BARINGO COUNTY ASSEMBLY

THE HANSARD

The House met on Wednesday 15th February, 2023 at 2:45PM.

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)

What is it Hon. Kiprono?

Hon. Kiprono: Mr. Speaker such hours in East and Central Africa is always lunch hour. Because of the weighty issue before us, I think we have quorum and we can start Mr. Speaker sir, thank you. Clerk proceed we have quorum now.

STATEMENTS

UNFINISHED KAPKONG-KAPKELELWA GRAVITY WATER PROJECTS

The Speaker (Hon. Kemboi): Hon. John Tarus…Hon. Cheboiwo could you be having instructions from Hon. John Tarus? Chairperson water…Hon. Ernest Kibet

Hon. Ernest: Thank you Mr. Speaker, we take responsibility of our colleagues. I am obliged to read the statement. Hon. John Tarus MCA Sacho Ward seeks a statement from the Chairperson Water and Irrigation Committee on the following maters of concern;

Following the allocation of Kshs. 2 million for Kapkong-Kapkelelwa gravity water projects, water pipes were delivered but no other works was done

i. Why was the other works not done despite the availability of water pipes?

ii. What measures have been put in place by the department to ensure that the work is done considering its importance to the residents?

Thank you Mr. Speaker sir.

The Speaker (Hon. Kemboi): Chairperson Water and Irrigation Committee.

Hon. Kiprono: Thank you Mr. Speaker as a Committee we got the answer…

The Speaker (Hon. Kemboi): Hold on Hon. Kiprono do you have the answer and has it been supplied to members?

Hon. Kiprono: Yes I have the answer but I understand there is a problem with the printers and photocopiers in the County Assembly. Maybe we can share in the other forum because we want to embrace technology maybe can start from there.

The Speaker (Hon. Kemboi): Hon. Kiprono I want to appreciate what you are saying but the best thing is for the secretariat to scan and send it to members so that when we are discussing members have response and follow up questions if need be.

Hon. Kiprono: Mr. Speaker I want to believe that all members have response on their phones as we speak if I may not be wrong can I proceed…

The Speaker (Hon. Kemboi): What is the point of order Hon. Kipruto?

Hon. Kimosop: Mr. Speaker the Chair is out of order and misleading the House because we do not have the response in our phones and forums. It would be well if all members have the copy of the answers. At what time did the photocopier break down if we have hard copies of the PICPAC report and the answer of Health Services Committee? You rule the Chair out of order and apologize to the House for misleading the House and we move this question forward. Thank you, Mr. Speaker.

The Speaker (Hon. Kemboi): What is your point of order Hon. Symon Kiplagat.

Hon. Kiplagat Symon: Mr. Speaker sir, I see three strangers in the House because of their dress code I do not know if you have noticed it. Hon. Ayub, Chairman Water and Irrigation Committee and Hon Lourien.

The Speaker (Hon. Kemboi): Hon. Kiplagat kindly expound

Hon. Kiplagat Symon: Mr. Speaker Sir the last time I came to this House with Khaki attire I was told that it is not allowed, is it allowed so that I might be coming with it.

The Speaker (Hon. Kemboi): What's your point of order Hon. Tarus?

Hon. Ernest: Mr. Speaker this is not a vindictive House if you were found in the wrong side you cannot use that as a reference but on that note I want to register that member should know that this is a House of honor. Even in the Senate today there was a very big issue on the exact dress code for the gents and for the ladies in the Assembly even now if you decide to be tough then we will have no lady here just look around. Mr. Speaker for today with some leniency let us just proceed but give a warning. Thank you Mr. Speaker

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

Hon. Kipruto: Mr. Speaker, I think this is a House of records and I was here when Hon. Simon Kiplagat the MCA Kabartonjo was kicked out because he was on jeans and we refused to lower the standards. This is the House that deliberates on issues of the people of Baringo, when you come to this House you ought to come with Honour and dignity. Mr. Speaker it is you to assess if they are in casual clothes and we had set a precedence where we kicked out a member then they can be asked to excuse themselves to dress well and come back to the House

Mr. Speaker yesterday in the Senate two members were kicked out, one member had stains that were found dishonorable the other one was Senator Karen Nyamu because she came dressed on a sleeveless dress. It is not to say that we are against anybody but let us up the standard of this game and next time we will be having live streaming in the chambers and the people of Baringo and the whole country will be following us; they should see that Baringo County is above par.

This is the only County Assembly that melted the heart of the President the other day to make a declaration on security arrangements so we cannot afford to lower down the standards of this House.

The Speaker (Hon. Kemboi): Honourable members this is a House of rules, procedures, traditions and precedence I am informed that a precedence of these House and one of the members have convinced me why I should not follow it and thus I hereby direct that members who were mentioned to be inappropriately dressed to go out and change then come back

(Loud consultations)

Hon. Sam Lokales, I hope you don't want to refute the ruling that has been made, what's the point of information or your point of concern as you walk out?

Hon. Limo: Mr. Speaker, I don't want to go contrary to your ruling but again you will know that some of us were busy in committee meetings and we were pulled out by the bell which rung consistently to an extend that I borrowed a neck tie to fill the quorum and now someone is making a point to let me out. The Chair of Water and Irrigation Committee who had spoken before us was not appropriately dressed so this *hullabaloo* will go round all of us and we may find that even Hon. Jeruto is not properly dressed, Hon. Lesaiya is not properly dressed. I want you to rule decisively and not only on men Mr. Speaker

The Speaker (Hon. Kemboi): Hon. Lokales as you walk out I would like to know which committee allowed you to sit while not properly dressed because a committee is an extension of the House and I want to know the Chair of that Committee. Hon. Lokales kindly excuse yourself

(Loud consultations)

(Hon. Members walk out)

Hon. Members I am saddened on what has happened this morning on two issues, the first one is the issue of dress code which we need to take seriously. We need Members to read the Speakers rules and also acquaint themselves with the standing orders on appropriate dressing.

If Members feel that we need to include a certain dressing in our dress code then move a motion to that effect but as it stands now we have rules and we have to abide by them.

The second issue is the failure by the secretariat to provide copies of statements of the response, having said in the morning that they need to provide Members with the said copies, I have noted with concern that they have to provide the same and I cannot allow them to continue on this trajectory.

I hereby direct that the secretariat to provide all Members with copies of response to this statement by 5:00pm tomorrow on 16th of February, 2023 and this question by Hon. Tarus be put on the order paper for next week on Tuesday 21st February, 2023 as the first statement.

We have another question by Hon. John Tarus.

(Statement deferred)

UNUTILIZED FUNDS FOR KAPLEL DISPENSARY

Hon. Ernest: Thank you Mr. Speaker sir. I seek a statement from the Chairperson Health Services Committee on the following matters of concern;

During the Annual Development Plan for 2019/20, the people of Sacho Ward allocated Kshs. 2.5 million during public participation for Kaplel dispensary but the said funds have not been utilized and subsequently removed from the budget.

1. Why were the funds not utilized?
2. Give reasons as to why funds were removed from the budget
3. What plans has the department put in place to ensure that the people of Sacho benefits from the said funds as intended?

The Speaker (Hon. Kemboi): Chairperson Health Services Committee. Do we have any Member from the Committee?

Hon. Tuwit: Thank you Mr. Speaker. We will come with the answers next week Wednesday since it is a new question.

The Speaker (Hon. Kemboi): Why are you misleading the House? This is not a new question, it was asked in November 20222 and I see the Committee has failed in its responsibility be it as it may let me extend some latitude and indulge the committee until Wednesday next week that you provide the answers to the said questions.

We have a question by Hon. Julious Ngotie.

(Statement deferred)

ISSUES OF SALARY AND STATUTORY PAYMENTS OF COUNTY OFFICERS

Hon. Kiptalla: Mr. Speaker I have a question from Hon. Julious Ngotie seeking a statement from the Chairperson Lands, Housing and Urban Development Department. There are several officers who have worked for several years on casual terms in Eldama Ravine Township.

1. Does the department have plans to pay the said officers through their bank accounts and not in cash?
2. Has the department been paying statutory dues such as the National Hospital Insurance Fund (NHIF) and the National social Security Fund (NSSF) for the above mentioned officers?
3. Has the department put measures in place to fully embrace digitalization of various revenue collection streams?

Thank you Mr. Speaker.

The Speaker (Hon. Kemboi): Chairperson Lands, Housing and Urban Development, or do we have the Vice Chair to that Committee.

Hon. Sharon: Mr. Speaker we are yet to provide an answer to this and I apologize on behalf of our committee, this is an old question and we will be providing an answer next week.

The Speaker (Hon. Kemboi): Specify the date.

Hon. Sharon: Wednesday morning.

The Speaker (Hon. Kemboi): Kindly ensure that you provide an answer to the said question and we will not tolerate any other delay. Next order!

MOTION

AUDITOR GENERAL REPORT ON FINANCE STATEMENT OF BARINGO COUNTY ASSEMBLY FOR THE YEAR ENDED 30TH JUNE 2018

The Speaker (Hon. Kemboi): Where is the mover of the motion? Kindly move the motion.

Hon. Lomaring'oria: Mr. Speaker sir, I beg to move a motion that this House adopts the Report of Public Accounts and Investment Committee on the Report of the Auditor General on the Financial Statement of the County Assembly of Baringo for the year ended 30th June 2018.

Mr. Speaker Sir, Pursuant to the tabling of the Auditor General's Report on the financial operations of the County Assembly of Baringo 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 County Assembly of Baringo Standing Orders.

The Committee perused the report before inviting witnesses to make their responses on the queries as 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 Sir, 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.

Mr. Speaker. Sir, The Committee retreated to Sunset Hotel-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 County Assembly of Baringo as well as the Baringo County Executive for the period ended 30th June 2018.

Mr. Speaker we have the mandate of the committee which I would wish not to read because all Hon. Members have copies of this report and they can go through to know what are the mandates of this committee, I also say Mr. Speaker sir that the composition of the committee is as listed there and Hon. Members can see the composition of such members and the secretariat listed in page six.

Mr. Speaker Sir, the committee wishes to acknowledge the support it received from the office of the Honorable Speaker and the Clerk County Assembly of Baringo during the consideration of the Auditor General's Reports.

Mr. Speaker Sir, The Committee further acknowledges the support received from the Office of the Auditor General during witness hearings and in finalizing this report.

Mr. Speaker Sir, I also wish to most wholeheartedly acknowledge the members of the Committee and the Secretariat who worked tirelessly.

Mr. Speaker Sir, it is important to inform members that the Auditor General gave an adverse opinion on the Financial Operations of the County Assembly of Baringo following analysis of Documents and other information availed. The Adverse opinion was formed based on the following;

Accuracy and Presentation of Financial Statements

Presentation and Disclosure

Audit Query;

Mr. Speaker Sir, the financial statements prepared and submitted for audit did not include progress on follow up of Auditor recommendations from the previous year as required by the financial reporting template recommended by the Public Sector Accounting Standards Board. No explanation has been given for failure to include the progress report.

Management Response from the department;

It is true that the financial statements prepared and submitted for audit did not include progress on follow up of Auditor recommendations from the previous year as required by the financial reporting recommended by the Public Sector Accounting Standards Board. However, in the subsequent financial year i.e. FY 2018/2019, progress on follow up of Auditor recommendations from the previous year was included in the financial statements as per Annex 1.

Hon. Members we have all the annexes laid on the table of the House and if any member would wish to access then they are available at the table.

Committee Observations;

Mr. Speaker Sir, the committee noted the following;

i) Out of the twelve (12) audit recommendations only five (5) issues were resolved which include; inaccurate statements of cash flows, irregular issuance of imprest-domestic travel, non-inclusion of progress on follow up of Auditor recommendation from the previous year, lack of valuation reports among others

ii) Among the recommendations that have not been resolved are; incomplete projects at the County Assembly of Baringo, failure to establish audit committee, weak internal controls understated summary of fixed assets, understatement of outstanding imprest, uneconomical expenditure –domestic travel and subsistence, irregular payment of salaries, irregular expenditure-communication, supplies services

Committee Recommendations;

Mr. Speaker Sir, the committee recommends the following;

i. That County Assembly of Baringo Accounting officer should ensure that the remaining seven recommendations from the auditor that have not been resolved should be resolved within six (6) months of the adoption of this report.

ii. At all times the Accounting officer of County Assembly of Baringo should prepare financial statements in accordance with section 164 of Public Finance Management Act 2012; which states that financial statements of an entity shall be prepared in a format prescribed by Public Sector Accounting Standards Board. This is also a requirement of the Public Audit Act; 2015 section 53.

The other query is Inaccurate Statement of Cash Flows

Audit Query;

Mr. Speaker Sir, the statement of cash flows for the year ended 30 June 2018 reflects cash and cash equivalents at end of year of Kshs.26, 027,362. However, cash and cash equivalents at the beginning of the year of Kshs.21, 619,348 was not indicated and consequently, the net increase in cash and cash equivalents of Kshs.4, 408,014 has not been reflected. Inthe circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

Management Response that is from the officers is that, The cash and cash equivalent figure of Ksh. 21,619,348 represents the closing balance(s) as at 30th June 2017. This amount has not been included as the opening balance for FY 2017/2018 since out of this amount, Ksh. 12,379,938 was refunded to the County Revenue Fund (CRF) account in July 2017, in compliance with Section 136(2) of PFM Act, 2012, and the balance of Ksh. 9,239,410 represents unsurrendered impressts as at 30th June 2017, which were surrendered soon after the close of the financial year as per Annex 2.

Annex 2 is a Letter to Central Bank of Kenya to return Ksh.12, 379, 938 to the County Revenue Fund (CRF) and copy of bank statement for Assembly Recurrent account.

Schedule of surrendered imprests of Ksh.9, 239,410 and copies of surrender vouchers totaling Ksh.9, 239,410.

Committee Observations;

Mr. Speaker Sir, the committee noted the following;

i) Ksh. 21,619,348 was not indicated as the opening balances for FY 2017/2018 since Ksh.12, 379, 938 was transferred to County Revenue Fund and Ksh.9, 239,410 was un surrendered imprest.
ii) Evidence of the transfer to County Revenue Fund and surrendered imprest were presented.

Mr. Speaker sir this query was answered satisfactorily to the committee's expectation therefore there was no query.

Another query is the understatement of outstanding Imprest and the audit query was that the statement of financial assets and liabilities reflects outstanding imprest of Kshs.13, 140,910.00 for the year ended 30 June 2018. However, examination of the imprest register disclosed a balance of Kshs.15, 129, 810 and therefore the reported balance was understated by Kshs. 1,988, 900.

Although the management has indicated the imprest register has been reconciled and the figure of Kshs.13, 140,910 agreed with the figure of outstanding imprest in the statement of financial assets and liabilities, no documentary evidence has been provided to confirm the reconciliation was done.

In the circumstances, the accuracy and completeness of the statement of financial assets and liabilities for the year ended 30 June 2018 could not be confirmed.

Management Response;

It is not true that the outstanding imprest as at 30th June 2018 was Ksh 15,129,810, instead, the outstanding imprest for the year under review was Ksh. 13,140,910.00 as per attached outstanding imprest schedule and copies of surrender vouchers which tallies with the figure of outstanding imprest in the statement of financial assets and liabilities.

Annex 3,

Outstanding imprest schedule of Ksh.13, 140,910 and copies of surrender vouchers totaling Ksh.13, 140,910.

Committee Observations;

Mr. Speaker Sir, the committee noted that there existed an outstanding imprest of Kshs.13, 140,910 which had not been surrendered at the end of the financial year.

Committee Recommendations (2.2.2 and 2.2.3 above)

Mr. Speaker Sir, the committee recommends that the Accounting officer of the County Assembly should at all-time ensure that imprest is recovered in accordance with the following PFM Regulations 2015;

i. Section 93(4)(b) which states that before issuing temporary imprest to an officer, the accounting officer should ensure that the officer does not have an ouststanding imprest.
ii. Section 93(5) 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.
iii. 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 defaulting officer with interest of prevailing central bank rate.
iv. 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.

Understated Summary of Fixed Assets

Audit Query;

Mr. Speaker Sir, the County Assembly of Baringo did not attach an annexure of the summary of fixed assets in the 2017/2018 financial statements in accordance with the revised financial reporting template dated 30 June 2018. Instead, an assets register was attached which only disclosed the total value of the assets acquired during the year of Kshs.7, 957,380 which differed with the acquisition of assets balance of Kshs.8, 344,526 reflected in the statement of receipts and payment for the year ended 30 June 2018 by Kshs.387, 146. The variance between the two sets of records has not been explained.

In the absence of the summary of fixed assets, it was not possible to verify the assets acquired by the County Assembly of Baringo since inception.

Management Response;

The variance of Ksh.387, 146 between the financial statements and the asset register relates to expenditure incurred but could not be classified as assets since they were accessories for ICT i.e. laptop chargers, batteries, anti-virus and toners as per attached payment vouchers and schedules. This was occasioned by the fact that for acquisition of assets, the budget for acquisition of fixed assets was erroneously lumped up with the purchase of consumables. However, the error has subsequently been corrected in the budget by classifying it correctly.

It is true that the County Assembly of Baringo has not reported the cost of fixed assets as from inception because between 2013/2014 and 2014/2015, financial reporting for the County Government was consolidated for the County Executive and County Assembly of Baringo as one entity.

In addition, all development expenditure for the County Assembly was made by the County Treasury. As from November 2015(FY 2015/2016), the County Assembly attained autonomy in its financial reporting during which fixed assets worth Ksh.15, 693, 000 were acquired and assets worth Ksh. 476,106 were acquired in FY 2016/2017. These have been included to the additions of Ksh.8, 344,526 for FY 2017/2018 to make total assets cost of Ksh.24, 513,632.

Annex 4,

Annexure of the summary of fixed assets for FY 2017/2018, copies of payment vouchers totaling Ksh.387, 146 and schedules totaling Ksh.8, 344,526

Committee Observations;

Mr. Speaker Sir, the committee noted the following;

i) County Assembly of Baringo Accounting Officer had not updated the list of asset and liabilities contrary to section 72(1)(a)(b) of Public Finance Management Act 2015.

ii) County Assembly of Baringo lumped the budget for acquisition of fixed assets with the purchase of consumables. The expenditure on the acquisition of consumable assets was classified as development expenditure instead of recurrent expenditure.

Committee Recommendations;

Mr. Speaker Sir, the committee recommends the following;

i. County Assembly of Baringo accounting officer should prepare updated list of asset and liabilities as per section 72(1)(a) of Public Finance Management Act which states that the accounting officer for a County Government entity shall be responsible for management of entities assets and liabilities and (b) manage those assets in a way which ensures that the County Government entity achieves value for money in acquiring, using and disposing of those asset. This should be done within three (3) months of adoption of this report.

ii. County Assembly of Baringo should not lump the budget for development with recurrent budget during subsequent budget making process.

Basis for Conclusion;

Irregular Issuance of Imprest – Domestic Travel and Subsistence

Audit Query;

Mr. Speaker Sir, Examination of imprest surrender documents disclosed that the County Assembly has been issuing imprest to some officers for subsequent distribution to other officers to cater for various activities. It was noted that an expenditure of Kshs.29, 217,270 was incurred during the period under review but it was not clear why the beneficiaries of the amount did not individually apply for the imprest as required by the regulations

Further, it was observed that the surrender schedules lacked personal or Identification numbers of the payees and it was therefore not possible to confirm the authenticity of the expenditure.

In the circumstances, the propriety of the expenditure of Kshs.29, 217,270 could not be confirmed.

Management Response;

It is true that an expenditure of Ksh.29, 217,270 was incurred during the period under review to cater for domestic travel and subsistence for Members and staff to cater for various activities. Though the imprests were issued to some staff for onward distribution to Members of County Assembly and staff, the imprests were fully accounted for since each individual beneficiary acknowledged receipt by signing on the payment schedule.

However, based on the auditor's recommendations, all subsequent imprests have been issued and surrendered in the names of individual members/staff with the imprest warrant containing the personal number of the respective member/staff.

Annex 5.

Sample of imprest warrants issued to individual officers with personal numbers.

Committee Observations;

Mr. Speaker Sir, the committee noted the following;

i. The County Assembly issued temporary imprests to some officers for subsequent distribution to other officers to cater for various activities.
ii. The surrender schedules lacked personal or Identification numbers of the payees

Committee Recommendations;

Mr. Speaker Sir, the committee Recommends that the accounting officer should ensure temporary imprests are issued to each of the individual employees undertaking an activity instead of one employee being issued with a temporary imprest on behalf of other employees after which each employee must surrender the imprest as per the Public Finance Management (County Government) Regulations 2015; section 93(5) (6)(7) which states that;

i. All accounting officer should ensure that the holder of temporary imprest accounts or surrender the imprest within 7 working days after returning to duty station.
ii. 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 of prevailing central bank rate.

iii. 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

Uneconomical Expenditure- Domestic Travel and Subsistence;

Audit Query;

Mr. Speaker Sir, An expenditure of Kshs.13, 889,380 was incurred under domestic travel and subsistence out of the total expenditure of Kshs.75, 938,667 reflected under Note 3 to the financial statements. It was observed that the expenditure was incurred by membersof the County Assembly and staff while attending to various meetings outside theCounty. It was however noted that there was no justification for holding the meeting outside Baringo County as the activities listed could have been held locally.

In the circumstances, it was not possible to confirm the expenditure of Kshs.13, 889,380 as a proper charge to public funds.

Management Response;

It is true the payments totaling Ksh. 13,889,380 were incurred outside the County and County Assembly for the following reasons;

Most of the activities were induction trainings for the incoming Members of County Assembly of Baringo and report writing meetings which could not be conducted within the Assembly and the County because of convenience and the required conducive environment and concentration away from normal work environment and disruptions.

Committee Observations;

Mr. Speaker Sir, the committee noted the following;

i. County Assembly of Baringo members and staff attended various meetings outside County Assembly of Baringo which could have been held locally.

ii. The County Assembly of Baringo incurred uneconomical expenditure of Ksh. 13,889,380.

Committee Recommendations;

Mr. Speaker Sir, the committee recommends;

i. That County Assembly of Baringo Accounting Officer should ensure that where meetings are done within the County Assembly of Baringo premises and where there is need to hold meetings outside the Assembly precincts, the Hon. Speaker’s approval is sought as per the Standing Orders of the Assembly and such meetings be held in prequalified cost-effective venues.

ii. That the Accounting officer of the County Assembly of Baringo should develop a policy to allow committees to be facilitated i.e. subsistence, transport among others within the County three (3) months of the adoption of this report.

Lack of Valuation Reports-Insurance Costs

Audit Query;

Mr. Speaker Sir, an expenditure of Kshs.328, 472 was incurred in respect of insurance premiums for two County Assembly motor vehicles during the period under review. It was observed that the Insurance Company was paid Kshs.328, 472 being premiums for motor vehicle registration numbers 30 CG 049A Toyota Fortuner and 30 CG 054A Toyota double cabin. Examination of the two motor vehicles records disclosed that vehicle No.30 CG 049A was purchased in year 2014 for Kshs.6, 900,000 and insured at Kshs.6, 880,000 while 30CG054A was purchased in the year 2013 at a cost of Kshs.4, 736,974 and insured at Kshs.4, 000,000. However, it was noted that no valuation of the motor vehicles was carried out to determine the current value of the motor vehicles before the premiums were paid and it was therefore not possible to ascertain how the sum insured of Kshs.328, 472 was arrived at.

No explanation has been provided for failure to have the motor vehicles inspected.

Management Response;

It’s true that in the period under review, valuation for the two vehicles registration numbers 30CG049AToyota Fortuner and 30CG054A Toyota Double Cabin had not been carried out so as to determine their current values for the purpose of determining their insurance premiums.

However, in the subsequent financial years i.e. FY 2018/2019 valuations for the two aforementioned motor vehicles were carried to determine their current values for the purpose of determining their insurance premium as per attached valuation reports.

Annex 6.

Copies of motor vehicles valuation reports for FY2018/2019 for the vehicles registration numbers 30CG049A Toyota Fortuner and 30CG054A Toyota Double Cabin.

Committee Observations;

Mr. Speaker Sir, the committee noted that No valuation of the motorvehicles was carried out to determine the current value of the motor vehicles before the premiums were paid.

Committee Recommendations

Mr. Speaker Sir, the committee recommends that the Accounting officer of the County Assembly of Baringo should at all times ensure that all premiums paid for motor vehicle insurance should be based on current value of the Motor vehicles. This will ensure prudent use of public resources.

Irregular Payment of Salaries- Compensation of Employees

Audit Query;

Mr. Speaker Sir, Examination of the IPPD payroll disclosed that eight (8) officers were drawing net salary less than a third of their basic salary contrary to the provision of Section C.1 (3)of the Government of Kenya Human Resource Manual, 2015 which provides that public officers shall not over commit their salaries beyond two thirds (2/3) of basic salary.

No explanation has been provided for failure by the accounting officer to adhere to the Government of Kenya Human Resource Manual 2015.

Management Response;

The issue has been noted and corrective internal control measures have been undertaken to ensure that such a practice does not occur in future.

Committee Observation;

Mr. Speaker Sir, the committee noted that some of County Assembly of Baringo staff was drawing net salary less than a third of their basic salary leading to pecuniary embarrassment.

Committee Recommendations;

Mr. Speaker Sir, the committee recommends that County Assembly of Baringo Accounting officer should always ensure provision of Section C.1 (3)of the Government of Kenya Human Resource Manual, 2015 which provides that public officers shall not over commit their salaries beyond two thirds (2/3) of basic salary be adhered to.

Irregular Expenditure- Communication, Supplies and Service

Audit Query;

Mr. Speaker Sir, an expenditure of Kshs.298, 000 was incurred in procurement of air time for members of staff and the payment was made to Bidii Africa Investment Company Limited through payment voucher number 1394 dated 3 May, 2018. However, examination of the documents in support of the payment disclosed that, Local Purchase Order number 1252219 was issued to Anvicks Enterprise but the payment was made to Bidii Africa Investment Ltd who was not among the pre-qualified suppliers of air time. It was not clear at what point it was decided Anvicks Enterprise was to supply the airtime without following the laid down procurement regulations.

So far no explanation has been provided for the irregularity.

Management Response;

It’s true that LSO No. 1252219 dated 30th April 2018 was made to Anvicks Enterprise to supply airtime for the month of March 2018. However, the firm declined the order citing financial constraints via a letter attached dated 30th April 2018 and the recommendation of the Accounting Officer to use the other firms awarded tender during the period. However, after Anvicks Enterprise declining to honour the order, a new order No. 2701280 was issued to Bidii Africa Investment Ltd. The LSO No. 1252219 for Anvicks Enterprise was erroneously attached to the payment voucher for Bidii Africa Investment Ltd. This error has since been corrected.

Bidii Africa Investment Ltd was pre-qualified in FY 2015/2016 and during FY 2016/2017 while floating quotations both pre-qualified lists for FY 2015/2016 and FY 2016/2017 were invited to quote because registration of suppliers and service providers is a continuous process as provided in the Public Procurement and Assets Disposals Act, 2015.

Annex 7;

Letter by Anvicks Enterprise declining LPO No. 1252219, prequalified list of FY 2016/1017, payment voucher to Bidii Africa Investment

Committee Observations

Mr. Speaker Sir, The LSO No. 1252219 for Anvicks Enterprise was erroneously attached to the payment voucher for Bidii Africa Investment Ltd.

Committee Recommendations;

Mr. Speaker Sir, the committee recommends that County Assembly of Baringo Accounting

Officer should cooperate with external auditors by timely providing relevant supporting documents to avoid unnecessary audit queries.

Incomplete Project- County Assembly of Baringo Offices

Audit Query;

Mr. Speaker Sir, a construction company was awarded a contract of Kshs.40, 000,000 for extension of County Assembly of Baringo Offices through tender No. BCA/T/009/2014/2015. The contract agreement was signed on 21st November, 2014 and the commencement date was 21st November 2014 and the expected date of completion was 27 August, 2015. However, physical verification of the project on 20th November 2018 revealed the project has not been completed despite the expiry of the contract period on 25 August 2015 and the following works had not been done: -

Item	Amount (Kshs)
a) P.A.B.X and MDF–E.P.A.B.X.	2,350,520
Structured cabling installation works	1,390,225
CCTV Surveillance installation	705,300
8 passenger lift Installation	4,500,000
Total	8,946,045

Although the contractor had requested for extension of the contract period from 27th August, 2015 to 30rd April 2016 through a letter dated 21st November 2015, no documentary evidence was provided to confirm the extension period sought was officially granted and communicated to the contractor. In addition, no explanation has been given for failure by the contractor to complete the project or indicated why no action has been taken against the contractor for breach of contract.

Further, examination of the project expenditure records revealed the contractor had been paid Kshs.31, 820,906.41 as at 30rd June 2018 as follows- certificate 01 - Kshs.6, 373,758.04, certificate 02 - Kshs.5, 448,754.32, certificate 03- Kshs.2, 426,902.70, certificate 04 – Kshs.5, 730,082.45, certificate 05- Kshs.2, 577,301.80, certificate 06 - Kshs.9, 264,107.10. It was however not clear why the project which started way back in year 2014 has not been completed.

Management Response;

It’s true that there were some delays in completing the project as anticipated in the contract agreement.

The delay was occasioned by some challenges encountered by the contractor including: the extension of the building was above an existing building which created many logistical challenges since the offices in use below had to be secured.

In addition, the contractor sought extension of the contract duration which was approved by the Project Manager as per attached letters Ref. CWO/BAR/QS/BCA/SWFT/2018/12/1 dated 19th

December 2018, CWO/BAR/QS/BCA/SWFT/2019/6/1 dated 19th June 2019 and CWO/BAR/QS/BCA/SWFT/2020/5/1 dated 17th April 2020.

The project has since been completed and handed over to the client as per attached Certificate of Practical Completion and Certificate of Handing Over. The newly completed offices are currently in use by the client.

Annex 8,

Request for extension and Contract extension letter for Swift Builders,

Certificate of Practical completion and Certificate of Handing Over.

Committee Observation;

Mr. Speaker Sir Baringo period from 27th August, 2015 to 30rd April 2016 through a letter dated 21st November 2015.

Committee Recommendations;

Mr. Speaker Sir, the committee recommends that County Assembly of Baringo Accounting Officer should ensure that any extension of contract should be done after carrying out an analysis of the Validity of time requested by the contractor and in accordance with the conditions of contract. This will ensure value for money is attained.

Internal Control weaknesses;

Audit Query;

Mr. Speaker Sir, during the audit of financial year 2017/2018, County Assembly of Baringo had not performed formal risk assessments on all key financial risk areas as no risk management policy was in place. This implies that the management is not in a position to identify individual risks, significance / likelihood of identified risks and the risky areas. Further, the management lacks an IT Strategic Committee to provide advice on ICT investment priorities, mobilization of resources, ICT strategies, policies and standards inthe County Assembly. It was also noted that no operational plan was in place and it was therefore not clear how various activities were implemented.

Management Response;

During the year under review, the Assembly had operational plans e.g. budget, procurement plan, and cash flow projection plan that guide its activities towards the realization of its mandate.

The ICT policy referred herein is the one for the County Executive and not the County Assembly. The County Assembly is in the process of formulating its own ICT Policy.

Committee Observations;

Mr. Speaker Sir, the committee noted that County Assembly of Baringo has no risk management policy, IT strategic committee and ICT policy.

Committee Recommendations;

Mr. Speaker Sir, the committee recommends that;

i. County Assembly of Baringo should establish IT Strategic Committee to provide advice on

ICT investment priorities, mobilization of resources, ICT strategies, policies and standards inthe County Assembly of Baringo within three (3) months of adoption of this report.

ii. County Assembly of Baringo should develop risk management policy within three (3) months after adoption of this report. This will deal with management of financial and non-financial risk.

Failure to Establish Audit Committee;

Audit Query;

Mr. Speaker Sir, Examination of the internal audit reports indicated that the County Assembly has not established an audit committee. This contravenes the prevailing regulations which stipulate that all County Government entities should constitute an audit committee to scrutinize and make recommendations on both internal and external auditors' reports.

Although, the internal audit reports are addressed to the County Assembly of Baringo Clerk, no action appear to have been taken to implement the recommendations of the internal audit hence the need for establishment of the audit committee. So far no explanation has been given for failure to establish an audit committee.

Management Response;

It's true that the County Assembly of Baringo did not have an Audit Committee in place during the year under review. However, the Assembly has since established an Audit Committee in place effective October 2018. Attached are copies of appointment letters for the Audit Committee members.

Annex 9,

Appointment letters for the audit committee members.

Committee Observations;

Mr. Speaker Sir, the committee noted that the County Assembly of Baringo did not have an Audit Committee in place during the financial year 2017/2018.

Committee Recommendations;

Mr. Speaker Sir, the committee recommends that County Assembly of Baringo should ensure that the Audit committee is constituted at all time as per the Public Finance Management Regulations 2015; section 167 (1) which stipulate that all County Government entities should constitute an audit committee which shall scrutinize and make recommendations on both internal and external auditors' reports. In cases where one member leaves office for any reason, he/she must be replaced with immediate effect.

General Observations, Recommendations and Conclusion:

Mr. Speaker Sir, the committee Observed as follows;

i. The Auditor General issued an adverse opinion on the County Assembly of Baringo report for 2017/2018.

ii. That some of County Assembly of Baringo staff were drawing net salary less than a third of their basic salary contrary to Section C.1 (3) of the Government of Kenya Human

Resource Manual, 2015 which provides that public officers shall not over commit their salaries beyond two thirds (2/3) of basic salary.

iii. That the financial statements prepared and submitted for audit did not include progress on follow up of Auditor recommendations from the previous year as required by the financial reporting template recommended by the Public Sector Accounting Standards Board

iv. That the County Assembly of Baringo did not have an Audit Committee in place during the financial year 2017/2018.

v. That County Assembly of Baringo Accounting Officer had no updated list of asset and liabilities contrary to section 72(1) (a) of public finance management act.

vi. That the County Assembly of Baringo lumped the budget for acquisition of fixed assets with the purchase of consumables.

vii. That the County Assembly of Baringo had not valued motor vehicles to determine the current value before premiums are paid.

viii. That the County Assembly of Baringo has movable asset which are uneconomical in maintenance and use for example KAW 765Z which is currently valued at Ksh.1,250,000 and KBQ156D which is valued at Ksh,650,000 and was maintained at a cost of Ksh.112,926 as per voucher No 1286 ,Ksh.49, 532 as per voucher No 1279 totaling to Ksh.162,458.

ix. That the Accounting officer of Baringo County Assembly did not cooperate with the external auditor by providing relevant documents to the auditors during audit process.

x. The contract periods was extended without ascertaining the validity of extension period.

xi. That there is laxity by accounting officer of Baringo County Assembly in implementing the previous financial year recommendation by auditor general.

Mr. Speaker Sir, the Committee Recommends as follows;

i. That the County Assembly of Baringo Accounting Officer should always ensure provision of Section C.1 (3) of the Government of Kenya Human Resource Manual, 2015 which provides that Public Officers shall not over commit their salaries beyond two thirds (2/3) of basic salary be adhered

ii. That County Assembly of Baringo management should always ensure that the recommendations from the auditor on every year's financial statements should be resolved six (6) months into the subsequent financial year. This is in accordance with section 164 of Public Finance Management Act which states that financial statements of an entity shall be prepared in format prescribed by Public Sector Accounting Standards Board.

iii. That County Assembly of Baringo should ensure that the Audit committee is constituted at all time as per Public Finance Regulations 2015 section 167 (1) which stipulate that all County Government entities should constitute an audit committee which shall scrutinize and make recommendations on both internal and external auditors' reports. In cases where one member leave office he/she must be replaced within three months (3). This will ensure smooth operations of internal audit functions.

iv. That the County Assembly of Baringo Accounting officer should at all times ensure that all premiums paid for motor vehicle insurance should be based on current value of the Motor vehicles and in case of any excess payment in paying future the officers who made the payment be surcharged.

v. That County Assembly of Baringo Accounting Officer should prepare updated list of asset and liabilities as per section 72(1) (a) of Public Finance Management Act which states that the Accounting officer for a County Government entity shall be responsible for management of entities assets and liabilities and (b) manage those assets in a way which ensures that the County Government entity achieves value for money in acquiring, using and disposing of those asset.

vi. That Baringo County Assembly Accounting officer should within three months (3) of adoption of report implement recommendation by County Assembly of Baringo as per section 53(1) of Public Audit Act failure to comply the accounting officer shall be in contempt of County Assembly of Baringo and upon determination by the County Assembly it may recommend administration sanctions such as removal as accounting officer or reduction in rank.

vii. That County Assembly of Baringo Accounting Officer should establish a disposal committee to deal with disposal of unserviceable, obsolete, obsolescent or surplus stores, equipment or assets as stipulated in Public procurement and asset disposal act 2015 section 163(1) within one (1) month of adoption of this report.

viii. That Baringo County Assembly Accounting officer should ensure that any extension of contract is done after ascertaining the validity of extension of contract period.

ix. That Baringo County Assembly Accounting officer should fully cooperate with the external and internal auditors to avoid unnecessary audit queries.

3.3 Conclusion;

The Committee seeks that the Committee on Implementation 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 operations of County Assembly of Baringo and make the Public Service more responsive to the demands of service delivery.

Hon. Members having gone through all the queries I want to remind you of the annexures at the table and if you want to go through the annexes you are at liberty to go through them. Mr. Speaker Sir. I beg to move and I request Hon. Kennedy Kiprono to second the motion.

Hon. Kiprono: Seconded.

(Question proposed)

The Speaker (Hon. Kemboi): Debate is open. Do we have any contributions? Yes Hon. Maria.

Hon. Losile: Thank you Mr. Speaker. I congratulate the Hon. Members for coming back from the long recess. We thank God because we have come back healthy.

Personally, I appreciate the report on PIC/PAC although I came late; I arrived when the Vice Chair was going through the report. I have read it and it is a very good report and perfect. I am very sure even the Hon. Member Kennedy who said that they are very committed is happy with it. This time round I am sure that this committee is going to do something good unlike the other time. If we go as per this report then this Third Assembly will be moving in the right direction.

Mr. Speaker, I urge this Committee that as they do their fact findings they make sure that everything is being put in order so that everyone can be alert in his/her committee and not go astray as the last time and also it applies to the departments and the relevant sectors. Thank you very much committee of PIC/PAC and God bless you. Thank you Hon. Speaker.

The Speaker (Hon. Kemboi): Do we still have any other contribution? Reading the mood of the House, I call upon the mover to reply.

Hon. Lomaringoria: Mr. Speaker I hope and believe that the committee on PIC/PAC is as delighted as my Hon. Member has said that we worked tirelessly, I would say it is true, we worked extremely hard to come up with this report.

Mr. Speaker sir a report can be produced but when nothing is done to it then it becomes a useless report. The House can say that a report is good but if the Implementation Committee does not do their work to make sure that what has been recommended is done to the later, then that report will not serve the House.

Mr. Speaker, I urge the Hon. Members of the Implementation Committee to adapt the report and put measures in place so that all that has been recommended can be followed to the latter for the benefit of this Assembly.

Mr. Speaker if a punishment is to be given then it must be instant so that people can be on toes and follow the laid down rules for this particular Assembly because if we are not following the law then that means that we will be wasting public funds. Our County will not get service for their resources. Thank you Members because you have accepted to adapt this report. Thank you Mr. Speaker.

(Question put and agreed to)

The Speaker (Hon. Kemboi): Hon. Members I would like to commend the Committee of PIC/PAC for the good work they have done. This is their first report and I am aware that we have 82 reports that are pending.

As you can see this report relates to financial statements for 31st June 2018, that tells you that we still have reports for the County Assembly for 2019, 2020, 2021 and 2022. Hon. Members we need to give support to PIC/PAC and also commend them for what they are doing and advise them that if possible they fast truck the process so that we reduce these reports.

Hon. Members I also would like to remind you of our standing orders that when the Speaker is on his feet all Members should freeze. I have noted with concern that as I was speaking some minutes ago a Member walked out. Next time we have such an incident I will exercise the powers bestowed on me.

ADJOURNMENT

Order Members, this House stands adjourned until Tuesday 21st February 2023 at 9:30 AM.

The House rose at 4:32 PM.