of funds to the County Assembly to enable the Assembly to fully discharge its mandate; and
- ii) The Accounting Officer should strive to ensure that the Assembly fully implements its budget as approved.

4.9.2. Over-Expenditure

Further Examination of the IFMIS account analysis report revealed that the county assembly didn't adhere to the budget and budgetary control under eleven (11) line items with over expenditure amounting to kshs.113,973,281 as analyzed below:-

Item	Budgeted Amount Kshs	Expenditure Kshs	Over-Expenditure Kshs
Domestic Travel and Subsistence	153,869,910.00	156,555,208.00	2,685,298.00
Printing, Advertisement and Information supplies	-	9,919,595	9,919,595
Hospitality supplies and services	16,229,167.00	35,314,228	19,085,061.00
Insurance Costs	66,094,242.00	72,736,784	6,642,542.39
Office and General supplies and services	8,676,393.00	43,197,828	34,521,434.57
Rentals of Produced Assets	15,555,000.00	19,782,000	4,227,000.00
Basic Salaries of Temporary Employees	72,647,000	72,687,700	40,700.00
Personal Allowances paid as part of Salary	225,361,061	243,848,729	18,487,668.00
Personal Allowances paid as	-	7,752,000	7,752,000.00

Reimbursements			
Pension and other social security contributions	125,416,155	134,593,617	9,177,462.00
Other personal Payment	-	1,434,520	1,434,520.00
Total	683,848,928	797,822,209	113,973,281

Submission by the Accounting Officer

The Accounting Officer admitted the audit finding and submitted that vote re-allocation did not lead to over-expenditure as observed by the Auditor General

Committee observations and findings.

The Committee observed that whereas Section 154 of the PFM Act, 2012 allows an Accounting Officer to reallocate funds, the Accounting Officer is required to seek authorization from the County Treasury and provide the reasons for the intended reallocation.

Committee recommendations

The Accounting Officers must at all times implement the budget as approved by the County Assembly. In the event of any reallocations, authority must be sought in accordance with Section 154 of the PFM Act, 2012 and in case of over expenditure a supplementary budget must be submitted to the Assembly for approval/regularization in compliance with Section 135 of the PFM Act, 2012.

4.9.3. Un approved budget Re-allocations

The County Assembly Sitting Allowances budget for the financial year 2016/2017 amounted to Ksh.88, 047,217. However, the actual expenditure on sitting allowance for the year ended 30 June 2017 amounted to Kshs 100, 373,827 resulting to an over expenditure of Ksh.12,579,603. The over-expenditure on the item was charged against various items voted in the budget as detailed below:

Item	Vote Code	Amount (Kshs.)
Basic Salary	501-2110112	1,050,556
Basic Salary	201-2110112	571,642
Commuter Allowance	501-2110314	343,074

Commuter Allowance	501-211314	24,577
Extraneous Allowance	501-2110315	23,333
Responsibility Allowance	201-2110312	135,000
Overtime	501-2110304	33,319
Non Practicing Allowance	501-2110318	1,546
Top up Allowance	5012111310	2,184,000
House Allowance	501-2211301	5,906,666
	501-2120101	300
Rental Allowance	501-2120301	424,391
Gratuity	201-2710115	1,474,300
Car Maintenance Allowance	201-2211325	406,899
	Total	<u>12,579,603</u>

Consequently, the County Assembly did not adhere to the budget and budgetary control and was in breach of the law.

Submission by the Accounting Officer

- i) The figures by the Auditor General do not match with the figures in Assembly's record as indicated below:-

Item	Vote Code	Amounts in our record	Amount not in our record
Basic Salary	501-2110112		1,050,556
Basic Salary	201-2110112	571,642	
Commuter Allowance	501-2110314		343,074
Commuter Allowance	501-2110314	24,577	
Extraneous Allowance	501-2110315	23,333	
Responsibility Allowance	201-2110312	135,000	
Overtime	501-2110304	33,319	
Non-Practicing Allowance	501-2110318	1,546	
Top up Allowance	501-2111310		2,184,000
House Allowance	501-2211301		5,906,666
	501-2120101	300	
Rental Allowance	501-2120301	424,391	
Gratuity	201-2710115	1,474,300	
Car	201-2211325	406,899	

Maintenance Allowance			
Total		3,095,307	9,484,296

Further, the amount of Kshs.3, 095,307 is commitment under salary items and were done in line with the provision of section 154(2) of the PFM Act.

- ii) According to the initial plans that informed the Budget preparation, the County Assembly was to go on recess by May 2017 to bring down the curtain on the First County Assembly. However, this was not the case as the County Assembly business was extended and this meant unforeseen sitting allowance that was not provided for in the budget. The extra sitting allowance amounting to Ksh.12, 579,603 was committed in other line items within Salaries Vote. Clearly, there is no reallocation in this case as the amount is salary related and was committed within the salaries votes.
- iii) Section 154 (1) of the PFM Act 2012 limits the authority of the Accounting Officer of a County Government entity to transfer an amount that has already been appropriated. Section 154 (2)(a) of the PFM Act grant the Accounting Officer the authority to reallocate funds between programs or sub-votes in the budget for a financial year if provisions made in the budget of a program or sub-votes are available and are unlikely to be used.

Committee observations and findings

- i) The Committee agrees with the audit finding and disputes the assertion by the Accounting Officer that the audited figures do not match those of in the Assembly’s record. Both figures match item by item all totaling to Kshs. 12,579,603 save for the fact that the audited figures are in one column and Assembly’s figures are in two (2) columns. Indeed, addition of the totals of the two (2) columns equals to Kshs 12,579,603 which is the same as the audited figures.
- ii) Whereas Section 154 of the PFM Act, 2012 allows an Accounting Officer to reallocate funds, the Accounting Officer is required to seek authorization from the County Treasury and provide the reasons for the intended reallocation. In addition, the Accounting Officer exceeded the reallocation of the approved expenditure by 14%

against the required 10% as provided for under Section 154(2) (c) of the PFM, Act, 2012.

Committee recommendations

The Accounting Officers must at all times implement the budget as approved by the County Assembly. In the event of any reallocations, due process must be followed in accordance with Section 154 of the PFM Act, 2012 and in case of over expenditure a supplementary budget must be submitted to the County Assembly for approval/regularization in compliance with Section 135 of the PFM Act, 2012.

CONCLUSION

The Committee having considered both the “Report of the Auditor-General on the Financial Statements of Nairobi City County Assembly for the year ended 30th June 2017” and oral and written responses to the audit queries from the Clerk of the County Assembly who is also the Accounting Officer, made various observations on each audit query and subsequently provided recommendations. The recommendations are aimed at ensuring that the Accounting Officers puts in place mechanisms to ensure that the County Assembly improves on its financial reporting and acts in time when dealing with the Auditor General to forestall audit queries. The recommendations also targets the County Treasury to ensure it releases funds aimed at financing Assembly programs on time to enable Members discharge their constitutional mandates of oversight, representation and legislation effectively.

5.0. SUMMARY OF ALL RECOMMENDATIONS

Following the Committee's consideration of the "Report of the Auditor-General on the Financial Statements of Nairobi City County Assembly for the year ended 30th June 2017" and having considered responses from the Accounting Officer, the Committee made the following recommendations: -

1. Accuracy of the financial statements

1.1. Non-disclosure of Non-current Assets Balances

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

1.2. Un accounted for Receipts

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

1.3. Compensation to Employees

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

1.4. Casting Error

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

2. Cash and cash Equivalents

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

3. Use of Goods and Services

3.1. Insurance costs

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

3.2. Misclassification of Expenditure

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.

- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

3.3. Omitted Expenditure in the financial statements

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

3.4. Unexplained Variance on Office and general supplies and services

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012.

4. Un Accounted for Provisional Sums

- i) The Accounting Officer must at all times incur expenditure as authorised and provide all supporting documents.
- ii) The Accounting Officer must at all times discharge his responsibilities in management of public finances as provided for in Section 147 of the Public Finance Management Act, 2012.

5. Rentals of produced Assets.

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing

necessary documentation and explanations required at the time of audit in order to forestall audit queries.

- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012

6. Pending Accounts Payable

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012

7. Maintenance of Updated Retention Register and Release of Retention money

- i) The Accounting Officer should institute measures to ensure that the Assembly always act in time when dealing with the Auditor General by providing necessary documentation and explanations required at the time of audit in order to forestall audit queries.
- ii) The Accounting Officer should institute measures to ensure that the Assembly adheres to International Public Sector Accounting Standards (IPSAS) consistent with the Public Finance Management Act, 2012

8. Audit Committee Meetings

The Committee marked the matter as resolved since the audit Committee is in place and that the Accounting Officer availed minutes of the proceedings of the Audit Committee for audit verification to demonstrate that it is operational.

9. Budget and Budgetary Control

9.1. Under-Expenditure

- i) The County Treasury should ensure timely release of funds to the County Assembly to enable the Assembly to fully discharge its mandate; and

- ii) The Accounting Officer should strive to ensure that the Assembly fully implements its budget as approved.

9.2. Over-Expenditure

The Accounting Officers must at all times implement the budget as approved by the County Assembly. In the event of any reallocations, authority must be sought in accordance with Section 154 of the PFM Act, 2012 and in case of over expenditure a supplementary budget must be submitted to the Assembly for approval/regularization in compliance with Section 135 of the PFM Act, 2012.

9.3. Un approved budget Re-allocations

The Accounting Officers must at all times implement the budget as approved by the County Assembly. In the event of any reallocations, due process must be followed in accordance with Section 154 of the PFM Act, 2012 and in case of over expenditure a supplementary budget must be submitted to the County Assembly for approval/regularization in compliance with Section 135 of the PFM Act, 2012.

ANNEXURES

- i) Minutes
- ii) Key Submissions by the Accounting Officer and witnesses.

