

Nyeri County Executive and County Assembly

3.1 Improper Handing Over from the Defunct Local Authority

Audit Queries

- i. No proper handing over/taking over of defunct Local Authorities assets and liabilities was done to the Transition Authority as required by a circular issued by the Ministry of Local Government on 18th February, 2013.
- ii. Hindrances of smooth transition and taking over by the County Government.

Response by Former Interim County Secretary and Transition Authority

Coordinator

The Officers informed the Committee that:-

- a. The handing over was done properly.
- b. They were satisfied with the handing over done by the Defunct Local Authority Accounting Officers.
- c. The Accounting Officers had prepared adequate reports which were handed over to the Transition Authority.
- d. The Transition Authority Coordinator had received the reports.
- e. What was not completed was the verification process.
- f. Verification of assets and liabilities which was the next step was ongoing and was started on 13th November, 2014.
- g. The report on verification of assets and liabilities was supposed to be adequately prepared, documented and put in the inventory so that it could be used in carrying out forensic audit, after which sharing of the assets and liabilities between the two levels of government i.e. the Assembly and the County Executive will be done.

Response by CEC Finance

The CEC for Finance informed the Committee that:-

- a. It was not clear what was handed over by the defunct Local Authorities.

- b. The County Executive did not know the assets and liabilities they had since proper handing over had not been done.
- c. The Transition Authority had formed a team that was verifying the assets and liabilities after which they were going to provide a report to the County Government. The Interim report was to be given on December, 2014.

The Committee made the following observation:-

- a. The defunct Local Authorities had handed over and had also submitted handing over report to County Executive and to the Transition Authority.
- b. Verification of the assets and liabilities had not been done.
- c. A team had been set up which was verifying the assets and liabilities.
- d. Land grabbing or loss of assets could happen in the County since the County Executive did not know how much land they had and even other assets.

The Committee thus strongly recommends that the process of verification and division of assets and liabilities between the County Executive and the Assembly should be hastened.

3.2 Cash and Bank Balances

Audit Queries

- i. Defunct Local Authorities in Nyeri County operated several Bank Accounts prior to the Transition Authority which continued to operate as late as 30th June, 2013.
- ii. The County Government opened an imprest Bank Account at Co-operative Bank and by the end of the audit no bank reconciliation statements had been prepared.
- iii. Disregard to the County Government Public Finance Management Transition Act, 2013 which required the bank accounts to be closed and reconciliation done within three months with effect from 5th March, 2013.

Response by Principal Finance Officer

The Officer informed the Committee that:-

- a. The County Government Public Finance Management Transition Act gave modality on how the transition was to be done.
- b. They had closed all bank accounts and suspended the mandate of defunct Local Authority Accounting Officers after which the Principal Finance Officer and the Head of Treasury became the new bank signatory.
- c. The current status is that all bank accounts owned by defunct Councils had been closed, none was operational and the money had been transferred.

The Committee was provided:-

- a) With a letter written to the Bank Managers to change signatories, to close the accounts and to transfer all the money.
- b) Bank Certificate confirming the bank balances as at 30th June, 2013.

The Committee observed that:-

- a. All Bank Accounts operated by defunct Local Authorities were closed and the money was transferred to the County Revenue Account.
- b. Proper handing over of the bank balances was not done.

The Committee strongly recommends that forensic audit should be carried out by the Ethics and Anti - Corruption Commission on the amount that was in the bank accounts operated by the four defunct Local Authorities in Nyeri, how much was transferred and how the money was utilized.

3.3 Procurement

i, Weakness in control of stocks - unaccounted for fuel

Audit queries

- a) The County Government purchased bulk fuel worth kshs.1, 100,000 from three different suppliers.
- b) Fuel register was not maintained.

- c) Statements of fuel drawn and work tickets of motor vehicles fueled were not attached
- d) The payment of fuel was not supported.

The Officers provided the Committee with fuel register detailing the name of the vehicle, the date and the amount of the fuel consumed.

The Committee was satisfied with the response.

ii, Undelivered Motor Vehicle

Audit Queries

- a) The County Government paid for Toyota Land Cruiser from Toyota Kenya costing kshs.9, 959,105 on 16th May, 2013 before it was delivered.
- b) It was contrary to the Public Procurement Regulations.

Response from Former Interim County Secretary and Transition Authority Coordinator

The Officers confirmed to the Committee that:-

- a. The Vehicle was delivered.
- b. A ceremony was held outside the Nyeri Governor's Office on the arrival of the Vehicle.

Response from County Executive Procurement Officer

The Officer informed the Committee that:-

- a. The said vehicle was a Toyota Land Cruiser from Toyota Kenya and it had costed kshs.9, 959,105.
- b. They went and identified the vehicle and payment was done.
- c. Payment was done in order for the vehicle to be reserved.
- d. The issue of registration came up whether to register the vehicle using the Green Number or GK which caused the delay in the delivery of the vehicle.
- e. They later requested for clarification regarding the registration from the Ministry of Transport after which the vehicle was delivered.

Response by CEC Finance

The CEC for Finance informed the Committee that:-

- a. The vehicle was identified and paid for.

- b. The reason for delays in delivery was due to delay in acquiring registration since they were not sure whether to register it as GK or to use the Green Number.

The Committee observed that:-

- a) The Vehicle was delivered.
- b) The delays were occasioned by delay in acquiring registration.

The Committee was provided with the Supply Circular No.RO4/2011 /2012 from Ministry of Public Works requesting all Public Institutions to procure vehicles from the list they provided.

The Committee was satisfied with the response.



Figure 1: The Toyota Land Cruiser

iii .Double Procurement of Hansard Communication Equipment

Audit Queries

- a) The Transition Authority through the Nyeri Sub-County Treasury AIE procured Hansard Equipment worth kshs.1, 900,000 on behalf of the Nyeri County Assembly.
- b) Records show similar tender was awarded for installation and commissioning of Hansard communication Equipment at the end of

June, 2013 to a different contractor at a contract price of kshs.7, 099,270.

- c) Double procurement leading to loss of public funds.

Response from the Assembly Clerk

The Officer informed the Committee that:-

- a) The first consignment of the equipment of the Hansard Equipment's was bought by District Commissioner because by then the County Treasury was not functioning.
- b) An A.I.E (Authority to Incur Expenditure) was sent to the District Treasury.
- c) It was the District Commissioner who bought the Hansard Equipment's for the Assembly.
- d) They purchased some sound Speakers and the Head Gears.
- e) The Assembly acted as the custodian.
- f) The Transition Authority sent kshs.7 million to be used in procurement of Hansard Equipment for the Assembly since the initial equipment's were not enough.
- g) The money was funded through County Treasury since the Assembly by then was not operational, had no account, no funds to purchase and also had no capacity.
- h) The equipment's included 32 conference delegate's microphone and two sound speakers.
- i) 32 delegate's conference microphones were bought from Avtech System Limited. However, the Assembly needed 47 yet only 32 were supplied since the 17 nominated Members had not been factored by the Transition Authority when they were purchasing the equipment's.
- j) The complete Hansard system was paid a total of kshs.7, 099,220.
- k) 5% retention fee was retained by the Executive.
- l) The Ministry of Public Works and Transition Authority were the ones who identified the supplier since they had a list of prequalified Companies.

Response by Former Interim County Secretary and Transition Coordinator

The Officer informed the Committee that:-

- a) The Transition Authority had allocated kshs. 2 million for the procurement of the Hansard Communication Equipment's.
- b) The kshs.2 million was meant to facilitate the swearing in of the Honorable Members and the Speaker of the County Assembly.
- c) The money was channeled through the County Commissioner.
- d) The amount was not enough for authenticated Hansard Equipment's in the Assembly.
- e) The Transition Authority gave another kshs.7 million for the Hansard Communication Equipment's.

Response by Principal Finance Officer

The Officer informed the Committee that:-

- a) When they came in as the Transition Authority Team, kshs.4 million was provided for preparation of swearing in.Out of that kshs.2 million was for the swearing in of the Governor and kshs.2 million was for purchase of Hansard Equipment's and for swearing in of the Members of the County Assembly.
- b) The Kshs.2 million was given to District Treasury through the County Commissioner.
- c) Later every County was given Development component of kshs.61 million and out of that kshs.7 million was specific for setting up a comprehensive Hansard Equipment in the County Assembly.
- d) The County Treasury alerted the Clerk on the expenditure of kshs.7 million that was meant for the comprehensive Hansard Equipment's.

Response by County Executive Procurement Officer

The Officer informed the Committee that:-

- a) During the Transition period there were some funds that came from the National Government earmarked for the purchase of Hansard Equipment's to aid the swearing in of Members of County Assembly and the Speaker of the Assembly.
- b) The funds were specifically itemized.

- c) They had procured Hansard Equipment's worth kshs.1, 900,000 on behalf of the County Assembly which included the sound speakers, Computers and Amplifiers in order to solve the issue of hiring the Public Address System.
- d) Later Kshs.7, 099,270 was provided by the National Government for purchase of Comprehensive Hansard System which included the 32 Conference Delegates Microphone System and Sound Speakers.
- e) The tender was awarded to Avtech Company Limited at a price of kshs.7, 099,270.
- f) The comprehensive system comprised of two recording systems, a computer and an amplifier.
- g) The first set was for stop gap measure while the other set was comprehensive.
- h) The Hansard system included delivery, installation, testing and commissioning and training.

Response by CEC for Finance

The CEC for Finance informed the Committee that:-

- a) The exact issue of double procurement had not occurred.
- b) Kshs.1.9 million was to facilitate proceeding of swearing in and it included the purchase of Sound Speakers and Microphones while the Kshs.7 million was for procuring Comprehensive Hansard Equipment's thus there was no double procurement.
- c) The Clerk was the one to ensure what was contained in the contract was delivered.
- d) They could not tell whether the equipment's were delivered.
- e) The equipment's bought with kshs.7 million was for the 30 elected Members since by the time the procurement was done the nominated Members had not joined the Assembly.
- f) He was aware that the Assembly required more Hansard Equipment's.

The Committee:-

- a. Noted that there was no double procurement of the Hansard Equipment's but did not get adequate information to ascertain that all the equipment's that were procured by kshs.7, 099,270 were delivered.

The Committee was not provided with the contract document in order to confirm whether all the equipment in the contract document was delivered and thus recommends that the contract document should be provided by the County Executive.

iv,Repairs to Motor Vehicles

Audit Queries

- a) The County Government undertook repairs to GK A 307 H and GK A 4221L from two firms at a cost of kshs.235, 369.
- b) There was no inspection report for the repairs of the motor vehicles.
- c) Work ticket did not indicate any defects, movement to garage or date of repair.

Response by the acting Chief Officer for Finance

The Officer informed the Committee that:-

- a) The two vehicles were used by the Governor and that they broke down in Nairobi on different occasions.
- b) The vehicles were taken to a private garage for repairs.

The Committee was provided with support documents including the work ticket hence were satisfied with the response.

3.4 Summary of ICT Audit Findings

Hardware

The County Government had received nineteen computers and special orange CDMA modems from the National Treasury (IFMIS Department) which were to be used.

Software

Integrated Financial Management Information System (IFMIS) were installed but were not operational.

G-Pay

The County received one computer from the National Treasury which was dedicated for G-Pay but payments were made manually through cheques. Local Authority Integrated Financial Operations Management System (LAIFOMS) had been installed in the Sub-Counties but it was revealed that there were weak logical access controls and system under banking amounting to kshs.19,248,461.

Integrated Payroll and Personnel Database (IPPD) was installed but the following issues arose:-

- i. Deductions previously effected in the LAIFOMS were not effected in the IPPD.
- ii. Inaccuracies or missing data about employees' date of birth and date of hiring.

IT Control Environment and ICT

The section had five staffs but access rights did not provide segregation of duties.

Response CEC for Finance

The Officer informed the Committee that:-

- a) IFMIS was fully operation.
- b) All payment was done through G-Pay.
- c) They were installing the G-Pay everywhere in the County.

The Committee was satisfied with the response but nonetheless recommends that:-

- a. The County Executive should ensure correct and accurate information was captured in the system.
- b. The County Executive should ensure automation in revenue collection in order to seal the loopholes in revenue collection.

DEFUNCT OTHAYA TOWN COUNCIL

3.5 Improper Handing Over to the County Government

Audit Queries

- i. Failure to hand over assets and liabilities by the defunct Town Council of Othaya to Transition Authority as required by circular issued by the Ministry of Local Government in February ,2013.
- ii. The County Government did not have basis for opening balances.

The Officers informed the Committee that:-

- i. There was no proper handing over of both assets and liabilities to the Transition Authority.
- ii. Prior to 5th March 2013 the defunct Council had forwarded the records of both assets and liabilities to Transition Authority.
- iii. Immediately after 4th March, 2013 the defunct Council prepared a handing over report and the same was later verified by the Transition Authority.

The Officers provided the Committee with the Handing/Taking Over report that was done on 20th January, 2014 and which had been given to the County Executive.

The Committee was satisfied with the response and the documents provided on the queries.

3.6 Cash and Balances

Audit Queries

- i. The six (6) bank accounts with a balance of kshs.6, 228,575 continued operating as late as 30th June, 2013.
- ii. Cashbook for all the accounts was not maintained and no reconciliations were made to confirm bank balances.
- iii. Balances for bank accounts could not be confirmed.

- iv. No compliance was done with the Transition Authority Circular which required Local Authorities to close bank accounts by 5th March, 2013 or within three months after the general elections.

The Officers informed the Committee that:-

- i. When County Government came in place there was Public Finance Management Transition Act which was to guide on the transition.
- ii. The Principal Officer under Transition Authority was to guide Local Authorities on closure of the accounts which he did.
- iii. The directive by Principal Finance Officer was through a letter dated 13th April, 2014 which was written to all the banks informing them on the change of the signatories.
- iv. There was kshs.6, 228,575 in the bank and bank reconciliation was supposed to be prepared by Principal Finance Officer.
- v. After the accounts were closed they did not have an access to the bank statements thus were not able to prepare bank reconciliation.
- vi. Every bank account had its own cash book.

The Committee observed that there was a comment by the Auditor in the report acknowledging that the Council maintained all the required books of account and records.

The Committee recommends that forensic audit should be carried out by the Ethics and Anti - Corruption Commission on the kshs.6, 228,575 that was in the bank accounts operated by the defunct Othaya Town Council, how much was transferred and how the money was utilized.

3.7 Debtors

Audit Queries

- i. No debtor's collection policy yet the Council had outstanding property rates, single business permits and house rents totaling to kshs.6, 105,360 as at 30th March, 2013.
- ii. Debtors balance remained uncollected.

The Officers informed the Committee that:

- a. They had a debt register which they had handed over.
- b. During the transition period people were reluctant in paying for single business permits and stall rents.
- c. They had prepared a debt collection policy which they gave a copy to the Committee.

The Committee recommends that the County Executive while preparing their debt collection policy should incorporate the debt collection policy prepared by the defunct Othaya Town Council.

3.8 Suppliers Balances/Creditors

Audit Queries

- i. No proper records were maintained despite the Council disclosing liabilities amounting to kshs.12, 696,205 as at February, 2013.
- ii. Liabilities Balances disclosed could not be confirmed since the correct position of creditors before, during and after the transition period was not clear.

The Officers informed the Committee that:-

- a) The creditors balance included a debt claimed by LAPTRUST long before the dissolution of the Council.
- b) The Council was opposed to the actuarial debt claimed by LAPTRUST.
- c) They forced the Council to sign an agreement so that the Council could access the LATF Funds.
- d) The other amount was staff accumulated leave days which was amounting to kshs.5.5 million and which is subject to verification and acceptance by the County Government.
- e) The other debt was as a result of some professional work done at Karima Hill Forest of drawing management plan.
- f) They had involved the forest department who charged the Council kshs1.3 million.

- g) By the time of dissolution the Council had paid kshs.200, 000 leaving a balance of kshs.1.1 million which should be paid by the County Government.

The Committee recommends that the County Executive should hasten the process of verification of the Creditors Balance.

3.9 Motor Vehicles

Audit Query

- i. Handing over of Councils' eight (8) Motor Vehicles had not been done officially as at 30 June, 2013.

The Officers informed the Committee that all the Motor Vehicles including their log books were handed over during the Transition Period and the same was included in the Handing Over Report.

The Committee was satisfied with the responses and the documents provided.

3.10 Lack of Expenditure Control – Irregular Payments

Audit Queries

- i. kshs.496, 980 paid as travel and night out allowances to Council employees was not properly accounted.
- ii. Lack of support documents to ascertain payment of kshs.621, 800 to casual employees for carrying out conservancy work in the Councils market.
- iii. Travel details not disclosed.

The Officers informed the Committee that:-

- a) Since Othaya Town Council had shortage of staff yet it was a must to deliver services.
- b) They had arranged with staff to be working on Saturdays and instead of claiming off duty they would be paid a token of 15% of night out.
- c) The kshs.270, 605 was payment toward the lunch allowance or token.

- d) The other expenditure was payment towards official duty and they had vouchers and documents supporting the travel which they provided.
- e) kshs.621, 800 was paid to casual laborers.
- f) They had a budget of kshs.700, 000 for beautification and out of that kshs.200, 000 was for drainage system.

They provided the Committee with documents supporting the payments.

The Committee was satisfied with the responses and the documents provided.

DEFUNCT MUNICIPAL COUNCIL OF NYERI

3.11 Improper Handing Over to Transition Authority/County Government

Audit Queries

- i. Failure to hand over assets and liabilities for Municipal Council of Nyeri to Transition Authority as required by a circular issued by the Ministry of Local Government in February, 2013.
- ii. The County Government did not have accurate records of assets and liabilities inherited from former Council.

The Officers informed the Committee that:-

- a) The defunct Municipal Council of Nyeri had prepared a handing over report detailing the assets, liabilities and staff as at 27th February, 2013.
- b) The same was handed over to the Transition Authority and to the County Secretary on time.

The Officers provided to the Committee:-

- a) A letter showing the report that was forwarded to Permanent Secretary Ministry of local Government on 23rd November, 2014.
- b) A Handing Over/Taking Over Report.

The Committee was satisfied with the response and documents provided.

3.12 Motor Vehicle and other Assets

Audit Query

- a. No record was available to show that assets and motor vehicles had been transferred officially to the County Government.

The Officers agreed with the recommendation of the Auditor that the County Government should identify, take stock and tag all the assets taken over from the four defunct local authorities.

The Committee therefore recommends that the County Government should identify, take stock and tag all the assets taken over from the four defunct local authorities.

3.13 Cash and Bank Balances

Audit Queries

- i. The accounts continued operating and the Council did not hand over the bank accounts to the County Government, as at 30th June, 2013.
- ii. Previous signatories continued to approve payments while revenue continued to be banked in the defunct Council's Accounts.
- iii. The Council did not provide cashbooks, all bank statements and bank reconciliation.

Non Closure of Bank Accounts

The Officers informed the Committee that:-

- a) Guided by the provision of the County Government Public Management Transition Act, 2013, Section 9 and 28, the defunct Municipal Council bank signatories only signed payment cheques up to 10th April 2013 with the approval and supervision of the Transition Authority who were authorizing the entire payments voucher.
- b) The defunct Council had prepared monthly Bank Reconciliation statements for all the Bank Accounts.
- c) On 28th February, 2013 the Council forwarded Bank balances confirmation certificates to the Transition Authority.
- d) The reconciliation statements were even made available and produced during Audit and the preparation of the final accounts for 8 month financial year 2012/2013.
- e) There was no exit meeting and they never received the management letter from the auditors thus some issues could have been solved earlier.

The Officers provided copies of Bank reconciliations.

Cash and Bank Balances

The Officers informed the Committee that the following bank accounts were opened for specific purposes and projects and they included i.e KISIP Account, KMP Account, DED Account, Poverty Eradication Account, Local Service Charge Account and Kazi Kwa Vijana Account.

They provided bank reconciliation for the accounts.

The Committee recommends that:-

- i. The County Government of Nyeri should be preparing bank reconciliation monthly.
- ii. The auditors should ensure there is an exit meeting for some issues to be clarified before the final audit report is produced.

3.14 Debtors

Audit Query

- a) Failure by defunct Council to have a debtor's collection policy hence the debts had been outstanding.

The Officers informed the Committee that:-

- a) They had a debtor's collection policy.
- b) They maintained debtors register and ledger under the LAIFOM Program.
- c) The debt collection policy was approved by the Finance and General Purposes Committee under Min FSGP/18/2011 on 28th September, 2012.

The Officers provided the Committee with the copy of the debt collection policy. The Committee recommends that the County Executive while preparing their debt collection policy should incorporate the debt collection policy prepared by the defunct Municipal Council of Nyeri.

The Committee recommends that the County Executive should hasten the process of verification of the Debtors Balance.

3.15 Creditors/Suppliers Balances

Audit Query

- a) Failure by the defunct Council to maintain creditors' records and other documents for audit

The Officers informed the Committee that:-

- a. The defunct Municipal Council of Nyeri maintained creditor's ledger.
- b. The balances were handed over.

The Officers provided a copy of a list of the creditors and a creditor ledger.

The Committee recommends that the County Executive should hasten the process of verification of the Creditors Balance.

3.16 Revenue Collection /Under Banking

Audit Query

- a. Defunct Council collected kshs.196, 099,207 between January and June, 2013, kshs.122, 778,886 was banked but kshs.73, 320,321 was not explained thus the Council contravened government financial regulations.

The Officers presented a file containing Banking Slips and they provided a copy of print out from LAIFOM Program showing daily revenue banking.

The Committee was satisfied with the response given and documents provided.

3.17 Procurement

Audit Queries

- i,Payment for services not rendered

Defunct Council made payments towards printing of Receipt Books at a cost of kshs.4, 049,220.

ii, Single Sourcing of Consultancy Services.

- a. Kshs.2, 079,987 was paid to a consultancy firm in respect to Kamakwa Market yet the services were single sourced.
- b. Consultancy services were paid for services provided in February, 2013 of kshs.5, 809,423.
- c. No record of receipt of receipt books
- d. Public Procurement Regulations was contravened

The Officers informed the Committee that:-

- a. The defunct Municipal Council of Nyeri ensured goods were procured in line with the requirements of the procurement laws, delivered and entered in their stores records.
- b. The goods were fully delivered on 16th January, 2013 before the payments were made.
- c. The circulars from the Office of the Deputy Prime Minister, Ministry of Local Government emphasized that all services were to continue after the transition hence the procurements of the receipt books.
- d. In January, 2013 the receipt books were over and they had to print more based on previous year.
- e. They had a list of all prequalified suppliers and consultants.
- f. The survey had been carried out by the consultant.
- g. The Officers emphasized on the need for County Government to implement the same.

The Officers provided copies of certified survey that was done in Kamakwa Market LR.No.Tetu/Unjiru/639.

The Committee strongly recommends that implementation of the findings of the survey that was carried out should be done by the Department of lands in the County.

The Officers provided the copies of the vouchers.

The Committee was satisfied with response given and resolved that the Auditor should clarify on the kshs.5, 809,423.

DEFUNCT NYERI COUNTY COUNCIL

3.18 Improper Handing Over from the Defunct Local Authority

Audit Queries

- i. No proper handing over/taking over of defunct Local Authorities assets and liabilities was done to the Transition Authority as required by circular issued by Ministry of Local Government in 18th February, 2013.
- ii. Hinderance of smooth transition and taking over by the County Government.

The Officers informed the Committee that:-

- a) The process of handing over started before the election since they were required to hand over the assets, liabilities and staffing.
- b) They were required to forward the handing over report to the Ministry of Local Government and to the Transition Authority which they did.

The Committee was satisfied with the response.

3.19 Cash and Bank Balances

Audit Queries

i, Closure of Bank Accounts

- a) The accounts continued operating as at 30th June, 2013.
- b) No compliance was done with the Transition Authority Circular which required Local Authorities to close bank accounts by 5th March, 2013 or within three months after general elections.

ii, Bank Balances

- a) The six (6) banks accounts had a balance of kshs.128, 909,791 before, during and after the Transition Period and kshs.120, 315,656 as at 30th June 2013.
- b) The balance excluded kshs.20, 000,000 fixed deposit in Co-operative Bank, Nyeri.
- c) Bank confirmation certificates were not made available.

- d) No evidence was made available for audit of transfer of the said investment's proceeds upon maturity.

iii, Inaccurate records of bank payments

- a) The Council failure to maintain accurate and up to date records of the payments.
- b) Several cheques payments were missing from LAIFOMS and cashbook yet the same cheques had been paid out by the bank.

The Principal Finance Officer informed the Committee that:-

- a) Section 28 of the County Government Public Finance Management Transition Act, 2013 provided for the management of Bank Accounts within the Transition period.
- b) The Transition County Treasuries had six months window period for clearing cheques that may have been issued in March, 2013.
- c) The County Government Act and the County Governments Public Finance Management Transition Act was clear that Principal Finance Officer was to look at circumstances of the County Treasury and decide on how the bank accounts that were in existence were to be run.
- d) The mandate of opening and closing the bank accounts was not the role of the Accounting Officers of Defunct Local Authority but was a role of the Transition County Treasury.
- e) The County Treasury through Transition Officer changed the mandate of bank accounts and they wrote to all banks to ensure that the defunct Bank signatories did not continue to operate the accounts.
- f) On 30th June, 2013 the County Treasury suspended further operations on the accounts.
- g) The County Treasury took over the management of the Bank Accounts to have a single treasury account where all funds collected could be put since there was no clear process yet money was being collected every day and expenditure was being incurred.
- h) The County Treasury run the accounts for some time then later changed the mandate on 8th of April, 2013.

- i) They opened a new account at the Central Bank of Kenya which was to be run from Nairobi and also opened an imprest account at Co-operative Bank which was to receive money from Nairobi.
- j) The accounts were not to be closed on 5th of March, 2013 as indicated in the audit report since there was Transition Act that was to guide during transition period.
- k) They had opened an account with Kenya Commercial Bank which was a collection account and all collection was directed to the account.
- l) All the money from the other accounts was transferred to the account on July, 2013 in order for the money to be swept to the Central Bank of Kenya for them to seek authority from the Controller of Budget in accordance with the required procedure.

Regarding Bank Balances the Officers informed the Committee that:-

- a. They did bank reconciliation after June, 2013 which was different from the bank balances.
- b. They had eight bank accounts but the Auditors had captured six accounts.
- c. There was no exit meeting with the Auditors in which some issues could have been clarified.

The Committee was provided with a copy of analysis of the bank accounts and the Kshs.20 million was captured in the analysis under Co-operative Bank.

On inaccurate Records of Bank Payments the Officers informed the Committee that:-

- a. Cheque Number and the amount in the cash book and the bank statement were the same.
- b. They had maintained accurate records.

They provided the support documents.

The confirmation was done by the Chairman and the Representative of the Auditor General during the meeting.

The Committee was satisfied with the response given but wishes to recommend that:-

- a) The Kenya National Audit Office should ensure there is an exit meeting so that some issues can be clarified before the final report is prepared.
- b) The Committee recommends that forensic audit should be carried out by the Ethics and Anti - Corruption Commission on the amount that was in the bank accounts operated by the Nyeri County Council, how much was transferred and how the money was utilized during the transition period.

3.20 Motor Vehicles, Office Equipment and other Non-Current Assets

Audit Query

- a) No record was available to show that assets and motor vehicles had been transferred officially to the County Government.

The officers informed the Committee that Assets and Liabilities including Motor Vehicles had not been handed over officially to County Government at the time of audit.

The Committee confirmed that the motor vehicles, office equipment and other non-current assets were included in the handing over report.

The Committee recommends that the Nyeri County Government should maintain fixed assets register, all assets should be valued and tagged.

3.21 Debtors

Audit Queries

- a) Failure by defunct Council to officially hand over assets and liabilities to County Government of Nyeri.
- b) Lack of documentation at close of reporting periods.

The Committee confirmed that debtors balance was included in the Handing Over Report.

The Committee recommends that the process of verification of the debtors balance should be hastened.

3.22 Creditors/Suppliers

Audit Queries

- a. Failure by the defunct Council to provide creditors' records and documents for audit.
- b. Documents provided showed unremitted NSSF debt of kshs.26, 927,359 and Local Authority Pension Trust debt of shs.1, 193,041.
- c. No records were made available to show how the figures were arrived at.

The Committee confirmed that the creditors balance was included in the Handing over Report.

The Committee recommends that the process of verification of the Creditors Balance should be hastened.

3.23 Revenue Collection /Under Banking

Audit Queries

- a) Defunct Council collected kshs.165, 482,851 between January and June, 2013 and kshs.23, 701,366 was not banked.
- b) Council contravened Government financial regulations which require revenue to be banked intact.
- c) Council s failure to explain how unbanked amount was utilized and accounted for.
- d) Decline in revenue collection by kshs.131, 741,457 as compared between January to June 2012 and January to June 2013.

The Officers informed the Committee that:-

- a) All the money was banked.
- b) The decline was due to the general election which was followed by the transition period.
- c) The decline was kshs.7 million and not kshs.131 million as stated in the audit report.

- d) Revenue comparison showed in 2012 revenue collected was kshs.69, 524,558 and in 2013 the revenue collected was kshs.62, 216,899 thus a decline of kshs.7, 307,659.
- e) The decline was as a result of confusion among the people inmoving from County Council to the County Government which made it hard to enforce collection of fees.

The Officers provided a file showing the banking's slips and provided the Committee with an analysis of revenue collection totaling to kshs.62, 216,239.

Clarification on the kshs.131, 741,457 was done by the Auditor who informed the Committee that it was as a result of arithmetic error.

The Committee recommends that the Nyeri County Executive should ensure revenue was banked intact.

3.24 Lack of control of LATF Project

Audit Queries

- a) The Council awarded a construction Company contract for construction of Kiawara Open Air Market at a contract sum of kshs.10,300,000 yet physical verification revealed 66% payments had been made yet no major works had been undertaken.
- b) It was unclear how the project was to be completed when only kshs.3, 500,000 remained as unpaid balance.

The Officers informed the Committee that:-

- a) They adopted the model that had been used by Government in Economic Stimulus Programme in building market of the same design e.g. in construction of Kiandu and Naro-moru markets.
- b) When they started construction work in Kiawara Market, they discovered that black cotton soil was thick and could not cope with the design.
- c) There were four structures to be put up i.e. two toilets refuse chamber, administration block and a market shed.
- d) According to the contract they had agreed that market shed should be constructed first but to be economical in order to maximize on the use of

the excavator machine on the site a decision was made to allow the contractor to embark on construction of all the facilities concurrently.

- e) Excavation of the four structures was done.
- f) Construction of toilets was revised since a lot of earth work had to be done including moving out the black cotton soil and bringing in reinforcement i.e. use of concrete, reinforcement bars and thus the rate of expenditure went up.
- g) They disagreed with the audit report that only 20% of toilets were complete since both Office block and toilets were complete.
- h) Market shed was 50% complete on the substructure.
- i) The variation of the cost according to the contract was as a result of changes in design.
- j) The Toilets were 100% complete, Office Block was 100% complete, Refuse Chamber was 100% complete and market shed was 50% complete.



Figure 2: Market Shed, Office Block, Toilets and Refuse Chamber
Committee Recommendations

The Committee recommends that a technical evaluation on the project should be done and that the County Executive should set up funds to finish all the ESP Markets that are stalled in the County.

3.25 Expenditure

Audit Queries

i,Missing payment vouchers kshs.6,151,454

Payment vouchers reflected in LAIFOMS payment register for KCB main account number 110849527 with an account of kshs.6, 151, 454 not provided for audit.

ii,Irregular subsistence allowance to Former Councilor's
Former Councilor's were paid kshs.1, 678,000 as a subsistence allowance for attending HIV/AIDS seminar. Details of seminar were not disclosed.

iii,Unaccounted for fuel

- a. The Council purchased fuel worth kshs.770, 956.
- b. No details were provided on how the fuel was utilized or accounted for.

iv,Payment for Consultancy Services

- a. The Council paid kshs.4, 110,770 in respect of various consultancy services.
- b. No reports were availed for audit.

Responses

Missing Payment Vouchers kshs.6,151,454

The Officers informed the Committee that they were not able to answer the query since there was no breakdown of the vouchers hence they required a schedule from the Auditor.

Irregular payment of Subsistence Allowance to Former Councilors

The Officers informed the Committee that:-

- a) They were working under performance contracting and there was specific target and one of the targets was to sensitize Members on HIV/AIDS.

- b) They organized for a seminar in Murang'a for the Councilor's together with staff.

The Officers provided a copy of the schedule from LAIFOM System that details voucher of transport allowance of kshs.27, 300 used in reimbursement to the Councilors who attended the Seminar.

Unaccounted for Fuel

The Officers provided the Committee with support documents for the unaccounted for fuel of kshs.770,956 i.e. copy of the register on fuel consumption and a LAIFOM system showing fuel consumption for individual vehicle.

Payment for consultancy services

The Officers informed the Committee that:-

- a) It was an issue of lack of exit meeting.
- b) The consultancy services were done.

They provided the Committee with the reports.

The Committee was satisfied with the responses but wishes to recommend that:-

- a) The Kenya National Audit Office should ensure an exit meeting is held in order for clarification on some issues before preparing the final report.
- b) An analysis of kshs.6, 151,454 stated as missing payment vouchers should be provided by the Auditors.

DEFUNCT MUNICIPAL COUNCIL OF KARATINA

3.26 Improper Handing Over to the County Government

Audit Queries

- i. Failure to hand over assets and liabilities to the Transition Authority as required by circular issued by Ministry of Local Government in February, 2013.
- ii. The County Government could not ascertain their opening balances.

The Officers informed the Committee that at the time of the audit, handing over exercise of the defunct Municipal Council of Karatina had already taken place with assistance of the Transition Authority who provided guidelines on the exercise.

The Officers submitted a handing over/taking over report.

The Committee was satisfied with the response given.

3.27 Cash and Bank Balances

Audit Queries

- i. The defunct Municipal Council of Karatina did not freeze, close and transfer funds to the County Revenue Account as required. The bank accounts balances for the 10 out of 11 accounts held had kshs.8,346,831 but could not be confirmed.
- ii. The bank accounts were operational even after June, 2013 hence balances for bank accounts could not be confirmed.
- iii. No compliance was done with the Transition Authority Circular which required Local Authorities to close bank accounts by 5th March 2013 or within three months after general elections.

The Officers informed the Committee that:-

- a) The defunct Municipal Council of Karatina received written instructions from the Executive not to transfer funds from its operational accounts in various banks.

- b) Arising from the development, the defunct Municipal Council prepared bank reconciliation for the stated bank accounts as indicated in the handing over report though some accounts did not require bank reconciliations since balances did not change e.g. Mayors Christmas Tree.
- c) Further, no directives had been issued authorizing the Council to bank money collected as revenue to another account therefore the Council continued banking in General Rate Fund.
- d) They were given a directive on March, 2013 to sign in order to withdraw funds for payment of salaries and that was the last time they appended their signatures.

The Officers provided the Letter written by the County Treasury informing the Manager not to authorize the Clerk and the Treasurer to continue operating the accounts and they also provided copies of bank reconciliations.

The Committee was satisfied with the response.

The Committee recommends that:-

- i. A forensic audit should be carried out by the Ethics and Anti - Corruption Commission on the amount that was in the bank accounts operated by the defunct Municipal Council of Karatina, how much was transferred and how the money was utilized during the transition period.
- ii. The County Executive should ensure that the bank reconciliation are prepared monthly.

3.28. Debtors Balance

Audit Queries

- i. Proper debtor's records were not maintained.
- ii. Position of the Council's debtors as at 30th June 2013 could not be confirmed.

The Officers informed the Committee that:-

- a. The Council by the time of audit had not handed over its assets and liabilities to the County Government since it was done later.
- b. The debtors balance was included in the Handing over/Taking over Report.

The Committee recommends that the process of verification of the debtors balance should be hastened.

3.29. Creditors/Suppliers' Balances

Audit Queries

- i. No proper creditor's records were maintained despite the Council disclosing liabilities amounting to kshs.102, 937,533 as at February 2013.
- ii. Liabilities Balances disclosed could not be confirmed since the correct position of creditors before, during and after transition period was not clear.

The Officers informed the Committee that:-

- a. The creditors balance was in the Handing Over/Taking Over Report
- b. The Council was maintaining its creditors under the LAIFOM System and manual creditor's records were kept which can be verified.

The Officers provided a list of the creditors.

The Committee recommends that the process of verification of the creditors balance should be hastened.

3.30. Motor Vehicles and other Non-current Assets

Audit Queries

- i. The defunct Municipal Council of Karatina had not officially handed over a statement of assets and liabilities to the County Government of Nyeri as at 27th March, 2013.
- ii. No proper documentation of total assets as at the close of the period was available.

- iii. The position of motor vehicles and other Non-current assets could not be ascertained.

The Officers informed the Committee that all the assets including motor vehicles were handed over and was included in the Handing over Report.

The Committee recommends that:-

- a) An updated assets register should be maintained.
- b) All assets should be valued and tagged.

3.31 Revenue Collection and Banking

Audit Queries

- i. The Council collected revenue amounting to kshs.41, 154,206 between January and June 2013, however, kshs.817, 421 was under-banked.
- ii. No expenditure analysis was provided to show how it was accounted for which was against financial regulations.

The Officers informed the Committee that they had prepared bank reconciliation.

The Officer provided the Committee with copies of bank reconciliation showing the overbanking and under banking.

The Committee was satisfied with the response and the documents that were provided.

3.32 Irregular Payment of Uniform Allowance in arrears - kshs.354, 798

Audit Query

- i. No explanation was provided for the payment of uniform allowance in arrears.

The Officers informed the Committee that:-

- a. In the Council meeting held on 5th April 2012, they had resolved that the arrears in uniform be converted into cash and paid to the respective beneficiaries.
- b. It was in line with collective bargaining and minutes were attached.

The Officers provided copies of the minutes.

The Committee was satisfied with the response and the documents that were provided.

Annex 1: Minutes

COUNTY PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE MINUTES OF COUNTY PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE MEETING HELD ON TUESDAY, 18TH NOVEMBER, 2014 AT 10:40 A.M IN THE LOBBY ROOM

Members Present

- | | |
|-----------------------|--------------------|
| 1. Hon.Baragu Mutahi | - Chairperson |
| 2. Hon.Peter Kagume | - Vice Chairperson |
| 3. Hon.Simon Mbogo | - Member |
| 4. Hon.Keziah Waruinu | - Member |
| 5. Hon.James Kibira | - Member |

In attendance

County Assembly

Rosemary Kareithi – Committee Clerk

Preliminary

The meeting started at 10:40 a.m. with a word of prayer by the Chairman.

Min.No. CPI&A 552 /2014 – Confirmation of the Previous Minutes

Confirmation of Minutes of previous sitting was deferred to the next sitting.

Min.No. CPI&A 553/2014 – EVIDENCE:The County Assembly

The Auditor General Report on the Financial Operations of the County Government of Nyeri and its defunct Local Authorities for the period 1January to 30June 2013

Mr. Jenard Mwiggeh the Accounting Officer of the Assembly appeared before the Committee and gave evidence on:-

3.3 (iii) Double Procurement of Hansard Communication Equipment

Pending Issues

The Accounting Officer informed the Committee that some Hansard Equipment's had not been delivered and that he was following on the issue.

Min.No. CPI&A 554 /2014 - ADJOURNMENT

There being no other business, the Chair adjourned the meeting at 12:00 noon.

Hon.Baragu Mutahi, Chairperson (County Public Investments and Accounts).

Date: _____

COUNTY PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE
MINUTES OF COUNTY PUBLIC INVESTMENTS AND ACCOUNTS
COMMITTEE MEETING HELD ON THURSDAY, 20TH NOVEMBER, 2014 AT
12:30 NOON IN THE LOBBY ROOM

Members Present

- | | |
|-----------------------|--------------------|
| 1. Hon.Baragu Mutahi | - Chairperson |
| 2. Hon.Peter Kagume | - Vice Chairperson |
| 3. Hon.Simon Mbogo | - Member |
| 4. Hon.Keziah Waruinu | - Member |
| 5. Hon.James Kibira | - Member |

In attendance

County Assembly

Rosemary Kareithi – Committee Clerk

Preliminary

The meeting started at 12:30 noon with a word of prayer by the Chairman.

Min.No. CPI&A 563 /2014 – Confirmation of the Previous Minutes

Confirmation of Minutes of previous sitting was deferred to the next sitting.

Min.No. CPI&A 564/2014 – EVIDENCE:The Transition Authority

The Auditor General Report on the Financial Operations of the County Government of Nyeri and its defunct Local Authorities for the period 1January to 30June 2013

Mrs. Margaret Gitiya the former Interim County Secretary and Mrs. Faith Wanjiru the Transition Authority Coordinator appeared before the Committee and gave evidence on:-

- i. 3.1 Improper handing over/taking over from the defunct Local Authority
- ii. 3.3(ii) Undelivered Motor Vehicles
- iii. 3.3 (iii) Double Procurement of Hansard Communication Equipment

Min.No. CPI&A 565 /2014 - ADJOURNMENT

There being no other business, the Chair adjourned the meeting at 2:00 p.m.

Hon.Baragu Mutahi, Chairperson (County Public Investments and Accounts).

Date: _____

COUNTY PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE
MINUTES OF COUNTY PUBLIC INVESTMENTS AND ACCOUNTS
COMMITTEE MEETING HELD ON TUESDAY, 25TH NOVEMBER, 2014 AT
11:00 A.M IN THE LOBBY ROOM

Members Present

- | | |
|-----------------------|--------------------|
| 1. Hon.Baragu Mutahi | - Chairperson |
| 2. Hon.Peter Kagume | - Vice Chairperson |
| 3. Hon.Simon Mbogo | - Member |
| 4. Hon.Keziah Waruinu | - Member |
| 5. Hon.James Kibira | - Member |

In attendance

County Assembly

Rosemary Kareithi – Committee Clerk

Kenya National Audit Office

Mr. James Ngure – Liaison Officer

Preliminary

The meeting started at 11:00 a.m. with a word of prayer by the Chairman.

Min.No. CPI&A 566/2014 – Confirmation of the Previous Minutes

Confirmation of Minutes of previous sitting was deferred to the next sitting.

Min.No. Ck2PI&A 567/2014 – EVIDENCE:Defunct County Council of Nyeri

The Auditor General Report on the Financial Operations of the County Government of Nyeri and its defunct Local Authorities for the period 1January to 30June 2013

Mr.DavidNg'ang'a the former Clerk of the defunct County Council of Nyeri and who was the Accounting Officer appeared before the Committee accompanied by:-

- i. Mr.Richard Kimani – Former Treasurer
- ii. Mrs.Lucy Kirigo – Accountant
- iii. Mr.Oduor Makonyare – Land Surveyor

They gave evidence on:-

- a. 3.18 Improper Handing over to the County Government
- b. 3.19 Cash and Bank Balances
 - i) Closure of Bank Accounts
 - ii) Bank Balances
 - iii) Inaccurate records of bank payments
- c. 3.20 Motor Vehicles, Office Equipment and other Non-Current Assets
- d. 3.21 Debtors Balance
- e. 3.22 Creditors/Suppliers
- f. 3.23 Revenue Collection and Banking
- g. 3.24 Lack of control of LATF Project
- h. 3.25 Expenditure
 - i) Missing payment vouchers kshs.6, 151,454
 - ii) Irregular Subsistence allowance to former Councilors
 - iii) Unaccounted for fuel
 - iv) Payment for consultancy services
- i. 3.3 (iii) Double Procurement of Hansard Communication Equipment

Pending Issues

The Accounting Officer informed the Committee that they were not able to respond to the query on missing payment vouchers of kshs.6, 151,454 since they were not provided with the breakdown of the amount.

The Committee resolved to contact the Kenya National Audit Office in Nyeri for the schedule on the missing payment vouchers.

Min.No. CPI&A 568 /2014 - ADJOURNMENT

There being no other business, the Chair adjourned the meeting at 12:30 noon.

Hon.Baragu Mutahi, Chairperson (County Public Investments and Accounts).Date: _____

COUNTY PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE

MINUTES OF COUNTY PUBLIC INVESTMENTS AND ACCOUNTS
COMMITTEE MEETING HELD ON TUESDAY, 25TH NOVEMBER, 2014 AT
12:40 NOON IN THE LOBBY ROOM

Members Present

- | | |
|-----------------------|--------------------|
| 1. Hon.Baragu Mutahi | - Chairperson |
| 2. Hon.Peter Kagume | - Vice Chairperson |
| 3. Hon.Simon Mbogo | - Member |
| 4. Hon.Keziah Waruinu | - Member |
| 5. Hon.James Kibira | - Member |

In attendance

County Assembly

Rosemary Kareithi – Committee Clerk

Kenya National Audit Office

Mr. James Ngure – Liaison Officer

Preliminary

The meeting started at 12:40 noon with a word of prayer by the Chairman.

Min.No. CPI&A 569 /2014 – Confirmation of the Previous Minutes

Confirmation of Minutes of previous sitting was deferred to the next sitting.

Min.No. CPI&A 570/2014 – EVIDENCE:The County Executive

The Auditor General Report on the Financial Operations of the County
Government of Nyeri and its defunct Local Authorities for the period 1st
January to 30th June 2013

Mr.Wachira the Supply Chain Manager in the County Executive appeared before the Committee and gave evidence on:-

- i. 3.3(ii)Undelivered Motor Vehicles
- ii. 3.3 (iii) Double Procurement of Hansard Communication Equipment

Min.No. CPI&A 571 /2014 – ADJOURNMENT

There being no other business, the Chair adjourned the meeting at 2:00 p.m.’

Hon.Baragu Mutahi, Chairperson (County Public Investments and Accounts).

Date: _____

COUNTY PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE
MINUTES OF COUNTY PUBLIC INVESTMENTS AND ACCOUNTS
COMMITTEE MEETING HELD ON TUESDAY, 25TH NOVEMBER, 2014 AT
3:00 P.M IN THE LOBBY ROOM

Members Present

- | | |
|-----------------------|--------------------|
| 1. Hon.Baragu Mutahi | - Chairperson |
| 2. Hon.Peter Kagume | - Vice Chairperson |
| 3. Hon.Simon Mbogo | - Member |
| 4. Hon.Keziah Waruinu | - Member |
| 5. Hon.James Kibira | - Member |

In attendance

County Assembly

Rosemary Kareithi – Committee Clerk

Kenya National Audit Office

Mr. James Ngure – Liaison Officer

Preliminary

The meeting started at 3:00 p.m. with a word of prayer by the Chairman.

Min.No. CPI&A 572 /2014 - Confirmation of the Previous Minutes

Confirmation of Minutes of previous sitting was deferred to the next sitting.

Min.No. CPI&A 573/2014 - EVIDENCE:The defunct Town Council of Othaya

The Auditor General Report on the Financial Operations of the County Government of Nyeri and its defunct Local Authorities for the period 1January to 30 June 2013

Mr. James Kuria the former Clerk of the Council and the Accounting Officer appeared before the Committee accompanied by:-

- 1) Mr. Washington Magochi - Former Treasurer

They gave evidence on:-

- a. 3.5 Improper Handing over to the County Government
- b. 3.6 Cash and Bank Balances
- c. 3.7 Debtors
- d. 3.8 Suppliers' Balances
- e. 3.9 Motor Vehicles
- f. 3.10 Lack of Expenditure Control- Irregular Payments

Min.No. CPI&A 574 /2014 - ADJOURNMENT

There being no other business, the Chair adjourned the meeting at 4:00 p.m.

Hon.Baragu Mutahi, Chairperson (County Public Investments and Accounts).

Date: _____

COUNTY PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE
MINUTES OF COUNTY PUBLIC INVESTMENTS AND ACCOUNTS
COMMITTEE MEETING HELD ON WEDNESDAY, 26TH NOVEMBER, 2014 AT
10:30 A.M IN THE LOBBY ROOM

Members Present

1. Hon.Baragu Mutahi - Chairperson
2. Hon.Peter Kagume - Vice Chairperson
3. Hon.Simon Mbogo - Member
4. Hon.Keziah Waruinu - Member
5. Hon.James Kibira - Member

In attendance

County Assembly

Rosemary Kareithi - Committee Clerk

Kenya National Audit Office

Mr. James Ngure - Liaison Officer

Preliminary

The meeting started at 10:30 a.m. with a word of prayer by the Chairman.

Min.No. CPI&A 575 /2014 - Confirmation of the Previous Minutes

Confirmation of Minutes of previous sitting was deferred to the next sitting.

Min.No. CPI&A 576/2014 - EVIDENCE:The County Executive

The Auditor General Report on the Financial Operations of the County Government of Nyeri and its defunct Local Authorities for the period 1January to 30 June 2013

The County Secretary,Wambui Kimathi appeared before the Committee accompanied by the following Officers:-

- i. Mr. Martin Wamwea - County Executive Committee Member for Finance and Economic Planning
- ii. Mr. Emilio Mukira - Acting Chief Officer for Finance Department

iii. Mr. Richard Kimani – Principal Finance Officer

Gave evidence on:-

a. 3.1 Improper handing over/taking over from the defunct Local authority

b. 3.2 Cash and Bank Balances

c. 3.3 Procurement

i) Weakness in control of stocks –Unaccounted for fuel

ii)Undelivered Motor Vehicle

iii)Double Procurement of Hansard Communication Equipment

iv)Repairs to Motor Vehicles

d. 3.4 Summary of ICT audit findings

i)Hardware

ii)Software

iii)IT Control Environment and ICT Governance

Pending Issues

The Accounting Officer informed the Committee that proper handing over had not been done and that they were waiting for an interim report from Transition Authority.

The Committee resolved that the Officers should provide support documents:-

i. 3.3 Procurement i.e. Undelivered Motor Vehicle, on double procurement of Hansard Communication Equipment and on repairs to motor vehicles.

Min.No. CPI&A 577 /2014 - ADJOURNMENT

There being no other business, the Chair adjourned the meeting at 11:10 a.m.

Hon.Baragu Mutahi, Chairperson (County Public Investments and Accounts).

Date: _____

COUNTY PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE

MINUTES OF COUNTY PUBLIC INVESTMENTS AND ACCOUNTS
COMMITTEE MEETING HELD ON THURSDAY, 27TH NOVEMBER, 2014 AT
9:00 A.M IN THE COMMITTEE ROOM

Members Present

1. Hon.Baragu Mutahi - Chairperson

2. Hon.Peter Kagume - Vice Chairperson
3. Hon.Simon Mbogo - Member
4. Hon.Keziah Waruinu - Member
5. Hon.James Kibira - Member

In attendance

County Assembly

Rosemary Kareithi – Committee Clerk

Kenya National Audit Office

Mr. James Ngure – Liaison Officer

Preliminary

The meeting started at 9:00 a.m. with a word of prayer by the Chairman.

Min.No. CPI&A 578/2014 – Confirmation of the Previous Minutes

Confirmation of Minutes of previous sitting was deferred to the next sitting.

Min.No. CPI&A 579/2014 – EVIDENCE:The defunct Muncipal Council of Karatina

The Auditor General Report on the Financial Operations of the County Government of Nyeri and its defunct Local Authorities for the period 1January to 30June 2013

Mr. Francis Kariuki the former Clerk of defunct Council and the Accounting Officer appeared before the Committee together with:-

- a. Mr. Joseph Ndichu - the former Treasurer and Accounting Officer

They gave evidence on:-

- a) 3.26 Improper Handing over to the County Government
- b) 3.27 Cash and Bank Balances
- c) 3.28 Debtors' Balances
- d) 3.29 Creditors'/Suppliers Balances
- e) 3.30 Motor Vehicle and other non-current Assets
- f) 3.31 Revenue Collection and Banking
- g) 3.32 Irregular Payment of Uniform Allowance in arrears – kshs.354, 798.

Min.No. CPI&A 580 /2014 - ADJOURNMENT

There being no other business, the Chair adjourned the meeting at 10:00 a.m.

Hon.Baragu Mutahi, Chairperson (County Public Investments and Accounts).

Date: _____

COUNTY PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE
MINUTES OF COUNTY PUBLIC INVESTMENTS AND ACCOUNTS
COMMITTEE MEETING HELD ON THURSDAY, 27TH NOVEMBER, 2014 AT
10:10 A.M IN THE COMMITTEE ROOM

Members Present

- | | |
|-----------------------|--------------------|
| 1. Hon.Baragu Mutahi | - Chairperson |
| 2. Hon.Peter Kagume | - Vice Chairperson |
| 3. Hon.Simon Mbogo | - Member |
| 4. Hon.Keziah Waruinu | - Member |
| 5. Hon.James Kibira | - Member |

In attendance

County Assembly

Rosemary Kareithi – Committee Clerk

Kenya National Audit Office

Mr. James Ngure – Liaison Officer

Preliminary

The meeting started at 10:10 a.m. with a word of prayer by the Chairman.

Min.No. CPI&A 581 /2014 – Confirmation of the Previous Minutes

Confirmation of Minutes of previous sitting was deferred to the next sitting.

Min.No. CPI&A 582/2014 - EVIDENCE:The defunct Municipal Council of Nyeri

The Auditor General Report on the Financial Operations of the County Government of Nyeri and its defunct Local Authorities for the period 1January to 30June 2013

Mr.Shadrack Mulanga the former Clerk of defunct Council who was the Accounting Officer appeared before the Committee together with:-

- a. Mr. Mwirigi - the former Treasurer and Accounting Officer
- b. Mr.Mungai - Former Deputy Treasurer

They gave evidence on:-

- a) 3.11 Improper Handing Over to Transition Authority/County Government
- b) 3.12 Motor Vehicle and other Assets
- c) 3.13 Cash and Bank Balances
- d) 3.14 Debtors' Balances
- e) 3.15 Creditors/Suppliers Balances
- f) 3.16 Revenue
- g) 3.17 Procurement
 - i) Payment for services not rendered
 - ii) Single Sourcing of Consultancy Services

Min.No. CPI&A 583 /2014 - ADJOURNMENT

There being no other business, the Chair adjourned the meeting at 11:00 a.m.

Hon.Baragu Mutahi, Chairperson (County Public Investments and Accounts).

Date: _____

Contents

Nyeri County Executive and County Assembly.....	1
3.1 Improper Handing Over from the Defunct Local Authority	1
3.2 Cash and Bank Balances	2
3.3 Procurement	3
i,Weakness in control of stocks – unaccounted for fuel.....	3
ii,Undelivered Motor Vehicle	4
iii .Double Procurement of Hansard Communication Equipment	5
iv,Repairs to Motor Vehicles.....	9
3.4 Summary of ICT Audit Findings	9
DEFUNCT OTHAYA TOWN COUNCIL.....	11
3.5 Improper Handing Over to the County Government.....	11
3.6 Cash and Balances.....	11
Audit Queries.....	11
3.7 Debtors.....	12
3.8 Suppliers Balances/Creditors	13
3.9 Motor Vehicles	14
3.10 Lack of Expenditure Control – Irregular Payments	14
DEFUNCT MUNICIPAL COUNCIL OF NYERI.....	16
3.11 Improper Handing Over to Transition Authority/County Government.....	16
3.12 Motor Vehicle and other Assets.....	16
3.13 Cash and Bank Balances.....	17
3.14 Debtors.....	18
3.15 Creditors/Suppliers Balances	19
3.16 Revenue Collection /Under Banking.....	19
3.17 Procurement.....	19
i,Payment for services not rendered	19
ii, Single Sourcing of Consultancy Services.	20
DEFUNCT NYERI COUNTY COUNCIL.....	21
3.18 Improper Handing Over from the Defunct Local Authority	21
3.19 Cash and Bank Balances.....	21
i, Closure of Bank Accounts.....	21

ii, Bank Balances	21
iii, Inaccurate records of bank payments	22
3.20 Motor Vehicles, Office Equipment and other Non-Current Assets.....	24
3.21 Debtors.....	24
3.22 Creditors/Suppliers.....	25
3.23 Revenue Collection /Under Banking.....	25
3.24 Lack of control of LATF Project.....	26
3.25 Expenditure.....	28
i, Missing payment vouchers kshs.6,151,454	28
ii, Irregular subsistence allowance to Former Councilor’s	28
iii, Unaccounted for fuel	28
iv, Payment for Consultancy Services	28
DEFUNCT MUNICIPAL COUNCIL OF KARATINA	30
3.26 Improper Handing Over to the County Government	30
3.27 Cash and Bank Balances.....	30
3.28. Debtors Balance.....	31
3.29. Creditors/Suppliers’ Balances	32
3.30. Motor Vehicles and other Non-current Assets.....	32
3.31 Revenue Collection and Banking	33
3.32 Irregular Payment of Uniform Allowance in arrears –kshs.354, 798.....	33
Annex 1: Minutes	36