

BARINGO COUNTY ASSEMBLY

THE HANSARD

The House met on Tuesday 7th March 2023 at 10:02 AM

The Speaker (Hon. Kemboi) in Chair

PRAYERS

The Speaker (Hon. Kemboi): Sergeant at Arms we do not have quorum? Kindly ring the quorum bell.

(Quorum bell rung)

The Speaker (Hon. Kemboi): We still do not have quorum kindly ring the bell for another five minutes.

(Quorum bell rung)

The Speaker (Hon. Kemboi): What is it Hon Kiprono?

Hon. Kiprono: Thank you Mr Speaker Sir I think in Africa first thing we do in the morning is to greet one another, good morning members. In front of me I can see that we have a quorum. And looking at the volume of the work ahead of us it is important that we start the session. Thank you.

The Speaker (Hon. Kemboi): Hon Members now that we have quorum we may proceed.

STATEMENTS

STATUS OF RELIEF FOOD PROGRAMME FOR THE COUNTY

The Speaker (Hon. Kemboi): Majority Leader.

Hon. Kipchumba (Majority Leader): Mr Speaker on this statement, I am requesting for extension of time until 2pm, the County Secretary is still working in the report and he promised that by midnight the report will be in the Assembly Mr Speaker. Thank you.

The Speaker (Hon. Kemboi): Did I hear you talk of Midnight?

Majority Leader (Hon. Kipchumba): No Midday Mr Speaker. Thank you.

(Laughter)

The Speaker (Hon. Kemboi): I had given direction on this issue but perhaps I can hear two quick reactions from members. As you remember I had given directions that if the majority leader will not have given statement by 9 this morning the County secretary was to appear in person at 11 am and since there are new developments I would want to get two quick reactions from the Hon Members. The position is that the County Secretary is requesting until 2pm. Two quick reactions before I can further give direction on the same. Hon. John Tarus.

Hon. Tarus: Thank you Hon Speaker since you had given a ruling and the concerned person is still requesting for time I believe it is only four hours and I want to believe you can give the

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Majority Leader that time so that we can be able to provide the answer. I want to believe that if they don't provide now then we should have him come here. Thank you Hon Speaker.

The Speaker (Hon. Kemboi): Hon Sharon.

Hon. Sharon: Thank you Mr Speaker for that opportunity I want to respond as follows. This is a statement that I did in November last year, its long overdue and Mr Speaker you gave a ruling and I believe you don't issue rulings and orders in vain and Mr Speaker we can give benefit of doubt to the County secretary. I ask you to make two rulings that we get the answer at 2:30pm failure to which the County Secretary should avail himself here. If you give such rulings then we will be going to the right direction.

The Speaker (Hon. Kemboi): Hon Members, I am cognizant to the fact that I delivered a ruling and issued directions to the effect that if the County Secretary fails to provide a report by 9:30am this morning he was to appear before this House at 11am and further an invoking provision of Standing 1 that gives the Speaker's discretion. I hereby exercise the discretion and give the Majority Leader and the County Secretary a benefit of doubt that they avail the report by 12 noon, and the said report be distributed to all the members. The debate for the statement is deferred to 2:30pm this afternoon. I so direct. Next order!

MOTION

REPORT OF THE PIC/PAC COMMITTEE ON THE AUDITOR GENERAL'S REPORT ON FINANCIAL STATEMENTS OF THE BARINGO COUNTY EXECUTIVE FOR THE YEAR ENDED 30TH JUNE 2018

The Speaker (Hon. Kemboi): Hon Mark Sialo. Chairperson Public Accounts and Investments Committee.

Hon. Sialo: Thank you Mr Speaker for giving me this opportunity to move this motion. I beg to move the motion that this House adopts the report of the Public Accounts and Investments Committee on the report of the Auditor General on the financial statements of the Baringo County for the year ended 30th June 2018 This report has four chapters and chapter one comprises of introduction, Committee Mandate, Committee composition and Acknowledgement.

Mr Speaker, Pursuant to the tabling of the Auditor General's report on the financial operations of the Baringo County Executive for the period 1st July 2017 to 30th June 2018 and its eventual commitment to the Public Accounts and Investments Committee to peruse, make findings and draw up recommendations for the House. It is my privilege to present the Committee's report to the House for adoption. This is in pursuit of the provisions of Article 229 (7) and 229 (8) of the Constitution of Kenya 2010 and Standing Order 191 (2) (a) of the Baringo County Assembly Standing Orders.

The Committee perused the Auditor's report, carried out fact finding before inviting witnesses to make their presentations on the queries raised by the Auditor. The hearings were held at the Kenya School of Government, Kabarnet campus between 23rd January, 2023 and 27th January, 2023.

Mr Speaker, It is also noteworthy to inform the House that the format of this report differs from other reports that members are used to in that instead of having blanket findings and recommendations at the tail end of the report, the findings [witness responses and Committee

Observations] and the recommendations for each issue/query raised by the auditor are placed immediately after the issue/query so that each issue is tackled independently.

Further it is a practice that prior to the witness presentations and subsequent report writing, the PAIC undertakes fact finding visits to the Audited entities and queried projects to ascertain the concerns of the Auditor and the authenticity of the responses presented by the Audited entity. The Committee embarked on Fact finding visits from 15th December 2022 to 20th January 2023 to the projects queried by the Auditor and photographic evidence will be adduced for members' consumption.

Mr Speaker, the Committee retreated to Kisumu from Friday 27th January 2023 to Friday 3rd February 2023 for report writing on the reports of the Auditor General on the Financial Operations of the Baringo County Assembly as well as the Baringo County Executive for the period ended 30th June 2018.

Committee Mandate;

Mr Speaker, Pursuant to the provisions of the Baringo County Assembly Standing Orders No 191(2) the Public Accounts and Investments Committee has two main functions which are;

- i) Examination of the Accounts showing the Appropriations of the sum voted by the House to meet the Public Expenditure and of such other accounts laid before the House as the Committee may think fit
- ii) Examination of the workings of Public investments

Mr. Speaker, the Baringo County Assembly Standing Orders further provide in Standing Order 191 (6) that the Committee shall discharge the following functions;

- a) Examine the reports and Accounts of the Public Investments;
- b) Examine the reports, if any, of the Auditor General on the Public Investments and;
- c) Examine in the context of autonomy and efficiency of the public investments whether the affairs of the public Investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

Mr. Speaker, the Committee as currently constituted comprises the following Honourable members of the County Assembly of Baringo;

- | | |
|-------------------------------|--------------------|
| 1. Hon. Mark Sialo Kimiring | - Chairperson |
| 2. Hon. Clement Lomaring'oria | - Vice Chairperson |
| 3. Hon. Kennedy Kiprono | - Member |
| 4. Hon. Linah Chebet | - Member |
| 5. Hon. Ayub Kibet | - Member |
| 6. Hon. Loice Kipseba | - Member |
| 7. Hon. Solomon Makal | - Member |

The Committee was assisted by the secretariat comprising of the County Assembly staff.

Mr Speaker Chapter two comprises of the detailed Audit Queries, Management Responses, Committee Observations and Committee Recommendations

Basis for Qualified Opinion;

Mr. Speaker, It is important to inform House that the Auditor General gave a qualified opinion. A qualified opinion is affair rating. on the Financial Operations of the Baringo County Executive

following analysis of Documents and other information availed. The Qualified opinion was formed based on the following;

Detailed Audit Queries, Management Responses, Committee Observations and Committee Recommendations; Unreconciled Summary of Fixed Assets;

Mr. Speaker, the statement of receipts and payments for the year ended 30 June 2018 reflects expenditure on acquisition of assets of Kshs.860, 627,061.25 which agrees with the additions of fixed assets shown under annex 5. However, the fixed asset register presented for audit verifications reflected additions of Kshs.116,730,301 as shown below:- The ICT Assets 2p, 190. 198, furniture and fittings 3. 437, 500. Land and buildings 21,679, 219. Motor vehicles and cycles, 17, 035, 686., office equipment 16,278, 398, other equipment 9, 909 000 totaling to 116, 730,301.

Although it has been explained the additions during the year included construction of buildings at various stages of completion and procurement of seeds for distribution to farmers hence the variance of Kshs.743, 896,760.25, no records were produced for audit verification to confirm the same. Therefore, the existence of assets worth Kshs. 743, 896,760.25 could not be confirmed. So far no efforts appear to have been made to reconcile the two records.

Mr Speaker the management response is as follows; the figure in our financial statement Kshs.860, 836,430 is a total figure inclusive of expenditure incurred for construction of roads, civil works and research, design, feasibility studies etc. This means any expenditure that falls under code 311000 series is categorized under the acquisition of assets.

The National Treasury was to release a regulation on how to value, dispose and account for the fixed assets for the counties of which up to now it has not done so. This has brought a big challenge to the County on how to value some of the assets like roads, live animals, plants etc.

The difference of Kshs. 744,106,129.25 is for other development projects like roads, pipe works, design etc. that are classified under the code 311000.

Mr. Speaker, the Committee observed the following:-

- i. Baringo County Executives does not have an updated assets register.
- ii. Seeds, Live Animals and plants which are already distributed to farmers are consumables hence cannot be classified as County Assets.

Mr. Speaker, the Committee recommends the following:-

- i. The Baringo County Executive departmental accounting officers should maintain an updated asset register as per section 72(1)(a) of Public Finance Management Act which requires that all accounting officers for County Governments shall be responsible for the management of entities asset register and liabilities and section 72 (1)(b) manage those assets in a way which ensures that the County Government entity achieve value for money in acquiring, using and disposing of those assets .This should be done within three (3) months upon adoption of this report .
- ii. The vote Head 311000 should exclude consumables such as Seeds, Live Animals and plants.

Unreconciled Imprest Balances;

Mr. Speaker, the audit query was Note 22 to the financial statements reflects a balance of Kshs.3, 527,642.75 as outstanding imprest as at 30 June 2018. However, examination of the imprest register disclosed a balance of Kshs.1,586,292 and hence an overstatement of the reported balance by Kshs.1,941,350.75. The variance between the two sets of records have not been explained or reconciled.

In the circumstances, the accuracy and completeness of the imprest balance of Kshs.3,527,642.75 reported in the statement of assets and liabilities could not be confirmed.

Mr. Speaker the management response is, it is true there was a difference between these two set of documents. This was brought about by the process an imprest undergoes before it is fully surrendered into IFMIS. Once a surrender of imprest is received in the County Treasury, it is registered in the payment movement register and is issued to the person who keeps the imprest register. He confirms whether the detail in the surrender corresponds to details that are registered at the time of issue. If the details are correct then it starts the process of surrender.

At the closure of the financial year the County treasury received quite a number of vouchers that were for surrender of imprest and the officer who keeps the register recorded them as having been surrendered. However, some of the imprest surrendered were found to be missing some crucial supporting documents and therefore they had to be taken back to the department for correction. Since at the time of finalizing the cashbook these vouchers were still in the departments, the financial statement had to reflect these as outstanding until the issues are resolved and the vouchers brought back to the County treasury for clearance in IFMIS. When these vouchers were brought back for processing, IFMIS had already been deactivated so it could not allow any processing of previous years transactions. At this time the cashbook had already been finalized thereby leaving some of the vouchers reflecting as outstanding imprest in the financials but in the imprest register they had been captured as surrendered.

Mr. Speaker, the Committee observed that;

- i. The Baringo County Executive does not keep an imprest movement register to record issuance of imprests, date of surrender and comments where there are issues to be addressed and who to address them such that an imprest with issues can be traced.
- ii. Imprest holders do not surrender imprest within 7 days as stipulated in Public Finance Regulations 2015 section 93(5)

Mr. Speaker, the Committee recommends that the accounting officers of various departments should, within two (2) months of adoption of this report ensure that they recover imprests in accordance with the following;

- a) Public Finance Management Regulations 2015 section 93(4) (b) states that an accounting officer shall ensure that before issuing temporary imprest, the applicant has no outstanding imprest.
- b) Public Finance Management Regulations 2015 section 93(5) states that all accounting officers should ensure that the holder of temporary imprest accounts or surrenders the imprest within 7 working days after returning to duty station.
- c) Public Finance Management Regulations 2015 section 93(6) states that where the imprest holder fails to account for or surrender the imprest on due date, the accounting officer shall take immediate actions to recover full amount from salary of the defaulting officer with interest of prevailing central bank rate.
- d) Public Finance Management Regulations 2015 section 93(7) states that if the accounting officer does not recover the temporary imprest from the defaulting officer as provided for in this regulation he or she commits an offence as provided under this act

Inaccurate Bank Reconciliation Statement - Account No.1142790762

Mr. Speaker the auditors query was, Note 21A reflects a balance of Kshs.2,824,197.42 in respect of Baringo County Revenue Collection Account number 1142790762 which differs with the

reconciled cashbook balance of Kshs.2,839,497.42 by Kshs.15,300. The variance of Kshs.15,300 has not been explained or reconciled.

In the circumstances, the accuracy and completeness of the reported cash and cash equivalents balance of Kshs.1, 606,988,158.55 in the statement of assets and liabilities could not be confirmed.

Mr Speaker the management response was as follows; Baringo County Revenue Collection Account number 1142790762 is an account in dollars and not Kenya shillings as depicted above. The total amount that was reported as per the cashbook and the bank reconciliation as at 30th June 2018 is \$27,688.21 and not Kshs. 15,300. In the financial statement, Note 21A (Bank Balances) the balance recorded is \$27,688.21 in the second column under the heading “Amount in bank account currency**” and which when converted into Kenya shillings is 2,824,197.42.

Mr. Speaker, the Committee observed that the department of finance and economic planning did not present documentations for scrutiny during audit.

Mr. Speaker, the Committee recommends that Baringo County Executive departments should cooperate with the internal and external auditors to avoid unnecessary audit queries.

Irregular Re-allocation of Development Funds to Recurrent Expenditure;

Mr Speaker the query was a sum of Kshs.102,550,000 meant for implementation of thirty-four (34) development projects in various departments was reallocated to recurrent expenditure during the period under review to cater for payment of salaries to medical staff. However, the reallocation was done contrary to section 47 (1) (d) of Public Finance Management (County Government) Regulations, 2015 which states that an Accounting Officer, may authorize reallocation of funds within programs or sub-votes provided that the reallocation does not affect the voted provisions from wage to non-wage expenditure or from capital to recurrent expenditure.

So far no explanation has been given for reallocation of development funds to recurrent expenditure.

The Management Response is that it is true that there was reallocation of Development funds to recurrent expenditure to finance salaries in the month of June 2018. This was to finance doctors' salaries which had not been provided in the budget. The financing was from development because all the recurrent lines operation and maintenance could not finance the whole amount. The CBA was out of our control and we had to pay the doctors and other medical staff.

However, due diligence was observed to ensure that the minimum development was retained at 30%. This reallocation was done in supplementary budget which is within the law. It is also important to note that it was not salaries alone that were varied but also to re-align some development projects to merge changes in public priorities.

Mr. Speaker, the Committee observed that the development budget was reallocated to recurrent expenditure contrary to section 47(1) (d) of Public Finance Management Regulations 2015.

Mr. Speaker, the Committee recommends that all Accounting officers should ensure that budget reallocation are done in accordance with section 47 of Public Finance Act and Public Finance Management Regulations 2015, section 47(1) (d) which states that an accounting officer may authorize reallocation of funds within programs or sub-vote provided that the reallocation does not affect the voted provision from wages to non-wages expenditure or from capital to recurrent expenditure.

Over expenditure - Purchase of Certified Seeds, Breeding Stock and Live Animals

Mr. Speaker the auditors query was follows that Note 17 to the financial statements reflects an expenditure of Kshs.19,103,742 was incurred in respect of Purchase of Certified Seeds, Breeding Stock and Live Animals during the year ended June 30 ,2018. However, the approved budget for the item was Kshs.8,103,173 and consequently an over expenditure of Kshs.11,000,569 was irregularly incurred. No explanation has been given for the over expenditure.

Mr Speaker the Management Response was that it is true that the total amount incurred for purchase of certified seeds, breeding stock and live animals was kshs.19, 103,742. It is not true that there was an over expenditure of Kshs. 11,000,569.

In the approved 2nd supplementary budget the codes for purchase of seeds, breeding stock and live animals was indicated under the code 3111103 instead of 3111300 series. It can be noted however that in the same line item the project title and project description is clearly indicated as either purchase of seeds, breeding stock, or live animals.

Mr. Speaker, the Committee observed that:-

- i. The 2nd supplementary budget 2017/2018 financial year did not provide additional funds for purchase of seeds, breeding stock, or live animals.
- ii. The department overcommitted public funds contrary to Public Procurement and Asset disposal Act 2015, section 44(2)(a).

Mr. Speaker, the Committee recommends that all Accounting officers should at all times ensure that procurement of goods and services should be based on approved budget as stipulated in Public Procurement and Asset disposal Act 2015 section 44(2) (a) which states that all accounting officers should ensure that procurement of goods, works and services of the public entity are within Approved budget of that entity.

Under - Collection of Revenue - Single Business Permits

Mr Speaker the auditor's query was as follows the County Executive budgeted to collect Kshs.48,577,208 in respect of single business permit but only managed to collect Kshs.33,035,321 resulting into an under collection of Ksh.15,541,887.48 which is 32% shortfall. The basis on which the approved budgetary figure was based on was not provided and no evidence of communication from receiver of revenue to County Executive Member on any difficulty in collection. Although the management has cited some factors which contributed to under collection, no documentary evidence was provided for audit verification to support the explanation given.

The management responded as follows; It's true we budgeted to collect Kshs 48,577,208 in respect of single business permit but only managed to collect Kshs.33, 035,321 during the year 2017/2018 which resulted to under collection of Kshs.15, 541,887.48. We were not able to achieve the target because of the following reasons:

- Closure of businesses like Mt. Kenya University office, all saw millers because of closure of forest and others which we were expecting to pay for licenses.

Mr. Speaker, the Committee observed that:-

- i. There was under-collection of revenue in respect of single business permit of Kshs. 15,541,887.48 in the Financial Year 2017-2018.
- ii. Baringo County Department of Finance and Economic Planning did not satisfactorily give reasons for the under-collection of single business permit.
- iii. Baringo County could not effectively deliver services as per the plan for the Financial Year 2017-2018 owing to the under-collection of single business permit.

Mr. Speaker, the Committee recommends that the Department of Finance and Economic Planning;

- i. Should amend the Finance Act to accommodate more sources of revenue within three (3) months upon the adoption of this report.
- ii. Should automate revenue collection within two (2) months of adoption of this report to seal the revenue loopholes and pilferages.

Under Collection of Revenue - Other Property Income

Mr. Speaker, the audit query was during the financial year 2017/2018, the County Executive budgeted to collect Kshs.2, 700,000 and Kshs.2, 400,000 respectively from Agricultural Training Centre (ATC) and Agricultural Machinery Services (AMS) both sub items fall under other property income item. However, examination of the revenue records revealed that only AMS income of Kshs.287, 582 was reported under this category leaving out ATC income which was not disclosed or classified yet in the financial year 2016/2017 it was classified under the same category of revenue stream.

In addition, it was noted that AMS income reported during the year under review was far below the budgeted amount as only Kshs.287,582 was realized against a budget of Kshs.2,400,000 resulting to an under collection of Kshs.2,112,418. No explanation has been given for the under collection of Kshs.4, 812,418.

The management response was that during the Financial Year 2017/18 Agricultural Training Centre (ATC) received an allocation of KES. 1,850,000 from the County Executive.

In the same FY Agricultural Training Centre (ATC) managed to generate KES. 1,776, 674.30 against a target of KES. 2,700,000. This leaves a deficit of KES. 923,325.70

The under collection of revenue by ATC and AMS was attributed to a number of challenges the two institutions was facing by then namely; Inadequate and not in best condition hostels for accommodation of participants, unreliable water supply to the institution, intermittent power supply to the institution, inadequate budgetary allocation to support school (hostel) and farm operations, inadequate regulations to facilitate the effective and efficient operations of the Agricultural Training Centre and Mechanization Services in Baringo County by providing institutional and financial framework of funds generated by ATC and AMS.

The County Executive has been able to address the above challenges in order to boost revenue collection at ATC renovating a total of 49 rooms hostels and making them self- contained, classrooms has been renovated, borehole has been sunk to ensure steady water supply to the institution. The County Executive is putting up a guest House to provide an additional 20 rooms for accommodation.

The Executive did develop ATC strategic plan that has enabled a total of 50 acres of land ploughed to be put under pasture production for sale and supplement feeds supply for animals at ATC. The Executive has increased budgetary allocation to ATC and AMS as per the attached 2022/23 approved budget.

The County Executive and Assembly did pass Baringo County Agricultural Training and Mechanization Fund 2021 which shall consist of monies appropriated by the County Assembly for this purpose. (Copy is hereby attached).

The main objective of the fund is to;

- i. The Fund is established to facilitate the effective and efficient operations of the Agricultural Training and Mechanization Services in Baringo County by providing institutional and financial framework.
- ii. The Fund shall ensure effective financial arrangements so as to promote Agricultural

training and mechanization activities including establishment of a re-investment of collections into these agricultural programmes.

- iii. No provision of these Regulations shall be construed to imply that the functions and institutional arrangements of the Agricultural Training Centre (ATC) and Agricultural Mechanization Station (AMS) are affected in any way.

In the same FY Agricultural Mechanization Station (AMS) managed to generate KES. 287,582 against a target of KES. 2,400,000. This leaves a deficit of KES. 2,112,418

The under collection of revenue by AMS was attributed to a number of challenges the AMS was facing by then namely; Inadequate budgetary allocation to AMS, inadequate regulations to support reinvestment of funds generated by ATC and AMS, inadequate and very old machinery to support operations of the AMS.

The County Executive has been able to address the above challenges in order to boost revenue collection at AMS

The Executive has increased budgetary allocation to ATC and AMS as per the attached 2022/23 approved budget. The increase in budget has enabled AMS to purchase tyres and carry out repair and maintenance for all 6 farm tractors in order to improve on farm operations by the station and boost revenue.

The County Executive and Assembly did pass Baringo County Agricultural Training and Mechanization Fund 2021 which shall consist of monies appropriated by the County Assembly to boost operations of AMS.

The Executive also develop guidelines (Baringo County Gazette Supplement No.15 (Acts No.4) for efficient management of AMS (copy attached).

Mr. Speaker, the Committee observed that:-

- i. There is a major loophole in revenue collection by virtue of the fact that, it is still done manually at the AMS and ATC.
- ii. The policies and regulations guiding the running of the AMS and ATC have not been fully implemented.
- iii. There is poor usage of tracking tools such as work tickets with activities and entries not properly captured especially trips made and fuel drawn for each activity.
- iv. The AMS machines have a capacity to generate more revenue but due to lack of proper supervision that ensures all the revenue earned is documented and surrendered, minimal revenue is realized. There are two tractors that have stalled in Kimalel and Simotwet since 2019.
- v. Revenue is spent at source by AMS and ATC contrary to Public Finance Management Regulation 2015 section 63(4) (5)(7).

Mr. Speaker, the Committee recommends that:-

- i. The CECM Agriculture, Livestock and Fisheries should ensure full implementation of the approved policies and regulations governing the AMS and the ATC within thirty (30)

days of the adoption of this report and submit a report on the same to the County Assembly of Baringo.

- ii. The Department of Finance and Economic Planning should ensure involvement of the relevant officers from the AMS and the ATC during Revenue target setting and the budget making process for their entities to ensure realistic projections of Budget Revenue and expenditure for the two entities.
- iii. The Department of Finance and Economic Planning should ensure provisions of Public Finance Management Regulations 2015, section 63(4) (5) (7), that prohibits use of revenue at source is adhered to.
- iv. The CECM Finance should liaise with the CECM Agriculture to ensure proper coordination and clear flow of information between the two entities.
- v. The AMS and the ATC shall henceforth prepare annual work plans for approval by the CECM Department of Agriculture, Livestock and Fisheries, which shall in turn prepare a management plan for the two entities and submit the same to the relevant Sectoral committees i.e. Agriculture, Livestock and Fisheries. This should be done within three (3) months of the adoption of this report failure to which the AMS/ATC Manager be sanctioned through a six (6) month suspension as provided for in Section 53 of the Public Audit Act.
- vi. That all Baringo County Executive motor vehicles and machinery should work through official work ticket updated whenever in use. Failure to which the authorizing officer and the driver of the vehicle or machine be sanctioned through a six (6) month suspension as provided for in Section 53 of the Public Audit Act.
- vii. Provisions of the Baringo County Revenue Administration Act should be strictly adhered to with any waivers on fees/charges/levies done in writing by the CECM Finance.
- viii. All payments for goods and services rendered by ATC and AMS should be done electronically by use of USSD code (pay bill) within three (3) months of the adoption of this report. The Accounting Officers should submit a report on the cessation of cash payments for the two institutions.

Understated Pending Bills;

Mr. Speaker, The annexure of pending bills attached to the financial statements under other important disclosures reflects pending bills of Kshs.80,724,222.20. These bills included development expenditure of Kshs.5,953,582, recurrent expenditure of Kshs.25,676,792.06 and unremitted payroll deductions of Kshs.49,093,484.14. However, it was noted that pending bills on account of supply of medical supplies from Kenya Medical Supply Agency (KEMSA) of Kshs.51,856,750 and legal fees of Kshs.32,219,728 were excluded from the list of pending bills provided .Therefore, the disclosed pending bills were understated Kshs.84,076,478.

In the circumstances, the accuracy and completeness of the pending bills as at 30 June 2018 could not be confirmed.

Mr Speaker, the management was that it is true that the County Government of Baringo had pending bills of Kshs 80,724,222 at the close of the financial year. These bills comprised of; unremitted statutory deduction Kshs 49,093,848, recurrent pending bills Kshs 25,676,792 and Development pending bills Kshs 5,953,582. In the statutory deduction pending bill there were

some transactions that were not indicated to which period they relate. These deductions were for the month of June 2018 salaries. This omission was noted and has been rectified in the amended financial statements.

However, it is not true that there was an increase in pending bills compared 2016/2017 financial year. The total amount of pending bills as the start of the financial year 2017/2018 was Kshs 171,524,581 comprising of statutory deduction Kshs 91,059,058, Recurrent pending bills Kshs 33,217,494 and Development bills Kshs 47,248,029. This shows that our pending bills had reduced significantly

Mr. Speaker, the Committee observed that:-

- i. There were some transactions in the statutory deduction pending bill that were not indicated to which period they relate.
- ii. There was delay in the remittance of statutory deductions.

Mr. Speaker, the Committee recommends that:-

The Department of Finance and Economic Planning should:

- i. Ensure that remittance of statutory deductions is timely.
- ii. Ensure that all transactions are clear and indicate what they relate to.

At all times adhere to Public Finance Management Act section 44(1) which states that an accounting officer shall ensure procurement of goods works and services are within approved budgets.

Basis for Conclusion:

On revenue; Outstanding revenue arrears - Rents/Rates

Mr. Speaker, the auditor's query was Examination of plot rents and land rates registers revealed that revenue amounting to Kshs.107,529,333 relating to current and prior years remained uncollected as at 30 June 2018. This was an increase of Kshs.14,700,776 from the balance reported in the previous year of Kshs.92,828,557 and thus accounting for the poor revenue collection performance under this category. It was however not clear why the County Executive was neither collecting the arrears nor issuing demand notices to plot owners to clear the outstanding amount.

No explanation has been provided for failure to collect the revenue or a report made by the receiver of revenue explaining the circumstances of the under collection as required by law.

Mr Speaker management response was as follows, we wish to confirm that the maintenance of Plot/Rates ledgers and the list of individuals are done at Town and Sub-County level. These ledgers provide individual of all rent/rate payers. We wish to confirm that the high outstanding plot rent/rates is as stated and has affected our performance.

The collection of revenue in this category has been a challenge because;

- The cases of double allocation of plot which is been handled by land department
- The cases of tussle between the children of the deceased plot owners.
- Improper demarcation of plots to allow the payment.

- Insecurity matters in other centers.
- Lack of constituted plot transfer committee.
- The delay in the process of producing the new valuation roll.
- Lack of proper laws and regulation in recovery of the arrears.

Enforcement of the same for recovery resulted to some challenges due to the back load of un-transferred plots and physically tracing of the individual for sold and un-developed plots. The County as at now through the assistance of Council of Governors and National Treasury is pursuing the strategy of contracting KRA for the collection of the arrears and creating a waiver period of interest. The department of land, housing and urban development has roll out the plan of fresh collection of plot owners, contacts and physical details that will assist in development of plot registers thus enhancing revenue collection. The department also is constituting the plot transfer committees per sub-County to deal with all applied transfer cases thus correcting the register ledgers and enhancing revenue collection.

Mr. Speaker, the Committee observed that:

- i. The Department of Finance and Economic Planning did not collect the revenue arrears on rents and rates of Kshs. 107,529,333.
- ii. The collection of revenue by the departments is done manually hence pilferages and loopholes.
- iii. There is no plot transfer committee hence the delay in plot transfers and issuance of title deed. This has contributed to the huge revenue arrears.

Mr. Speaker, the Committee recommends that:-

The department of Lands, Housing and Urban Development should:

- i. Establish plot transfer committee to deal with pending plot transfer as per urban areas and cities act 2011 within one (1) month of the adoption of this report.
- ii. Fully automate revenue collection to seal the pilferages and loopholes within one (1) month of adoption of this report.

Outstanding Revenue Arrears - Single Business Permit

Mr. Speaker, Baringo County Executive reported Kshs.496, 200 as arrears of revenue in respect of single business permits. It is not clear why for a period of twelve months, it was not possible to collect the permit fees or explained why appropriate methods to enforce collection as provided for under the Public Finance Management (County Governments) Regulations, 2015 were not adhered to. Although some factors which contributed to the under collection have been cited, no documentary evidence has been provided for audit verification.

Management response is that It is true that during the year under review, the County reported Kshs.496, 200.00 as arrears in respect of single business permits. The arrear arose due to the following reasons

- Resistance of shop owners to pay for licenses by closing their shops during enforcement because of the prolonged political season

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- Destruction of temporary structures in road reserves and plots where new buildings were coming up let closure of businesses which had been invoiced
- Weak enforcement because of low numbers but systems have been put in place to address the gap

But despite the above challenges some of debt has since been recovered.

Mr. Speaker, the Committee observed that: - ,

- i. The Baringo County Executive reported under-collection of revenue in respect of single business permits amounting to Kshs.496, 200.00.
- ii. Baringo County Executive did not use appropriate measures to enforce revenue collection as provided for under section 63 (1) and (2) of the Public Finance Management (County Governments) Regulations, 2015.

Mr. Speaker, the Committee recommends that:-

- i. Baringo County Department of Finance and Economic Planning should sensitize business community on the importance of paying single business permits and ensure the provisions of the Public Finance Management Regulations 2015 section 63(1) which requires accounting officers to be personally responsible and ensure that:
 - a) Adequate safeguards exist and are applied for prompt collection and proper accounting for, all County Government revenue and other public monies relating to their County department and agencies.
 - b) Adequate measures, including legal action where appropriate, are taken to obtain payment.
- ii. Fully automate revenue collection to seal the pilferages and loopholes within one (1) month of adoption of this report.

Outstanding Revenue Arrears - Market Centre Fees;

Mr. Speaker, During the year under review, the County Executive reported arrears of revenue of Kshs.1,818,929 in respect of Market/trade centre fee. The reported balance was made up of Kshs.1, 279,129 and Kshs.539,800 for market stalls and bus park fees respectively at Eldama Ravine town.

No action appears to have been taken including using appropriate methods to enforce collection as provided for under the Public Finance Management (County Governments) Regulations, 2015.

The management response It is true that during the year under review, reported arrears of revenue of Kshs.1, 818,929.00 in respect to market/trade Centre fee. The reported balance was made up of Kshs.1, 279,129.00 and Kshs.539, 800.00 for market stalls and bus park fees respectively for Eldama Ravine town. The arrears arose due to the following reasons;

- Resistance of stall owners to pay for monthly rents during enforcement because of the prolonged political season
- Some of the stall tenants vacating the stalls without proper communication for reallocation
- Weak enforcement because of low numbers of enforcement officers but systems have been put in place to address the gap.

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Mr. Speaker, the Committee observed that:-

- i. Baringo County Executive had arrears in respect of Market/trade center fees of Kshs.1, 818,929 as at 30th June; 2018.
- ii. The Department of Finance and Economic Planning was not committed to realizing the set revenue targets due to non-automation of all revenue earning sources.

Mr. Speaker, the Committee recommends that:-

- i. Baringo County Department of Finance and Economic Planning should sensitize business community on the importance of paying single business permits and ensure the provisions of the Public Finance Management Regulations 2015 section 63(1) which requires accounting officers to be personally responsible and ensure that:
 - a) Adequate safeguards exist and are applied for prompt collection and proper accounting for, all County Government revenue and other public monies relating to their County department and agencies.
 - b) Adequate measures, including legal action where appropriate, are taken to obtain payment.

Fully automate revenue collection to seal the pilferages and loopholes within one (1) month of adoption of this report

Out-dated Valuation Roll - Rents/Rates;

Mr. Speaker, It was observed that the County Executive has not updated the valuation roll and still uses a draft valuation roll of 2009 prepared by the defunct Municipal Council of Kabarnet. Failure to have an up dated and approved valuation roll translates to loss of revenue from this category due to use of an obsolete one.

No explanation has been given for failure to have an updated valuation roll.

Management response It is true that the County Government of Baringo has not updated the valuation roll and still uses a draft valuation roll of 2009 prepared by the defunct Municipal Council of Kabarnet. A new draft valuation roll for five towns Kabarnet, Eldama Ravine, Marigat, Mogotio and Kabartonjo was prepared in late 2016 and early 2017. The coverage was large hence the validation process has taken time due the voluminous verification process.

Mr. Speaker, the Committee observed that:-

- i. Baringo County Executive has not updated the valuation roll and still uses a draft valuation roll of 2009 prepared by the defunct Local Authorities of Baringo.
- ii. The use of un-updated asset valuation roll denies the County Government of Baringo more revenue given that the value of land appreciates over time.

Mr. Speaker, the Committee recommends that:-

The Department of Finance and Economic Planning should finalise the preparation of the valuation roll to align with the current market value of land leading to an increase in revenue collection. This should be done within nine (9) months of adoption of this report.

Compensation of Employees - Bloated Wage Bill;

Mr. Speaker, The statement of receipts and payments indicates the County Executive incurred an expenditure of Kshs.2,746,451,401.55 on compensation of employees during the year under review. Examination of the payrolls revealed that the County Executive had a workforce of 4013 personnel as at 30 June 2018 and analysis of wage bill revealed that the County Executive exceeded the set limit of thirty five percent (35%) of the County Government's total revenue of Kshs.5,772,775,748.16 contrary to section 25(1) (b) of Public Finance Management Act, 2012 (County Governments) Regulations, 2015. The wage bill was 48% of the total County Government revenue and no explanation was given for incurring an expenditure in excess of the set limit. In addition, there was no evidence that the County Executive Committee Member for Finance and Economic Planning had tabled a bill in the County Assembly to control the wage bill. It is therefore clear that no efforts have been made to check the wage bill.

The management response it is true that the County has a wage bill of 48% and as a stop gap measure the County is no longer hiring. The higher salary wage bill is also as a result of increase of salaries for doctors and nurses that was agreed upon in their CBA and stagnated revenue.

Mr. Speaker, the Committee observed that:-

- i. Baringo County Executive wage bill was 48% as at 30th June 2018 contrary to section 25(1) (b) of the Public Finance Management Act, 2012 that curbs wage bill at 35%.
- ii. Baringo County Executive has no approved staff establishment resulting to haphazard hiring of staff.
- iii. Baringo County Department of Devolution, Administration and Public Service has not employed stringent measures to reduce the already bloated wage Bill.

Mr. Speaker, the Committee recommends that:-

- i. The Department of Devolution, Public Service and Administration should adhere to section 25(1) (b) of the Public Finance Management Act, 2012 that curbs wage bill at 35%.
- ii. The Department of Devolution, Public Service and Administration should put in stringent measures to reduce the bloated wage bill. Among other measures, carry out a review of the head count report to weed out ghost workers, if any.
- iii. The Department of Finance and Economic Planning should establish more sources of revenue including the finalization of the valuation roll in the financial year 2023/2024. This will lead to increase in revenue collection resulting into reduced wage bill.

Use of Goods and Services; Irregular Procurement of Human Medicine at Inflated Prices

Mr. Speaker, the County Executive through the Ministry of health entered into framework contract for supply of human medicine and a total of seventeen (17) pharmaceutical firms were prequalified to supply various types of human medicine at predetermined prices.

However, analysis of price comparison schedule for the prequalified firms revealed an irregular pattern where the firms which quoted higher prices were issued with local purchase orders (LPOs) to supply various types of human medicine instead of those who quoted lowest prices. Consequently, the Ministry procured human medicine at a cost of Kshs.13,482,500 instead of Kshs.6,809,400 had the medicine been procured from lowest bidders. The County Executive therefore lost Kshs.6,673,100 through this irregular procurement practices.

No explanation has been given for the malpractices noted;

The management response was that County Government advertised for the open tender for human medicine and non-pharmaceuticals, apart from the mentioned firms' others were awarded other times, other forms were non-responsive, and others had quality issues with their products and supplies.

County Government of Baringo used Framework Agreement to procure various items which have known market prices and the quantities required could not be ascertained at the beginning of the financial year. The tenders under the framework contract include Human Medicine, Non-Pharmaceutical and Dressing Materials among others as indicated in the Open Tender – National tender advert and an evaluation was done on bids that were received. Since the bidders had indicated their prices during the open tender process we could not ask for quotations from the same bidders when need arises as observed in the audit. From previous quotations bidders who quoted the lowest prices have had challenges making delivering which has led to cancellation of issued local purchase orders.

Mr. Speaker, the Committee observed that:-

- i. The Department of Health Services procured human medicine from the highest bidder contrary to Public Procurement and Asset Disposal Act 2015 section 106(3).
- ii. Baringo County Government lost Ksh.6,673,100 after procuring the human medicine from highest bidders who had quoted Ksh.13,482,500 instead of the lowest bidders who had quoted Ksh.6,809,400.

Mr. Speaker, the Committee recommends that:-

The Department of Health Services should strictly adhere to the provisions of the Public Procurement and Asset Disposal Act 2015; section 106(3) stating that the successful quotation shall be the quotation with the lowest price that meets the requirements set out in the request for quotations to avoid loss of public funds.

The Act further states under section 106 (4) that where the lowest price is above the prevailing market rates, the request for quotations shall be cancelled or terminated in accordance with the cancellation and termination procedures set out in the Act.

Irregular Reallocation of Funds - Foreign Travel and Subsistence;

Mr. Speaker, an expenditure of Kshs.17,990,372 was incurred on foreign travel and subsistence during the year ended 30th June 2018. However, it was noted that Kshs.7,430,247 out of the total expenditure relates to domestic travel and therefore the expenditure was irregularly reallocated

No explanation has been proved for the irregular reallocation.

The management responded that this expenditure of Kshs. 7,430,247 was incurred under foreign travel. This is because of under budgeting of the domestic travel line item and once the local travel line is exhausted, we use foreign travel line.

Mr. Speaker, the Committee observed that the Expenditure Vote of Ksh.7, 430,247 under foreign travel was un-procedurally reallocated for domestic travel.

Mr. Speaker, the Committee recommends that the department of Finance And Economic Planning should adhere to approved budget lines and any reallocation should be done

procedurally as per section 47 (1) (d) of the Public Finance Management (County Government) Regulations, 2015; that, an Accounting Officer, may authorize reallocation of funds within programs or sub-votes provided that the reallocation does not affect the voted provisions from wage to non-wage expenditure or from capital to recurrent expenditure.

Unauthorized Reallocation - Training Expenses;

Mr. Speaker, During the year ended 30 June 2018, Kshs.21,205,445 was budgeted for training expenses. However, examination of expenditure records disclosed actual expenditure of Kshs.19,159,253. Out of this amount, an expenditure of Kshs.7,020,703 was irregularly reallocated to other expenditure items.

No explanation has been given for the irregular reallocation.

The management response was that It is true that there was an expenditure of Kshs. 7,020,703 incurred the item line for training. However, it is not true that this expenditure was irregular because the items charged under this line relates to the training expenses which is under 2210700 codes series.

Mr. Speaker, the Committee observed that the Expenditure Vote of Ksh.7, 020,703 under training was un-procedurally reallocated for other expenditure.

Mr. Speaker, the Committee recommends that the department of finance and economic planning should at all times adhere to budgetary lines and any reallocation should be done procedurally to avoid contravention to section 47 (1) (d) of Public Finance Management (County Government) Regulations, 2015 which states that an Accounting Officer, may authorize reallocation of funds within programs or sub-votes provided that the reallocation does not affect the voted provisions from wage to non-wage expenditure or from capital to recurrent expenditure.

Doubtful Expenditure - Routine Maintenance Other Assets;

Mr. Speaker, A Nairobi based contractor was paid Kshs.2,067,017.17 through payment voucher No. 5014 dated 22 June 2018 in respect of supplying spare parts for Komatsu grader, GK A 561P as per invoice No 140700 and LPO No 2307355. Examination of folio 27 of the store ledger indicated the parts were received on 15 March 2018 and issued on 17 April 2018 to an officer. However, no issue voucher (S11) was produced for audit to confirm receipt of the items by the officer. Further, no Job Card was produced for audit verification to confirm the items issued from the store were fitted into the grader.

Physical verification carried out on 22 October 2018 at the Ministry of Transport and Infrastructure yard revealed that the grader was still grounded and non-functional despite the procurement of the spare parts.

In the circumstances, it was not possible to confirm the expenditure as a proper charge to public funds.

The management response was that During the repair, it was found that one of the parts was not compatible with the grader. It was returned to the supplier who indicated that the correct one required to be manufactured and imported from Japan. This means that the repair of the grader had to be halted pending the receipt of this part. Once ready, the supplier delivered as expected and the repair was completed. The grader is currently functional and in use. The job card and the issue voucher are hereby availed for verification.

Mr. Speaker, the Committee observed that the spare parts for Komatsu grader, GK A 561P were supplied and fitted and the motor grader was used up to 31st December 2018 as per the work tickets availed. However, the motor grader developed other mechanical problems and it is currently grounded.

Mr. Speaker, the Komatsu grader, GK A 561P and other unserviceable, obsolete or surplus assets should be considered for disposal as per section 164 of the Public Procurement and Asset Disposal Act 2015; that gives the procedure for disposal.

Irregular Procurement Practices;

Mr. Speaker, During the 2017/2018 financial year, the County Executive through the Procurement Section floated 460 quotations for procurement of various items within the County. However, examination of the quotation register revealed that several quotations were not collected by the respective bidders but procurement of items worth Kshs.10, 864,733 was carried out.

It was not clear how the procurement section obtained the documents of the bidders without delivering the quotations to the respective firms. It is therefore evident that there was no competitive bidding for the supplies.

No explanation has been provided for gross breach of the procurement procedures.

The management responded that the various quotations were floated to various suppliers for various cadres of goods and services. It is also true that the above-mentioned companies and institutions didn't pick or responded to the request for the quotations

However, it's not true that non-response by the above companies nullified the process. Various institutions responded making it reach the threshold to proceed with the procurement. The quotations were raised on various dates and for several goods and services but not specific to only one item

Mr. Speaker, the Committee observed that Procurement Section floated quotations for procurement of various items within the County. However, several quotation register revealed that several quotations were not collected by the respective bidders.

Mr. Speaker, the Committee recommends that:-

- i. Baringo County Department of Finance and Economic Planning should ensure strict adherence to Public Finance Regulation 2015 section 106(2)(b) which states that the request for quotations shall be given to as many person as necessary to ensure effective competition and shall be given to at least three person ,unless that is not possible. (4) where the lowest price is above the prevailing market rates, the request for quotation shall be cancelled or terminated in accordance with cancellation and termination procedure set out in this Act

Irregular Expenditure – Routine Maintenance Vehicle and Other Transport Equipment

Mr. Speaker, an expenditure of Kshs.2,355,000 was incurred by the Ministry of Health in procurement of human drugs but the expenditure was charged on routine maintenance of motor vehicles contrary to section 50 (2) of the Public Finance Management (County Governments) Regulations 2015 which requires that expenditure commitments for goods and services be based on allocations and allotments from approved budgets. Although, the expenditure was charged on expenditure item 2211001 for medical drugs, the actual payment was charged on expenditure item 2220101 and no explanation has been given for the irregularity noted.

Further, it was observed that requisition order No 21304 of 7 November 2017 was raised by the County pharmacist but it was not supported by requisitions from the various health facilities indicating the drugs required from each. It was also noted that the requisition did not give particulars of the drugs required but instead gave a description of assorted meds.

Examination of the Local Purchase Order No. 3020706 dated 10 November 2017 for the supply of the drugs indicated that one pharmaceutical company supplied the drugs out of the twenty (20) other suppliers who were pre-qualified. However, the price analysis attached in support of the payment clearly shows the supplier was not the lowest on a number of the supplies made and it was therefore not clear why quotations were not floated to other suppliers.

So far no explanation has been given for the irregularities noted.

The management responded that It is true that Kshs. 2,355,000 was paid to Zen Pharmaceuticals for supply of human drugs to Baringo County Government. It is true that was coded differently in the payment voucher but correctly charged in the system and financial statements.

The requisitions for various health facilities are usually received by the County pharmacist who in turn makes one requisition order to the chief officer health for approval. In the requisition form the total amount of money as per the consolidated list is indicated instead of figures for each facility.

Once approved the County pharmacist takes the consolidated list and approved requisition to procurement section for procurement. This request document from each health facility is available for verification.

It is true a local purchase order No.3020706 was issued to Zen pharmaceuticals to supply the drugs. At the start of the financial year the County raises term contracts for the supply of drugs. These are term prices that the suppliers commit to charge for any supply delivered for the whole year. At the time the LPO was raised other suppliers did not have the required drugs and hence the County resorted to purchasing to Zen pharmaceuticals who had the required quality for the drugs needed.

Mr. Speaker, The committee observed that:

- i. Procurement of human drugs was charged as expenditure of routine maintenance of motor vehicles contrary to section 50 (2) of the Public Finance Management (County Governments) Regulations.
- ii. Baringo County Department of Finance and Economic Planning procured drugs from only one out of the twenty (20) pre-qualified companies and the supplier was not the lowest bidder.

Mr. Speaker, the Committee recommends that the Baringo County department of Finance and Economic Planning;

- i. Should at all times ensure coding in the payment voucher is done correctly as per section 99(1) of Public Finance Management Regulation 2015. This will promote accountability and reporting of financial transaction.

- ii. Should ensure that the procurement process is competitive and that the lowest Quotation are awarded as per Public Procurement and Asset Disposal Act, 2015 section 106(3) which stipulate that successful quotations shall be the quotations with the lowest price that meets the requirements set out in the request for quotations.

Value for Money - County Government Projects

Delayed Implementation of Projects;

Mr. Speaker, During the year ended 30 June 2018, the County Executive reported roll over projects of Kshs.1,722,578,585.93. However, the project status report for the same period reflected some projects which have been rolled over since financial year 2013/2014 and no explanation was provided for failure to complete them. Further, the current status of the projects whether in progress, stalled, abandoned or completed awaiting commissioning has not provided. In addition, the reported figure of roll over projects of Kshs.1,722,578,585.93 was at variance with the computed figure of Kshs.1,792,248,926.11 by Kshs.69,670,340.18. The variance has neither been explained nor reconciled.

The management responded that the County has a roll over amount of Kshs 1,722,578,585 as at 30th June 2018. These amounts are projects which were budgeted for in the previous financial years and have never been paid. It is also true that a project status report of Kshs 1,792,248,926 was provided. We have realized that this was unreconciled report and a correct one has been provided. We apologize for the mix up. The report was used in May 2018 to estimate the roll over amount to be included in the budget. It is true that some of the project relates to FY 2013/2014 have not been implemented, this is partly due to insecurity in areas that the projects were intended to be implemented and in some cases under budgeting for these projects. Currently the County has embarked on re-budgeting for these projects.

Mr. Speaker, the Committee observed that:-

- i. Baringo County Executive recorded roll over amount of Kshs 1,722,578,585 as at 30th June 2018.
- ii. The reported roll over projects had a variance of Kshs.69, 670,340.18.
- iii. The County Government of Baringo has projects that have stalled from 2013 to date despite the fact that funds are available for the implementation of the project.
- iv. Projects completion period as indicated in the contracts signed have not been adhered to.
- v. The user departments were not involved in project prioritization, planning, design and implementation.
- vi. There is poor project supervision despite the fact that supervision fee is included in the contract price.
- vii. There is no value for money occasioned by the delayed implementation of projects.

Mr. Speaker, the Committee recommends that:-

- i. The County Government of Baringo should strictly adhere to contract timelines as stipulated in the contract agreements. However, in cases where contract completion periods may be extended, an independent analysis should be done to verify the validity and adequacy of the extension time requested. The site meetings must capture such requests

and should be in line with project implementation conditions.

- ii. The user departments should be involved in project planning, design and implementation to avoid misplaced, unusable and unsustainable projects. A case at hand is Kabarnet Surgical block, Kabarnet Municipal Market and Eldama Ravine Sub-County Hospital OPD Block.
- iii. The user departments should carry out proper project supervision right from the initiation of the project to completion and issue certificates as per the contract terms.

Unsupported Expenditure - Construction of Buildings;

Mr. Speaker, a Mogotio based contractor was awarded a contract for the supply of assorted seedlings, exotic trees and indigenous through quotation number BRCG/QTN/114/2017-2018. It was noted the seedlings were delivered as per un numbered delivery notes dated 22 and invoice dated 26 March 2018, to Eldama Ravine, Mogotio and Kabarnet Sub counties. Consequently, a payment of Kshs.1, 950,000 was made to the supplier through payment voucher number D405 dated 13 April 2018. However, no store records were produced for audit verification to confirm delivery and issues to the beneficiaries and it was therefore not possible to ascertain whether the items paid for were supplied and taken on charge. Although distribution schedules were produced for audit, it was not possible to confirm the quantities delivered in the absence of store records.

In the circumstances, the propriety of the expenditure of Kshs.1,950,000 could not be confirmed.

The management responded that it is not true that no store record was not available. The S13 is available for verification.

Mr. Speaker, the Committee observed that:-

The department of Agriculture, Livestock and Fisheries at the time of Audit did not produce stores record S13. However, S13 dated 23.3.2018 was availed during witness presentation.

Mr. Speaker, the committee recommends that:

The Accounting officers and all other officers working with the County Government of Baringo should cooperate with Audit officers by way of availing all the required documents and information pursuant to the Public Finance Management Regulations 2015 and the Public Audit Act; 2013.

Incomplete Project - Kabarnet Stadium;

Mr. Speaker, a contractor was awarded contract No; BRCG/C/116/2016-17 for rehabilitation of Kabarnet Stadium at a contract sum of Kshs.17, 500,000. The contract agreement was signed on 22 November 2017 and the commencement date was 1st December 2016 and the expected date of completion was 28 February 2017.

However, examination of expenditure records for the Ministry of Youth, Gender Sports and Culture revealed that the contractor had been paid Kshs.16,776,268 as at 30 June 2018 through payment voucher numbers 3416 for Kshs.9,012,040, 5849 for Kshs.4,681,760 and 43157 for Kshs.3,082,468 on the strength of Interim Payment Certificates number 1, 2, and 3 issued by the Ministry of Transport and Infrastructure .It was observed that, the payment made to the contractor of Kshs.3,082,468 on 23 February 2018 was made long after the expiry of the contract period and no documentary evidence was produced to confirm the contractor sought and was granted an extension of the contract period.

Physical verification of the project on 15 October 2018 revealed, the following unsatisfactory matters:

- i. The Stadium is incomplete despite the expiry of the contract period on 28 February 2018.
- ii. The contractor was not on site and no materials or workers were seen at the site as an indication of work in progress.
- iii. The bills of quantities provided for two goal posts works at a cost of Kshs.186, 000 but none was seen at the site. We request the sergeant at arms to call our ICT officer so that we can project these projects. We are reaching the crucial part of this report. thank you

The Deputy Speaker (Hon. Kimosop): I think our support officers can project as requested by the Chairman.

Hon. Sialo: The storm water flows from town through the stadium and as a result, gullies have formed, some gabions have been washed away and two section of the perimeter wall on the lower side have been destroyed by the storm water. This is a clear indication the drainage system was not properly done although certified and paid for.

In addition, ownership documents for the land on which the stadium has been constructed were not produced for audit verification and it was therefore not possible to confirm the ownership of the land.

So far no efforts appear to have been made to complete the project and there is likelihood of the expenditure of Kshs.16,776,268 already incurred going to waste since the project appear abandoned.

The management responded that that the stadium was not complete by expiry of the contract period due to bad weather during initial start of the contract which compelled the contractor to abandon site since the greater scope of work entailed excavation of soils. The delayed release of funds from National Treasury also delayed the implementation prompting the contractor to ask for an extension vide letter dated 9th February, 2017 which was granted by the client. However, it is worth noting that the contract was signed on 22nd November 2016 and commencement date was 1st December, 2016 which changed completion dates to February, 2018.

The contractor was not on site due to technical challenges arising due to drainages that were under deliberations and that made the project to temporarily stop. The accounting officer in charge made the payment based on the completion certificates attached in the payment vouchers; 3416, 5849 and 43157 which was raised by the public works officers. The project was substantially complete and we can confirm that the remaining balance is sufficient for finishing works remaining.

The goal posts is under fabrication in the Yard zone and is yet to be brought for erection as an item among the finishing works. Erection could not be done because grass was still growing and Landscaping was not complete. The posts are available for verification.

The soil on the running track is not the final soil to be placed on the track. This is the first layer that is placed that will form the foundation of the running track that has to be stable all through. What is remaining is vegetable soil and fine running sand to be supplied between the grass to tie.

The drainage works at the stadium have been washed away by water from town drainage system which drains all town water to the stadium. The same water infiltrated into the gabions exerting pressure thus compromising the strength of the perimeter wall.

The implementation of this project has been challenging due to insufficient funding since most of the works had to be done concurrently but it could not happen since one component had to be dealt with at a time thus compromising standards of civil works and drainage which were done after excavation.

The department has initiated the process of documenting all County sports facilities including Kabarnet Stadium where surveying, drawing, approval of PDPs and issuance of lease documents will be done with support from Urban Planning Department and National Land Commission.

It's unfortunate that the designs were not availed to the auditors when they were needed by the department. Though, the Kabarnet Stadium technical designs are in place and the department will avail them for verification.

Mr. Speaker, the Committee observed that:-

- i. Gabions poorly set and the soluble stones used on the playing field have already been dissolved by water.
- ii. Playing surface not even and running track slabs are pulling apart and running track ends in a cliff.
- iii. Grass grown as per the contract but there is no grass currently on the stadium playing field. Domestic animals are freely feeding on the field.
- iv. Gulleys have developed and culverts erected to ease rainwater flow are broken.
- v. Very poor quality materials used- drainage, goal post and fence.
- vi. The overflow tunnel already heavily silted.
- vii. There is no gate fixed at the main entrance while it was a requirement in the Bill of quantities.
- viii. No capping on wall boundary.
- ix. Anthills are already popping up in the playing field alongside shrubs.
- x. Cliff left after excavation poses a great hazard to the public.
- xi. The project is yet to be completed four years after the lapse of the contract period.

Mr. Speaker, the Committee recommends that:-

- i. Baringo County Government should acquire ownership documents for the stadium and all other County Government projects within three months of the adoption of this report.
- ii. The EACC, DCI and the office of the DPP to be invited for further investigations of the contractor and the officers involved for conspiracy to defraud the County Government in the contraction of the stadium immediately after adoption of this report.
- iii. The Department of Youth, Gender, Sports and Social Services should put in place urgent measures to forestall the danger posed by the unfinished construction of the stadium as a whole.

Stalled Projects - Eldama Ravine Milk Processing Plant

Mr. Speaker, A contractor was awarded contract No; BRCG/TNR/390/2015-16 for construction of a milk processing plant in Eldama Ravine at a contract sum of Kshs.19,671,680 .The commencement date was 15 July 2016 and the expected completion date was 30

November 2016. The objective of the project was to enhance milk production to the Baringo Agricultural Marketing Services Co-operative Society Members.

Records produced for audit indicates the works commenced as per the conditions of the contract and the project was done up to roofing level before the contractor pulled out of the site in April 2017. However, no information has been provided for audit to show the reason why the contractor abandoned the site. On 26 April 2018, the Department of Agriculture, Livestock and Fisheries terminated the contract vide letter Ref: BC/CDLP/DAIRY/VOL1/32 and the contractor was notified of the termination by the Ministry of Transport and Infrastructure department of public works through a letter Ref: CWO/BAR/QS/KC/2018/06/1 dated 21 June 2018. Consequently, a statement of payment on account was prepared quantifying the work done at the time of abandonment of the project at Kshs.9,822,340.

During the period under review, a payment of Kshs.3,195,920 was made to the contractor vide payment P.V. no. 43073 dated 23 February 2018 despite the expiry of the contract period on 30 November 2016 and abandonment of the site in April 2017. No explanation has been provided to justify the payment.

Physical verification of the project on 23 October 2018 revealed the following:

- i. The project has stalled and no activities were found to be on going at the site.
- ii. The statement of payment on account indicated materials on site valued at Kshs.170,000 including sand and cement but none was found during the physical verification at the site.

Although it has been explained the County Executive is in the process of inviting tenders to complete the remaining part of the project, no documentary evidence has been provided to confirm the procurement of works is in progress. Further, no explanation has been provided for payment of Kshs.3,195,920 in February 2018 despite the contractor having abandoned the site in April 2017.

In view of the above, no value for money has been achieved in the implementation of the project.

The contract for the milk processing plant was awarded to M/s Kenasia Holdings Limited and he was paid Ksh. 3,195,920 in February, 2018 the second part payment thereafter he abandoned the site without giving any reason. Efforts to reach him were futile thus forcing the department to initiate the process of termination of the contract which was carried to conclusion.

Regarding the stalling of the project, the department has already developed the bill of quantities for completion of the remaining works which have been submitted to procurement in a view to awarding the contract to another contractor.

The materials worth Ksh. 170,000 captured in the payment statement were on site when the payment was being prepared. The department later on discovered that the contractor took the materials away before abandoning the site. In this regard, the Ksh. 170,000 being value of the materials which were taken away by the contractor even though it had been factored in the payments will be recovered from the retention fee which is yet to be paid

Mr. Speaker, the Committee observed that:-

- i. The building is complete but not equipped.
- ii. The building is currently used as a milk store.
- iii. There is no fence, electricity and water connection.
- iv. There is no provision for waste management.

- v. The supply of processing equipment contract expired on 13th May 2022.

Mr. Speaker, the Committee recommends that:-

- i. Baringo County Executive department of finance and economic planning in collaboration with the department of agriculture livestock and fisheries should fast track the process of procuring milk processing equipment to operationalize the plant.
- ii. The Baringo County Executive department of finance and economic planning should deduct from the contract price liquidated damages sum equivalent to 0.5% of the delivered price of the delayed items up to a maximum deduction of 10% of the delayed goods/services pursuant to clause 14.1 of the contract agreement.

Stalled Project - Barwessa Slaughter House;

Mr. Speaker, A local contractor was awarded contract No; BRCG/TNR/170/2012-13 for construction of a Slaughter House at Barwessa, Baringo North Sub County at a contract sum of Kshs.27, 890,668.80. The contract was signed on 7 April 2014 with commencement date of 7 April 2014 and the expected completion date of 7 December 2014. It was however noted that the project has not been completed three years and ten months after the expiry of the contract period. Further, no documentary evidence has been produced for audit to show the contractor had sought for an extension of the contract period and granted.

During the year under review, the contractor was paid Kshs.8, 715,786 and in support of the payment was invoice no.044 dated 13 April 2017 and payment voucher no. D150 of 11 January 2018. The payment was made on the strength of statement of payment on account no.04 prepared by the Public Works Department quantifying the work done at Kshs.18,404,478.80 as at 8 December 2017. It was however not clear why Kshs.8, 715,786 was paid to the contractor despite the expiry of the contract period or explained why contract has not been terminated for breach of the agreement. Physical verification of the project on 30 October 2018 revealed the contractor was not on site and the project had been abandoned.

As at 30 June 2018, the contractor had been paid a total of Kshs.18, 404,478.80 out of the contract sum of Kshs.27, 890,668.80 leaving a balance of Kshs.7, 844,207.94. In the circumstances, the propriety of the expenditure could not be confirmed.

The management responded as follows that project has been completed by the contractor and its ready for handing over the only remaining part is construction of lagoon which once completed, the project will be commissioned.

The lagoon was not in the initial contract and the process to get a new contractor is ongoing.

Mr. Speaker, the Committee observed that:-

- i. The project is complete but not in use.
- ii. There is no electricity and water connection.
- iii. The facility is well fenced.
- iv. Waste management system in place.

Mr. Speaker, the Committee recommends that:-

- i. Baringo County Government should operationalize the slaughter House within three (3) months of adoption of this report. This will ensure prudent use of public resources and the

Community benefits from the project.

- ii. Baringo County Government should plan and budget for water, electricity and waste management provision in financial year 2023/2024.

Unsustainable Projects - Rosoga Irrigation Scheme;

Mr. Speaker, A contractor was awarded contract No; BRCG/W&I/TNR/71/2016-17 for construction of conveyance for Rosoga Irrigation Scheme Phase II at a contract sum of Kshs.1,771,120. The contract agreement was signed on 2 May 2017 and the commencement date was 4 May 2017 while the expected date of completion was 22 June 2017. Examination of project records revealed that Practical Completion Certificate was issued on 20 March 2018 by the County Director of Water and the contractor submitted invoice No. 215 dated 8 May 2018 for payment.

Consequently, a sum of Kshs.1,659,240 was paid to the contractor vide department voucher no.249 dated 21 June 2018. However, physical verification of the project on 17 October 2018 revealed the following: -

- i. The project is not operational despite the works having been certified complete in March 2018 and paid for and therefore no value for money spent.
- ii. Cases of vandalism of the project works by the community was noted, a clear indication of lack of sensitization on the importance of the project or the project was not a priority to the community.
- iii. The reliance on piped water for irrigation can hardly sustain the irrigation scheme and the department of water should identify a reliable source of water.

In the circumstances, there is the risk of the project not achieving its intended benefits and consequently, waste of public funds.

The project was not operational because the pipework was not sufficient and could not cover the full length to reach the farms head works. Approximately 800M was not covered by the pipework which had been laid by the contractor which was in accordance with the scope of work in the bills of quantities. The Practical Completion Certificate issued was in accordance with only the scope of works provided in the contract bill of quantities for that specific contract.

The project intake works were later vandalized by people residing and using the water downstream of Narasura River. By then, flows in the river were at its lowest level while most farmers were using personal pumps along the river to pump water to several private lands under irrigation. Consequently, the flows downstream reduced further. The users downstream in Emining protested and with the support of local politicians, the whole thing was politicized. Members picked up their tools of destruction and dismantled whole structures located across the river including the intake that was supposed to serve Rosoga irrigation scheme.

The project feasibility study involved sensitization of the community before the actual design works. However, the public consultation seemed to have been inadequate and might have not fully involved the downstream users prompting their reactions and vandalism of structures during the low river flows period. The Department has learnt additional lessons from this project and will always maximize on public consultation in future projects before actual designs are undertaken to alleviate any future potential vandalism or disagreements.

On the issue of piped water reliance on irrigation, the department has considered to ensure adequate feasibility study of the behavior of the river especially during the low flows and the high flows before recommending for any other developments in future. A copy of the payment voucher is provided in the file submitted.

Mr. Speaker, the Committee observed that:-

- i. Poor workmanship
- ii. Pipes have been broken and the intake vandalized
- iii. There is a conflict between the communities living upstream and downstream
- iv. The project is not operational hence no value for money.
- v. All the stakeholders were not involved in the identification of the project through public participation.
- vi. It is observed that the department of Agriculture livestock and fisheries has no grasp of what it manages since submissions by the department to the Committee during witness hearing meetings held at the KSG are in most cases opposite of what the Committee established when it visited the projects.

Mr. Speaker, the Committee recommends that:-

- i. The Committee recommends that department of Agriculture Livestock and fisheries to carry out fact finding on viability, acceptance and ownership of the project.
- ii. Carry out public participation with the local leaders involving all the stakeholders and giving preference to the members of the public living downstream and upstream. This will ensure harmony between the people living upstream and downstream.

Doubtful Expenditure - Purchase of Certified Seeds, Breeding Stock and Live Animals

Mr. Speaker, The Department of Livestock and Fisheries paid a total of Kshs.4, 000,000 to a supplier for supplying 8000 bales of hay vide payment voucher no.D009 of 17 October 2017. Examination of expenditure records revealed the following;

- a. The inspection and acceptance report was signed before delivery as the inspection and acceptance committee minutes are dated 9 June 2017 while counter receipt voucher is dated 15 June 2017.
- b. According to the minutes of meeting a held on 6 June 2017, the hay was supposed to be distributed as follows:- Eldama Ravine Sub County 750 bales, Mogotio 1200 bales, Baringo South 1800, Baringo North 1700 bakes, Baringo Central 850 bales, Tiaty 1700 totalling to 8000 bales.

However, no documentary evidence was provided to show the number of livestock farmers and animals owned by each prior to procurement and it was therefore not clear how the number of bales procured were determined. Although the list of quantities of hay received by the sub counties were produced for audit, it was not possible to confirm the hay was distributed to the intended beneficiaries in the absence of the list of farmers indicating the number of animals owned by each.

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

The management responded as follows that During the drought which occurred between January and June 2017, the department did procure 8000 bales of hay in order to cushion farmers whose livestock had been affected. The supplier was asked to deliver the hay at various points which

were seriously affected by the drought in the sub counties; this was meant to ease logistics of ensuring that the beneficiaries are reached on time. The inspection and acceptance committee were also asked to visit the sub counties during the days when the deliveries were being done. The deliveries were done by the agents/ employees of the contracted firm who did not carry with them the delivery documents. The inspection and acceptance committee did visit the sub counties during the time of deliveries and after ascertaining that all the hay had been supplied as per the contract they signed the report on 9th June, 2017. On 15th June, 2017 the supplier submitted the delivery note and other documents to facilitate the payment but dated the delivery note the same day he was delivering instead of the date that the hay bales were delivered.

On distribution the sub County Livestock production officers did acknowledge the receipt of their respective allocations. Due to limited number of field officers in the department, some chiefs and ward administrators were requested to assist in the distribution. The Chiefs, ward Administrators and sub County livestock officers recorded the distributions and later on submitted the documents to the County office.

Mr. Speaker, the Committee observed that:-

- i. The Department of Agriculture, Livestock and Fisheries paid a total of Kshs.4, 000,000 to a supplier for supplying 8000 bales, however no list of farmers was provided to the committee.
- ii. The inspection and acceptance report was signed before delivery as the inspection and acceptance committee minutes are dated 9 June 2017 while counter receipt voucher is dated 15 June 2017.

Mr. Speaker, the Committee recommends that the Department of Agriculture, Livestock and Fisheries should procure Certified Seeds, seedlings, breeding Stock and Live Animals through Government entities for example Kenya Agricultural, Livestock and Research Organisation (KALRO) and Farmers Training Centre (FTC).

Irregular Procurement and Unsupported Expenditure - Construction of Buildings

Mr. Speaker, an expenditure of Kshs.9, 500,000 was incurred by the Department of Education and ICT in procurement of furniture for ECDE centres within the County. The procurement was made from a Supplier who had been awarded a contract for the supply of furniture to ECDE Centres constructed in the year 2014/2015 through tender number BRCG/TNR/70/2017-2018. The contract agreement was signed on 5 February 2018 for supply of sixty seven (67) units of tables and Chairs at a contract sum of Kshs.5,000,000. The commencement date of the contract was 12 February 2018 and the completion date was 10 April 2018.

Examination of expenditure records disclosed Chairs and tables were delivered as per un numbered delivery notes dated 6 April 2018 and 15 May 2018 and consequently, a payment of Kshs.5,000,000 was made to the supplier through payment voucher numbers D409 dated 11 April 2018 for Kshs.3,000,000 and D 554 of 17 May 2018 for Kshs.2,000,000. However, no store records were produced for audit to confirm delivery and issuance to the schools and it was therefore not possible to ascertain whether the items paid for were supplied and taken on charge. It was also not explained why ECDE Centres constructed in the year 2014/2015 had not been supplied with furniture three (3) years after completion.

Further, it was noted that additional furniture worth Kshs.4,500,000 was irregularly procured from the same supplier using direct procurement method by revising the earlier contract

sum from Kshs.5,000,000 to Ksh.9,500,000.00 instead of inviting refresh bids for the supply of furniture. The procurement of the additional furniture was done contrary to Section 104(b) of the Public Procurement and Assets Disposal Act, 2015 which provides that, the accounting officer in case of direct procurement should appoint an ad hoc evaluation committee pursuant to section 46 to negotiate with a person for the supply of goods, works or non-consultancy services being provided and ensure appropriate approvals under this Act have been granted. A new contract was signed on 9 May 2018 but the commencement date read 20 February 2018 while completion date read 20 June 2018. The supplier has since been paid Kshs.2,250,000 for supply of thirty units of tables and Chairs to undisclosed ECDE Centres. The payment was made through payment voucher no D805 dated 21 June 2018 and interestingly, in support of the payment were un-numbered invoice and delivery note of the same date. The items were however not taken on charge in the store records and no issue vouchers were produced for audit to confirm who requisitioned and where the items were issued to.

In the circumstances, the propriety of the expenditure of Kshs.7,225,000 could not be confirmed.

The management responded as follows that It is true that the ministry of Education spent Kshs.9,500,000.00 to procure furniture from Kweli Suppliers of P.o Box 53 – 30400, Kabarnet who had been awarded BRCG/TNR/70/2017-2018 tender through an award letter .

- a) Following the less budget in the department, an adhoc committee was convened on 5th February, 2018 (see minutes attached) on negotiation, the contractor was asked to supply 67 sets of furniture at a negotiated cost of kshs 75,000 per set totaling up to kshs 5,000,000 (copy of description attached herein) at that time, the first contract was drafted and signed on 5th February 2018.
- b) A supplementary budget was released where the department was able to realize an additional amount of kshs. 4,500,000.00. The department through a memo dated 09th May, 2018 requesting that the scope of contract to be reviewed to allow the department to use the initial award this after an adhoc committee approved the extension of contract with after considering two factors;-
 - 1) Initial award to the supplier
 - 2) Standardization and need for compatibility
 - 3) Effective contract management

Mr. Speaker, the Committee observed that:-

- i. No store records were produced for audit to confirm delivery and issues to the schools and it was therefore not possible to ascertain whether the items paid for were supplied and taken on charge.
- ii. It was not explained why ECDE Centres constructed in the year 2014/2015 had not been supplied with furniture three (3) years after completion.
- iii. Additional furniture worth Kshs.4,500,000 was irregularly procured from the same supplier using direct procurement method by revising the earlier contract sum from Kshs.5,000,000 to Ksh.9,500,000.00 instead of inviting refresh bids for the supply of furniture.
- iv. The procurement of the additional furniture was done contrary to Section 104(b) of the Public Procurement and Assets Disposal Act, 2015

Mr. Speaker, the Committee recommends that:-

- i. The accounting officer department of Education should provide the supporting documents for the purchase of furniture for ECDEs worth Kshs.9, 500,000.00 three (3) weeks of the adoption of this report, failure to which the accounting officer should be surcharged.
- ii. The Department of Education should adhere to the provisions of the Public Procurement and Assets Disposal Act, 2015; section 104(b) of the which provides that, the accounting officer in case of direct procurement should appoint an ad hoc evaluation committee pursuant to section 46 to negotiate with a person for the supply of goods, works or non-consultancy services being provided and ensure appropriate approvals under this Act have been granted.

Unaccounted for Expenditure - Gatarakwa Borehole;

Mr. Speaker, M/s Raynard Enterprises Limited of P.O Box 2721 Eldoret, was awarded contract No; BRCG/W&I/TNR/88/2016-17 for drilling Gatarakwa, Kaprorwa and Kiptoim boreholes at a contract sum of Kshs.6,472,200. The contract agreement was signed on 3 August 2017 and the commencement date was 7 August 2017 and the expected date of completion was 25 September 2017. According to the bills of quantities, the drilling of the Gatarakwa bore hole was costing Kshs.1,620,560 comprising of Kshs.134,560 and Kshs.1,486,000 for preliminary works and drilling works respectively. Examination of project records revealed the works were completed on 11 December 2017 as per the supervision report issued on 28 December 2017 signed by the County Director of Water. However, examination of the Gatarakwa borehole report maintained at the Baringo South sub-County water office, revealed that the yield level of water was 0.9 cubic meters which was below the recommended yield level of above 10 cubic meters. Further, it was observed that there was no hydrogeological survey report provided to confirm preliminary survey was carried out before commencement of drilling works.

In the absence of hydrogeological survey report, it was not possible to confirm the expenditure of Kshs.1, 620,560 incurred on the project as a proper charge to public funds.

The management responded that the Department of Water, Sanitation and Irrigation always undertakes hydrogeological survey of all proposed boreholes before drilling of the same. Hydrogeological survey of Gatarakwa borehole was done before actual drilling of the borehole and the survey report is available for confirmation of the same. This is provided as an Annex in this report. Borehole drilling started on 20 November 2017 and whole works completed on 11 December 2017. Drilling was done to a depth of 120meters in accordance with the details in the bills of quantities and the recommendation of the hydrogeological survey report. The yield of the borehole after pump testing was 0.9m³/hour which was very low and uneconomical for equipping. The borehole completion report and the laboratory water quality report is attached as Appendices; 4.10 (1), 4.10 (2), 4.10 (3), 4.10 (4) and 4.10 (5). A copy of the payment voucher is provided in the file submitted.

Mr. Speaker, the Committee observed that:-

- i. The drilled borehole has no water.
- ii. The borehole measures 120 metres as opposed to the recommended 180 metres
- iii. The feasibility study was not accurate resulting to wrong choice of site.
- iv. There is a tank adjacent to the borehole that was built by the National Government.

- v. The locals informed the Committee that there were 300 plastic and 9 steel pipes supplied for the supply of the water.
- vi. The community decries acute lack of water and hence no value for money.

Mr. Speaker, the Committee recommends that:-

- i. The Department of Water, Sanitation and Irrigation should be keen on the new hydrological survey currently been done at the site to ensure that public money will not go to waste after drilling.
- ii. The Department of Water, Sanitation and Irrigation should consider analyzing the current depth of the existing borehole to ascertain the cost benefit analysis of improving on the existing borehole visa vie drilling a new borehole.

Lack of Land Ownership Document - Acquisition of Assets;

Mr. Speaker, an expenditure of Kshs.400, 000 was incurred in procurement of a parcel of land number Baringo/Ravine/102/71 measuring approximately 0.0920 H.a from Mr. Chelimo Changwony through payment voucher D019.

However, no ownership document (Title deed) was produced for audit verification despite the land having been procured on 29 November 2016. It was therefore not possible to confirm the procurement of the said land.

In the circumstances, the propriety of the expenditure of Kshs.400, 000 could not be confirmed.

The management response was as follows that land in question was paid for on 4th December 2017 via Payment no. D019 in the department of Agriculture and not on 29th November 2016. The process of acquiring the land title is currently undergoing and the County will be issued with the title soon. All the transfer documents are in our procession and the transfer process ongoing.

Mr. Speaker, the Committee observed that:-

- i. The Department of Lands, Housing and Urban Development did not avail ownership documents (Title deed) for verification.
- ii. The actual site of the purchased land is not certain.

Mr. Speaker, the Committee recommends that the Department of Lands, Housing and Urban Development should ensure that the process of transferring the said parcel of land number Baringo/Ravine/102/71 measuring approximately 0.0920 H.a from Mr. Chelimo Changwony is completed within six (6) months of the adoption of this report.

Unaccounted for Expenditure - Solar Lamps;

Mr. Speaker, The Ministry of Environment and Natural Resources procured 1,050 Sun-King solar lamps from an Eldoret based supplier, for distribution to candidates coming from poor families who were picked on a sample basis in areas not covered by the national electricity supply. The procurement was made through Local Purchase Order No.2856258 dated 24 January 2018 for the supply of 1,050 (No) Sun-King solar lamps. Examination of project records revealed that Kshs.1,962,807 was paid vide departmental payment voucher no D466 dated 3 May 2018 and in support of the payment was invoice No. 034 dated 6 April 2018.

However, no distribution list and acknowledgements documents from the beneficiaries were

produced for audit examination and it was therefore not possible to confirm the lamps reached the intended students.

In the circumstances, the propriety of the expenditure could not be confirmed

The management responded that every citizen is entitled to a clean and healthy environment as stated in the constitution, as well as addressing the impacts of climate change, therefore, to achieve this, various strategies have been employed by the department, and one of the strategies is green energy initiative through utilization of solar as a source of energy. A well thought initiative by the department to supply solar lamps to pupils in primary schools within the County in areas not covered by the national electricity supply was implemented, so as to help the homesteads have access to green energy as well as help pupils to study at night and improve on their academic performance.

- i) It is worth noting that the distribution list of pupils who received the solar lamps in the sampled schools is available. Attached are the testimonials.

The Deputy Speaker (Hon. Kimosop): Chairman there is a point that has come

Hon. Sharon: Hon Speaker I want to address you, pursuant section 29 of our standing orders. Considering voluminous document that is before us and where the Chairman has reached I propose that we extend the sitting to the time the Chairman will finish if he will not be able to finish by 1 PM. Mr Speaker allow us to meet at 2:30 so that we finalize on the discussion regarding the report that is before us today.

The Deputy Speaker (Hon. Kimosop): Very well I think that is request for the extension. Ideally we should be done by 1. A request has been made for the extension by 30 minutes. What is your comment?

Hon. Sialo: Thank you Mr Speaker I think the request is in order

The Deputy Speaker (Hon. Kimosop): Perfect, so I think the request is in order and the motion is perfectly moved pursuant to our standing orders 29 sub section 3 and therefore extend the session by 30 minutes and I order the clerks to consider this a new session and members to sign afresh, you can proceed,

Hon. Sialo: Thank you Mr Speaker

The Deputy Speaker (Hon. Kimosop): Number 68

Hon. Sialo: Yes. Management response I remember I was on the last bullet

- ii) With budget support from the County allocation and from stakeholders, the department has identified strategies in the various County development plans to have a sustainable project initiatives on green energy such as the installation of solar panels in public institutions such as schools and hospitals not covered by National electricity. Other green energy initiative option to be explored is by installation of biogas in institutions with livestock, so as to utilize the dung to generate electricity which can be beneficial in lighting and heating/cooking.

Mr. Speaker, the Committee observed that:-

- i. Solar lamps were procured through Local Purchase Order No. 2856258 dated 24 January 2018 for the supply of 1,050 (No.) Sun-King solar lamps worth Kshs. 1,962,807 but were distributed between October 2018 and April 2019. The solar lamps were therefore distributed nine (9) months after receipt. The delay in distribution invites risks such as theft, wear and tear.
- ii. The distribution list consisting of the solar lamps beneficiaries with some pictorials totaling

to six hundred and two (602) were availed to the committee. Therefore, four hundred and forty two (442) solar lamps worth Kshs. 826,248.28 are not accounted for.

Mr. Speaker, the Committee recommends that the Accounting officer department of Environment and Natural Resources should account for the 442 solar panels by way of provision of a list of beneficiaries, failure to which he/she should return the Kshs. 826,248.28, being the cost of the unaccounted solar panels as stated under observation ii. Above.

Irregular Expenditure – Construction of Buildings

Mr. Speaker, An expenditure of Kshs.2,045,500 was incurred by the Ministry of Environment and Natural Resources in the removal of water hyacinth in Lake Baringo, Kamnarok and a tour by water hyacinth management team to undisclosed Lake Victoria region. The expenditure was a surrender of imprest issued vide warrant no 2744390 and 2504173 of Kshs758,500 and1,287,000 respectively.

Examination of supporting documents attached to the surrender payment voucher No. D 445 disclosed the following unsatisfactory matters:

- i. The imprest requisition documents including the budget were not addressed to any particular officer and no approval had been given.
- ii. No records/documents were produced for audit verification to confirm how the expenditure of Kshs.2,045,500 was incurred.

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

The management responded as follows;

- i. The imprest requisition documents and budget for the activity were addressed to Philip Nandwa P/NO: 2012003853, The County Land reclamation officer of Kshs. 718,500 and another imprest requisition documents addressed to Raphael Kimosop P/NO: 20150040574, The County Wetlands Officer of Kshs. 1,286,500 giving a total of Kshs, 2,045,500.
- ii. The records for scrutiny to confirm how expenditure of Kshs. 1,287,000 was incurred as attached herein.
- iii. Work tickets/cash sale receipts of the 200 lts fuel used the trip to Lake Victoria to benchmark on the control of water hyacinth, is as attached herein. The Knowledge gained from the benchmarking trip was to assist the technical working committee constituted by H. E. the Deputy Governor in September 2016 to manage/eradicate water hyacinth invasion in Lakes Kamnarok, Baringo and Kichirtit wetlands.

Mr. Speaker, the Committee observed that:-

- i. The imprest NO. 2744390 was signed by the imprest holder Philip Nandwa on 13/3/2018 and authorized by the department's Director on 19/3/2018.
- ii. The imprest NO. 2504173 was signed by the imprest holder Raphael Kimosop on 20/3/2018 and authorized by the department's Director on 20/3/2018.
- iii. The details of surrender of the imprests are as follows: fuel 17850 paid on 3rd July 2018 , tour guide expense, 28150 was paid on 7th July 2018, Dunga eco paid 41250on 6th July 2018, tour guide expert paid 58 750 on 7th July 2018, per diem for the staff 612 500 was paid on 3rd July 2018., boat hire Jampi Samaki 135 000, boat transport Baringo to Kapnarok 25000 was paid on 1st July 2018, Baot transport Kapanarok to Baringo 23000

paid on 15th July 2018 . Hyacinth removal Kapnarok 282500 paid on 2nd July 2018 and 16th July 2018. Planning and supervision 150000 was paid on 16th July 2018. Media coverage by Boniface 5000 is not paid to date, media coverage buy Kigen not paid to date. Night watchman boat lake Kapanarok 7500, Rift Hills resort meals 129 600 paid on 2nd July 2018, wheelbarrows 370500 was paid on 29 June 2018, hire on tents Chairs and bus 33 000 paid on 2nd July 2018, refreshments of Ksh 36030 was paid on 2nd July 2018, Vaseline number 3 370 was 5th July 2018, petrol/oil 22500 was paid on 2nd July 2018 totalling to 2,045,500.

The details of the activities in respect of surrender of the imprests as stated under (iii) Above shows that they were undertaken in the month of July 2018, that is, four months after the imprests had been issued. No reasons given for the same which puts the authenticity of the expenditure in question.

The Public Finance Management Regulations 2015 section 93(5) requires that a holder of temporary imprest shall account or surrender the imprest within 7 working days after the return to duty station. However, in this case the holders of the imprests accounted for and surrendered the imprests four (4) months late.

Mr. Speaker, the committee recommends that the Accounting officer department of Environment and Natural Resources should give a satisfactory explanation to the Committee on where the Kshs. 2,045,500, was kept from 20th March 2018 to 1st July, 2018 when the money is shown to have been utilized as tabulated under committee observation iii above, failure to which the officer who authorized the issuance of the imprest and the two imprest holders be surcharged.

Unauthorized Variation of Contract – Construction of Buildings

Mr. Speaker, An engineering firm was awarded a contract for the construction, renovation and extension works at Lake Bogoria National Reserve and Landscaping at Acacia Campsite through contract number BRCG/TNR/DICTED/4/2016-2017 at a contract sum of Kshs.10,240,364.00. The contract agreement was signed on 27 March 2017 and the commencement date was 11 April 2017 with the expected completion date of 14 June 2017. However, the following unsatisfactory matters were noted:-

- i. The contract was extended beyond the expected completion date of 14 June 2017 without formal contract extension approval contrary to section 139(1)(a) of the Public Procurement and Asset Disposal Act, 2015 which provides that variation or amendment with justifications be approved in writing by the respective tender awarding authority based on recommendation of evaluation committee.
- ii. Included in the contract sum of Kshs.10, 240,364.00 was an amount of Kshs.2,947,150 in respect of Acacia Campsite Landscaping, it was however noted that no activity took place at the proposed campsite. Instead, the funds meant for the project were said to have been diverted to renovate the Main Gate Office at the Park but no documentary evidence was provided for audit verification to confirm how the amount was spent.

Examination of project records disclosed the contractor had been paid Kshs.9,866,968.36 as at 30 June 2018, through payment voucher numbers D273 dated 28 February 2018 for Kshs.5,144,625.00 and D 605 of 14 June 2018 for Kshs.4,722,342. A site visit on 6 November 2018 disclosed the contractor was not on site and no completion certificate had been issued confirm the completion of the project.

So far no explanation has been given for the variation of the contract or documents provided for

verification to confirm how Kshs.2,947,150 meant landscaping at Acacia Campsite was spent.

Mr. Speaker, the Committee observed that:-

- i. The construction, renovation and extension works at Lake Bogoria National Reserve and Landscaping at Acacia Campsite, contract number BRCG/TNR/DICTED/4/2016-2017 had a contract sum of Kshs.10,240,364.00. The contract agreement was signed on 27 March 2017 and the commencement date was 11 April 2017 with the expected completion date of 14 June 2017. Kshs.2,947,150 out of the Kshs. 10,240,364.00 was for Acacia Campsite Landscaping.
- ii. The sum of Kshs. 2,947,150 for Acacia Campsite Landscaping was earmarked for the repair of the Main Gate through a site meeting held on 30/01/2018. This was an un-procedural diversion of funds. The total amount for the main gate construction as per the Bill of Quantities was given as Kshs. 2,797,185.95. However, no prove of how the funds were utilized was provided for confirmation.
- iii. The contract was extended beyond the expected completion date of 14 June 2017 without formal contract extension approval contrary to section 139(1)(a) of the Public Procurement and Asset Disposal Act, 2015 which provides that variation or amendment with justifications be approved in writing.

Mr. Speaker, the Committee recommends that:-

- i. The Baringo County Government should put in place mechanisms for ensuring that contract timelines are adhered to pursuant to section 139(1)(a) of the Public Procurement and Asset Disposal Act, 2015. This will curb loss of funds due to the effects of time value for money.
- ii. The respective project implementation committees, inspection and acceptance committee and the users/beneficiaries of the projects should be actively involved from the initial stages of the project to its end.
- iii. The Accounting officer and the project manager should not allow for the diversion of funds without documentary evidence.

Stalled Project - Erection and Completion of Casualty Block at Marigat Hospital

Mr. Speaker, A contractor was awarded tender ref: BRCG/TNR/160/2014-2015 for construction of the proposed Casualty Block at Marigat Hospital at a contract sum of Kshs.20,401,685. The scope of works involved erection and completion of an office block including floor slab, walling, ceiling and roofing, plastering and installation of doors and windows, electrical works and plumbing works. The works were to take 16 weeks commencing 8 June 2015 and the expected date of completion was 8 October 2015.

Physical verification of the project on 6 November 2018 revealed that the contractor was not on site and the works had apparently stalled. It was also observed that the contract was behind schedule by 38 months. Notwithstanding the above mentioned state of affairs, examination of financial records disclosed the contractor had been paid Kshs.12,046,752 out of the contract sum of Kshs.20,401,685.

So far it has not been explained why a project started in year 2015 has not been completed despite the expiry of the contract period in October 2015.

The management responded that Indeed the project had stalled beyond the contract agreement

period. The reason are contractor related however on 4th October 2017 a warning letter of ref no.PW/BC/DM-TL/64 was issued .The contractor resumed the construction but latter faced the structural challenges resulting from a fault line caused by natural earth tremors.

The department sought the services of structural engineers from Uasin Gishu County who then visited the project and gave instructions on reinforcement measure that the project manager were to oversee for the correction of defects.

In mid of October 2017 the contractor also report that thieves broke into the building site and took away some building materials.

Despite all the challenges the casualty block is complete and handed over for use however the department is on the process of operationalizing the facility but waiting KPLC to install phase three power supply, and water supply.

Mr. Speaker, the Committee observed that:-

- i. The facility is not operational.
- ii. There is no fence and gate resulting to the locals passing through the facility. This has led to vandalism of the project. There are overgrown shrubs in the compound.
- iii. The structure has developed massive cracks. It is alleged that the facility sits on the fault line and the parcel of land is prone to gulley erosion.
- iv. There are no walk ways connecting the wards and the casualty block.
- v. The waste management system was poorly done.
- vi. No connection to electricity, water and there is no kitchen block. The incinerator was wrongly placed i.e. it is build adjacent to the ward.
- vii. No land ownership documents

Mr. Speaker, the Committee recommends that:-

- i. The Health Department should ensure installation of phase three power supply, erect fence to secure the facility and provide water to allow for the operationalization of the surgical block within three (3) months of the adoption of this report.
- ii. The Baringo County Executive should budget for the construction of the kitchen block in the 2nd supplementary budget 2022/2023. It may not be safe to ferry food for the patients from the old facility to the new facility.
- iii. The Health Department should consider acquiring land ownership documents (Title deed) for the parcel of land on which the Surgical block is developed within six (6) months of the adoption of this report.
- iv. The Health department should engage a geologist to study, analyze and give a report on the safety of the facility for occupation. The report should further give the way forward on how to mitigate the effects of the fault line within the facility. This should be done within one (1) month of the adoption of this report.

Incomplete Project - Mortuary Block Marigat Hospital

Mr. Speaker, A building company was awarded tender ref: BRCG/TNR/401/2014-2015 to construct and complete Mortuary Block at Marigat Sub- County Hospital. The scope of works included Substructures, R.E Frame, walling, roofing, windows, doors finishes fitting and electrical works at a contract Sum of Kshs.6,727,704 The duration of the contract was 24 weeks commencing 2 October 2015 to 2 March 2016.

It was observed that, during the year 2016/2017, a total of Kshs.1,428,632 was paid to the contractor. However, physical verification of the project on 6 November 2018, revealed that the construction works had been done up to lintel level or approximately 35% complete although the contract period had elapsed by over 32 months.

No action appears to have been taken by the County Executive to have the project completed or explained why the contract has not been terminated

OM/S Magoi Building Construction Limited was awarded tender Ref: BRCG/TNR/401/2014-2015 to construct and complete Mortuary Block at Marigat Sub County Hospital. The scope of works included Substructures, R.E Frame, walling, roofing, windows, door finishes, fitting and electrical works at a contract sum of Kshs. 6,727,704.00. The duration of the contract was 24 weeks commencing 2 October 2015 and 2 March 2016.

Indeed this project had over stayed beyond its contract life. The challenges were contractor related. A warning letter was issued to M/S Magoi Building contractors dated 31st January 2017. The contractor resumed the construction work briefly but defaulted again quoting personal family matters around march 2018 when the project was at a lintel level (ring beam). This was about 35% of works with some materials on site. A total of Ksh.1,428,632 had been paid by then representing 21% of contract sum.

This contract was terminated vide a letter to the contractor ref no.BCG/HS.PROJ./07/VOL.II(98) Dated 29th March,2019.Measurement for completion works done and bid documents prepared. The new contract was competitively awarded to M/S Dewani holdings limited vide award decision: RFQ 744141 dated 20th June,2019 and purchase order dated 28th June 2019 a cost of Ksh.3,599,909.20 which was the money available .The new contractor M/S Diwani was taken to site and handed over on 22nd July,2019.He executed the work to completion as per the Bills of quantity awaiting ,official handing over was done as per the contractor and remaining works of finishing part of the floor with terrazzo is being done ,three door pit latrine and also procuring of coolers is ongoing on the department. When the three phase power supply is installed on site the department will do ground cabling from power House to mortuary for easy management of bills.

Mr. Speaker, the Committee observed that:-

- i. The response from the department has not given the current status of the project. The building has been done up to roofing. However, the floor is not complete.

*{The Speaker (Hon. Kemboi) left the Chair
The Temporary Speaker (Hon. Sharon) took the Chair}*

Hon. Robert Cheruiyot: Thank you Hon Speaker on this item that the Hon Member is reading it is written the building has been done up to the roofing however the floor is not complete. I thought I should allow the Hon. member to sit a bit he may collapse he has been reading for so long. Thank you Madam Speaker.

Hon Sialo: Thank you Member,

- ii. The scope of works for the Mortuary Block at Marigat Sub- County Hospital is under ref: BRCG/TNR/401/2014-2015, with a contract Sum of Kshs.6, 727,704.00. The duration of the contract was 24 weeks commencing 2 October 2015 to 2 March 2016.

- iii. The facility has no equipment.
- iv. The facility has no fence, is marooned by Mathenge shrubs and there is open defecation on the project.

Madam Speaker the Committee recommends that the Health department should complete the floor works and equip the facility for it to start operations within three (3) months of the adoption of the report.

Stalled Project - Ministry of Health

Madam Speaker, Examination of the project implementation status report for the department of Health revealed that projects worth Kshs.327,596,835 some initiated since financial year 2013/2014 had not been completed as at 30 June 2018. It's not clear why the County Executive has failed to complete the projects or terminate the contracts entered into with the various contractors and invite fresh bids to complete the remaining works. Failure to complete the projects denies the residents of Baringo County the much needed medical services despite the heavy investment on the facilities.

No explanation has been provided for failure to complete the projects.

The management responded that the department commenced the construction of new projects in different wards across the County with the intention of serving the needs of different communities based on their priorities as captured in public participation. The department of Health has procured and executed three hundred and forty four (344) development projects since 2013-2014 to 2019-2020 financial year. A total of thirty five (35) projects had stalled or delayed beyond their contract period carried up from 2013 to date, the reasons for this delay were largely contractors' inability to undertake the projects on time. The department had ensured each of the projects had adequate budget allocation. However, there are projects that had been affected by insecurity situations in parts of Tiaty and Baringo South. The department has been reluctant to terminate most of the projects due to the expected increase in the cost/value of new contracts thereby extending the contract to allow existing contractors to complete the works. Twelve (12) projects initially captured as stalled are also actually completed handed over or in use.

Madam Speaker the Committee observed that the status of the projects as observed during the committee's visit indicates that most of the projects are complete but not in use due to lack equipment, Electricity, water, personnel, staff quarters among others.

Madam Speaker, the Committee recommends that that the Baringo County Department Health Services should equip and post the personnel within three (3) months of the adoption of this report.

Unsustainable Road Maintenance - Kipngorom - Sirwa road

Madam Speaker, During the financial year 2016/2017, the County Executive entered into a contract with a construction company, through contract no.BRCG/TNR/277/2016-2017 for maintenance of Kipngorom -Sirwa road in Baringo South Sub-County at a contract sum of Kshs.4,126,033. Examination of the project expenditure records disclosed the contractor was paid Kshs.3,787,957.61 vide payment voucher no.D293 of 14 March2018 after having carried out maintenance of the road.

However, physical verification of the project on 6 November 2018 revealed the state of the road was poor with potholes covering the entire section of the road that had been repaired from

Kipngorom to Sirwa which is a distance of 13Km.

It was noted that the road was previously maintained by KERRA (Kenya Rural Roads Authority) before it was taken over by the County Government and it appears the County Executive is unable to restore the road to motorable condition. Therefore, the sustainability of the maintenance of the road is doubtful.

Management response was as follows that the Kipngorom –Sirwa road is classified as County road E8049 as per the reclassification by the Kenya Roads Board as gazette under “Legal Notice NO. 2” on 22nd January; 2016. The section mentioned was the most critically damaged part of the road. The rainy season constantly results in landslides and falling of debris on the carriageway. This greatly damages the pavement especially with regard to excessive runoff caused by this. Thus, the recommended remedy is reconstruction of the road carriage way as well as retaining of the embankment material as a long term intervention. However, the County does not have the resource required for the remedial measure therefore carried out pothole patching as a stop gap measure so as to allow continued access to the surrounding amenities. Under this circumstance we signed a Memorandum of Understanding with the Kenya Rural Roads Authority to partner with them on the maintenance of County roads of which one of them is the Sirwa - Kipngorom road. A copy of the Memorandum of Understanding is hereby availed for verification.

Mr. Speaker, the committee observed as follows;

- i. The road is still in a bad state.
- ii. Kipngorom- Sirwa road is classified as County road E8049 as per the reclassification by the Kenya Roads Board as gazette under “Legal Notice NO. 2” on 22nd January; 2016.

Madam Speaker, the committee recommends that the department of public works to further engage Kenya Rural Roads Authority (KERRA) to classify the road to be taken up by KERRA since the County cannot be able to fund construction and maintenance of Tarmac roads.

Failure to Implement Projects

Madam Speaker, The department of Transport and Infrastructure budgeted to construct one hundred and two (102) road projects, four (4) flagship projects and eight three (83) roll over projects from the prior years during the year under review. It was noted that twenty four (24) projects with a contract sum of Kshs.63,393,376 were completed, eight seven (87) projects worth Kshs.184,355,902.21 were on-going which included eight (8) roll over projects of Kshs.11,367,079.40. However, it was noted that eight (8) projects with a value of Kshs.22,165,655.96 had not been started as at 30 June 2018.

No explanation has been provided for failure to complete the projects or explained why the County Executive budgeted for projects it could not implement during the year.

Management responded that the Financial year 2017/2018 was faced with challenges due to transition period after the general elections. Delayed procurement affected project implementation as it resulted in late handing over of the project sites. Some of the projects in question are located in areas where the security situation was quite volatile. The attacks between May and July of 2018 deemed the environment too hostile for contractors to mobilize and commence the projects. As at now, the projects have been completed and paid for with the exception of a few which either lacked sufficient funding, had their funding reallocated or were suspended due to a community dispute. The status report for the financial year 2017/2018

projects has been attached for your perusal.

Madam Speaker, The committee observed that;

- i. Projects were still incomplete despite the expiry of contract periods
- ii. The Department of Roads and Infrastructure had Eight three (83) projects rolled over from since inception of County Government

Madam Speaker, the committee recommends that Baringo County Government department of Transport, Infrastructure and Public Works should always ensure projects are completed within the contract periods. Any activity done out of the contract period is illegal.

Unremitted Statutory Deductions

Madam Speaker, Included in the pending bills for the year ended 30 June 2018 are statutory deductions totaling Kshs.49, 093,848.14. The deductions were made up of Lap Trust, Lap Fund, Sacco loans, and Insurance premium payments for various Insurance companies, Sacco Share contributions, HELB, Training Levy and other union dues to various Unions.

However, no explanation was given for failure to remit the deductions to the various bodies.

Failure to remit the deductions to the respective bodies may attract penalties and litigations which may be costly to the County Executive.

No efforts appear to have been made to remit the outstanding remittances.

The management responded that It is true that the County Government at the close of the Financial year 2017/2018 had an outstanding statutory deduction of Kshs 49,093,848 which were not remitted as at close of the financial year.

Despite the fact the whole salary was fully provided in the 2nd supplementary, the County was not able to clear all payment because of system down time. At the close of the financial year, there was a serious IFMIS challenges ranging from slowness to completely unavailable system. These challenges began in the last two weeks to the closure of the financial year.

Also as end of the financial year, National Treasury had not remitted to the County almost Kshs 780M due from equitable share to the CRF account. The amounts were remitted on 5th July 2018.

The County had also budgeted Kshs 350M as revenue from own source. The County managed to collect Kshs 301M creating a shortfall of Kshs 49M. This means that expenditure equal to the amount could not be paid. This amount was paid in the beginning of the FY 2017/2018.

Madam Speaker, the committee observed as follows;

- i. The pending bills for the year ended 30 June 2018 in respect of statutory deductions stood at Kshs.49, 093, 848.14.
- ii. Statutory deductions are not remitted on time.

Madam Speaker, the committee recommends that The Baringo County Executive Committee member in charge of Finance and Economic planning must always remit statutory deductions on time to avoid penalties and possible litigation which may be costly to the County.

IFMIS Payment Details Analysis

Madam Speaker, Data analysis of IFMIS payment details for the year ended 30 June 2018 revealed prepayments totaling Kshs.8,032,438. It was however not clear why these prepayments were made in total disregard of Section 83 (1) of the Public Finance Management Act, 2012 (County Governments) regulations 2015, which states that, the County Treasury is responsible for establishing sound cash management systems, procedures and processes, to ensure efficient and effective banking and cash management practices.

Further, Section (2) (d) states that sound cash management include avoiding prepayments for goods or services unless required by the contractual arrangements with the suppliers.

No explanation has been provided for the prepayments made in total disregard of the prevailing regulations.

The management responded by saying that it is true that temporary imprest amounting to kshs. 8,032,438.00 was captured in IFMIS as prepayments. This item line 6740101 is a default line item for temporary imprests 6760103 this is not a prepayment like an advance payment.

It has no implication whatsoever in financial reports because they are cleared when imprest is surrendered. It means it's not a prepayment but forms part of temporary imprest.

Madam Speaker, the committee noted the following;

- i. The item line that was used to transact the Kshs. 8,032,438.00 is a default line item for temporary imprests.
- ii. The department did not provide evidence to the auditors during the audit process

Madam Speaker, the committee recommends as follows:-

- i. The Finance and Economic Planning department should at all times adhere to the requirement of the Public Finance Management Regulations 2015; section 93(5) requiring that a holder of temporary imprest shall account or surrender the imprest within 7 working days after the return to duty station.
- ii. The Finance and Economic Planning department should at all times cooperate with Internal and External Auditors by providing the document and information they request.

General Observations;

Madam Speaker, after thorough fact finding, witness hearings and interrogation of the presented documents, the Committee made the following observations:

- i. Some projects implemented by the County Government of Baringo are incomplete yet the contract periods have expired for example Kabarnet stadium, Kabarnet surgical block, OPD Eldama Ravine among others.
- ii. Most project files are incomplete i.e. lacks contract agreement, payment vouchers, extract of the budget and procurement process yet the projects are complete.
- iii. Imprest are not accounted or surrendered as per Public Finance Management Regulations 2015 section 93(5) (6) (7).
- iv. Some projects funded and implemented by Baringo County Government lacked ownership documents e.g. Kabarnet stadium, Marigat Mortuary block and Marigat Casualty block.
- v. Some projects constructed by Baringo County Government are complete and not in use i.e. Barwessa slaughter House, Casualty block at Marigat, Mortuary block Marigat.

- vi. The sectoral committees of Baringo County Assembly did not carry out oversight over the Executive on project implementation and adherence to approved budget.
- vii. There is poor supervision of projects and programs by Baringo County Executive.
- viii. Revenue collection has not been fully automated leading to under collection, pilferages and leakages.
- ix. Some County departments e.g. Department of Agriculture ,Livestock and Fisheries overcommitted public funds contrary to Public Procurement and Asset disposal Act 2015, section 44(2)(a).

Madam Speaker, after thorough fact finding, witness hearings and interrogation of documents, the Committee recommends as follows:

- i. The accounting officers of various County departments should, within two(2) months of adoption of this report ensure that they recover un-surrendered imprests in accordance with the following Public Finance Regulations 2015 ;
 - a) Section 93(5) which states that all accounting officer ensure that the holder of temporary imprest accounts or surrender the imprest within 7 working days after returning to duty station.
 - b) Section 93(6) which states that where the imprest holder fails to account for or surrender the imprest on due date, the accounting officer shall take immediate actions to recover full amount from salary of defaulting officer with interest prevailing central bank rate.
 - c) Section 93(7) states that if the accounting officer does not recover the temporary imprest from defaulting officer as provided for in this regulation he or she commits an offence as provided under this act.
- ii. Accounting officers in all County departments should ensure that project files are complete with all documents i.e. contract agreement, payment vouchers, extract of the budget and procurement process at the end of the project period. This shall be applicable to all projects which shall be implemented by the County Government of Baringo as from 2022/2023 Financial year.
- iii. That Baringo County Executive should ensure that land ownership documents are acquired before project implementation begins. In the cases of already implemented projects e.g. Kabarnet Stadium, no other funding shall be allocated to the project until land ownership documents are acquired.
- iv. That Baringo County Government should engage a geologist to study, analyse and give a report on the safety of buildings within Marigat Township in respect of the fault line phenomenon. This should be done within one (1) month of the adoption of this report.
- v. That Baringo County Government Department of Health Services should stop the construction of new dispensaries and health centres after the adoption of this report and concentrate on completing stalled projects and operationalize them. Those projects that may not be put into use as health facilities be put into alternative use after subjecting it to public participation e.g. Ward offices, ECDE centres or Offices of Agricultural officers.
- vi. That Baringo County department of Finance and Economic Planning should at all times adhere to the provisions of the Constitution of Kenya; 2010 Article 227 (1) requiring state organs and other public entity while dealing with contracts for goods or services, shall do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective and the Public Procurement and Asset Disposal Act, 2015; section106 (3) which

stipulates that successful quotations shall be the quotations with the lowest price that meets the requirements set out in the request for quotations.

- vii. That Baringo County Department of Finance and Economic Planning should ensure Revenue collection is fully automated, cashless and paperless within three (3) months of the adoption of this report. This will ensure prompt collection of revenue and prevention of leakages and pilferages.
- viii. That the Baringo County Department of Finance and Economic Planning should relook into the identification and prioritizations of Flagship projects and carry out public participation for the Flagships projects alongside Ward Specific projects to enhance ownership of the projects.
- ix. That all sectoral and standing committees should carry out their oversight role as mandated in the constitution of Kenya 2010 Article 185(3) which states that a County Assembly while respecting the principle of separation of powers, may exercise oversight over the County Executive Committee and any other County Executive organs.
- x. That the Department of Finance and Economic Planning should identify more sources of revenue and maximize revenue collection including the finalization of the valuation roll in the Financial Year 2023/2024. This will lead to increase in revenue collection resulting into reduced wage bill.
- xi. That Baringo County Government should strictly adhere to contract timelines as stipulated in the contract agreements. However, in cases where contract completion periods may be extended, an independent analysis should be done to verify the validity and adequacy of the extension time requested. The site meetings must capture such requests and should be in line with project implementation conditions.
- xii. That all Accounting officers should at all times ensure that procurement of goods and services should be based on approved budget as stipulated in Public Procurement and Asset disposal Act 2015 section 44(2) (a) which states that all accounting officers should ensure that procurement of goods, works and services of the public entity are within Approved budget of that entity.
- xiii. The Implementation Committee of the County Assembly of Baringo should follow up on the PAIC recommendations and House resolutions and report to the House on the status of implementation of House resolutions from 2013 to date within two months (2) of the adoption of this report, failure to which the Implementation Committee be disbanded and administrative actions be taken against the officers concerned.

Madam Speaker in my conclusion Committee seeks that the Sectoral Committees of the County Assembly of Baringo to follow up on the implementation of the recommendations contained in this report upon adoption of this report.

On behalf of the Public Accounts and Investments Committee, I urge Honourable members to support this report to change the way things are done in the County and make the public service more responsive to the demands of service delivery.

Madam Speaker. I beg to move this motion and ask Hon Kiprono to second

(Applause)

Hon. Kiprono: Madam Speaker, I second the motion and I urge members to adopt this report. I think for the first time since we arrived in this Assembly this is the longest time we have ever sat

and the most serious report in this House. I want to thank our committee and the Chair for standing here almost three hours and I don't know Madam Speaker if it is possible that at times we get glucose and some milk because guys can faint here.

So I want to thank the Chair, the committee members our secretariat for the good work. They sacrificed we have burnt midnight oils severally trying to bring this report to this House. It is a very serious report and that is why for the first time we have slides to show you what we have been doing. The Chair and actually gone through the entire document and you have seen all the mess in the projects within our County. As members of this Assembly I urge you that let us be serious in our oversight. All these is messes that come because we don't do our oversight, I urge you that we become more serious because this is the work that we have been given by the electorates. Our committee is a very serious committee, I have seen that most of them were here entirely throughout the session, we are very committed and remember I told you the other time that at times there is the commitment of the beacon and the egg between the one that gives you the egg and the one that gives you the beacon. One of them grace it all. We will do all that we can to give you the right information upon getting queries from our auditor general.

We have seen a lot of mess from the contractors, a lot of contracts which are not finished and I think from the recommendations that the committee have put in place and followed to the latter I think everything will be okay henceforth. I don't want to take much of this time I want to urge this House to adopt the report because if you can see from the issues of imprests to a tune of 3 million which have not been surrendered. I thought to myself because I am of culture because we want to honour our heroes we can also honour in shame those who took imprest and don't surrender. I think that is very important. We have to put all their names all over this County so that everybody knows that these people don't pay their bills in time.

The assets that could not be confirmed goes to a tune of 1 billion, it's a big shame. So we need to do things right, you can imagine accounts opened to do dollar business not Ksh and we are in Kenya. This is very serious ...

The Temporary Speaker (Hon, Sharon): Hon Robert.

Hon. Robert Cheruiyot: I don't know Hon Speaker if Hon Kiprono is not used to a lady Chair that he is not addressing you. He is addressing us here.

The Temporary Speaker (Hon, Sharon): Hon. Kiprono please address the Speaker.

Hon. Kiprono: You know men are born with envy, so we are used to that anyway. Madam Speaker, I think I am in order. The pilferages when it comes even to the issue of water companies, we don't get revenue as a County because of issues of leakages. Look at our tourism sector we are doing nothing at all. There is no revenue in the tourism sector. The mining sector, how many times have you seen Lorries loaded with sand from our rivers, lakes most of them do not pay revenue. It's good that this report is here so that we can tighten some nuts so that we can collect more revenue and we seal all the leakages and pilferages water tight.

The Temporary Speaker (Hon, Sharon): Hon Kiprono just a minute members as you may know we had extended time for 30 minutes the time is almost over, perhaps you can just wait for me to give directions so that we can give a way forward. Just take your seat. Members the motion having been moved by the Chair and seconded by Hon Kiprono and I now wish to propose the question.

(Speaker consults with the Clerk)

Hon Kiprono would you wish to proceed at 2:30pm or you want to wind up?

Hon. Kiprono: Madam Speaker maybe because I am seconding I can go very fast so that as I wind up maybe we can go for lunch and come and debate.

The Temporary Speaker (Hon, Sharon): Proceed and take the shortest time possible.

Hon. Kiprono: I will take the shortest time. I was almost finishing anyway so I was just capturing some areas which were noted. The issue of a grader madam Speaker, you know Hon Robert has forced me to... let me not say the grader which is very old and I don't understand because they said that they procured the item for repairing the grader. So I don't understand if those items were procured and fitted to the grader and the same minute the grader didn't come to life then I was wondering maybe these people are using maybe pictures just to show on Google of the grader. Are you getting that point please! The grader is shown in the picture on paper because I don't think anything was fitted. If the spare was fitted then this grader could be on the road. Milk plant which is in my Ward is a very serious project done way back in 2016 and up to now it is still incomplete. I appreciate that the building is complete as per now but the machinery which will be used to package these milk Madam Speaker has not been procured. In fact, I thank God because that contract has been terminated and I am very sure now the department is looking for another supplier to bring those equipment.

So as I finalize, I want to urge this House to adopt those report because this is the only way we can salvage our County from the mess. From contracts which are renewed now and then. Let us adopt this because we are here for a purpose and the bible tells us whoever much is given much is expected. Let us do our role as Hon Members. Thank you I beg to second.

The Temporary Speaker (Hon, Sharon): Are you seconding the motion?

Hon. Kiprono: Yes I second. Thank you so much

(Question is proposed)

The Temporary Speaker (Hon, Sharon): Members as you may have noted we had extended time pursuant to section 29 (3) (a,b and c) I now wish adjourn this House until 2:30 today so that members like Sialo you go have fuel so that you come back and debate this matter. It's my direction let us go for lunch and then we come back at 2:30pm so that we can proceed with the debate.

(Debate Interrupted)

ADJOURNMENT

Order members this House is adjourned until 2:30 pm today the 7th March 2023.

The House rose at 1:34 PM