

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF GARISSA FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Garissa set out on pages 1 to 39, which comprise of the statement of financial assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows and the summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Executive of Garissa as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Acquisition of Assets

As disclosed under note 12 to the financial statements, the statement of receipts and payments reflects a balance of Kshs.1,379,980,307 under acquisition of assets. The following observations were made: -

1.1 Unsupported Construction of Buildings

The balance constitutes an amount of Kshs.263,526,232 in respect of construction of buildings. However, during physical verification, several unsatisfactory matters were noted as shown under Appendix I.

Further, Management did not provide monthly minutes for the project meetings. Management has also not explained measures it intends to take on the delayed projects as per the law.

1.2 Unsupported Construction of Roads

The balance constitutes an amount of Kshs.175,848,463 in respect of construction of roads. However, several unsatisfactory matters were noted during physical verification as shown under Appendix II.

Management did not provide satisfactory explanations for the noted matters.

1.3 Unsupported Construction and Civil Works

The balance of Kshs.1,379,980,307 includes construction and civil works at a cost of Kshs.226,001,143. A review of documents availed and physical verifications conducted revealed the following unsatisfactory issues in relation to ICT Centres;

- i) Management incurred an amount of Kshs.101,515,322 on construction of thirty (30) ICT centers during the year under review. However, the expenditure was misclassified as construction and civil works instead of construction of buildings.
- ii) Most of the centers were complete but were not in use except two (2) at Mikono (Iftin Ward) and Bura town.
- iii) The center at Saretho ward was vandalized. Other centers in Modogashe, Garissa Township and Saka center were not complete, way past the completion date of November, 2018, and the contractors had abandoned the sites.
- iv) In addition, a centre had been constructed at Sankuri Girls School compound, which is a National Government facility and likely to lock out the members of the public who may require to use it once it becomes operational. The school Management was occupying the ICT building and hence deviating the intended use of the Project.
- v) In Dertu , the centre was complete but the floor had several cracks while the facial board was loose.
- vi) Except for Sankuri ward, most of the ICT centres were not labelled and thus not possible to identify them as County Government projects.

Further, Management spent Kshs.72,417,747 in various projects under the construction of civil works. However, some of the projects were procured using restricted method of procurement without justifiable reasons and were not supported with certificates of inspection and acceptance, committee and certificates of completion. Some projects were complete but not operational and expenditures were misclassified.

1.4 Unsupported Rehabilitation of Civil Works

Included in acquisition of assets is expenditure on rehabilitation of civil works amounting to Kshs.538,663,160. However, some of the projects were procured using restricted method of procurement without justifiable reasons. The expenditure was not supported by inspection and acceptance committee reports or certificates of completion. However, these projects were complete but not operational and expenditure were misclassified.

1.5 Unsupported Purchase of Vehicles and Other Transport Equipment

Included in acquisition of assets balance is expenditure for purchase of vehicles and other transport equipment of Kshs.44,000,000. However, several unsatisfactory matters were noted during physical verification as shown under Appendix III.

1.6 Unsupported Rehabilitation and Renovation of Plant, Machinery and Equipment

The acquisition of assets balance also includes an amount of Kshs.76,686,143 spent on rehabilitation and renovation of Plant, Machinery and Equipment. However, a review of expenditure records revealed that an amount of Kshs.26,036,102 was not supported with invoices, store ledgers, counter receipt vouchers (S13), counter requisition and issue vouchers (S11) and appointment letters for the opening and evaluation committees. Further there were no tender documents and project files for the same expenditure.

1.7 Unsupported Purchase of Office Furniture and General Equipment

Further, the balance includes an expenditure of Kshs.47,380,115 paid in respect of the purchase of Office Furniture and General Equipment. However, Management did not avail supporting documents such as tender documents, inspection and acceptance committee reports, counter receipt vouchers (S13) and original supporting documents. In addition, some bidders were awarded the contracts without evidence that they were in the list of prequalified suppliers while date of return in the quotations was not indicated.

In the circumstances, the accuracy, completeness and validity of acquisition of assets balance of Kshs.1,379,980,307 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be ascertained.

2. Unsupported Use of Goods and Services

As disclosed under note 7 to the financial statements, the statement of receipts and payments reflects use of goods and services balance of Kshs.1,534,673,169. However, several unsatisfactory matters were noted as indicated under Appendix V.

Under the circumstances, the accuracy, completeness and validity of use of goods and services of Kshs.1,534,673,169 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be ascertained.

3. Unsupported Other Grants and Transfers

As disclosed under Note 10 to the financial statements, the statement of receipts and payments reflects other grants and transfers balance of Kshs.345,227,990. The balance includes an amount of Kshs.146,030,878 on emergency relief and refugee assistance out of which an expenditure of Kshs.13,693,278 was not properly supported by documents

such as certificate or stamp from the water user's association, work tickets, requisition from the user departments and stores ledger.

Further, the balance includes an amount of Kshs.73,349,572 on emergency donations out of which an amount of Kshs.6,961,160 was not properly supported by requisition letters from the user departments, tender documents, evaluation minutes, inspection and acceptance certificate, counter receipt vouchers (S13), copies for S11 (issue notes) and ledgers.

In addition, the balance includes transfer to Kenya Climate Smart Agriculture Project (KCSAP) amounting to Kshs.65,847,540. The expenditure was incurred on training of staff, payment of subsistence allowances to staff and procurement of goods and services. However, a review of the expenditure records revealed that the payments were not supported with training programmes, list of participants, stores ledgers and issue notes for the goods procured with valid tax compliance certificates for suppliers of goods and services. The payments of subsistence allowances were not supported with air tickets, bus tickets or work tickets. It was also noted that some officers were paid subsistence allowances while on official duties outside the working station but were at their working stations opening and evaluating quotations as per dates indicated.

Under the circumstances, the accuracy, completeness and validity of other grants and transfers balance of Kshs.345,227,990 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be ascertained.

4. Unsupported Transfers to Other Government Units

As disclosed under note 9 to the financial statements, the statement of receipts and payments reflects transfers to other government units balance of Kshs.1,022,388,242. The balance includes grants amounting to Kshs.146,489,593 to Semi – Autonomous Government Agencies, Kenya Devolution Support Program (KDSP), Transforming Health Sector (THS) and DANIDA. However, review of records availed, revealed that payments amounting to Kshs.26,866,152 had not been supported.

Further, the balance includes capital grant to Semi - Autonomous Government Agencies (Youth Polytechnics) amounting to Kshs.41,398,649 out of which the Management had spent Kshs.12,963,420 and Kshs.7,978,265 on purchase of goods and services and construction works respectively. However, the goods procured were not supported with stores ledgers and issue notes (S11) and construction works were not supported with project files, registration certificates of firms and minutes of the tender opening committee meetings.

In addition, although full payment was made to the contractor for the renovation and construction works at the Garissa Vocational Training Centre, physical verification conducted on 4 October, 2019 revealed that the works had not been completed.

Under the circumstances, the accuracy, completeness and validity of the transfers to other government units balance of Kshs.1,022,388,242 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be ascertained.

5. Pending Accounts Payables

Annex 2 to the financial statements disclosed analysis of pending accounts payables amounting to Kshs.1,700,318,265. However, the disclosure was not done in accordance with the new financial statement reporting template for June, 2019 which required entities to disclose the opening balances of the pending bills, additions for the period, pending bills paid during the year and the closing balances. Management disclosed only the closing pending bills balances. Further, scrutiny of the analysis of the pending bills revealed that accounts payables amounting to Kshs.215,960,133 were not supported by contract numbers, L.P.O/L.S.O numbers or quotation numbers.

Consequently, it has not been possible to ascertain the accuracy, completeness and validity of the pending accounts payables of Kshs.1,700,318,265 reported in the financial statements as at 30 June, 2019.

6. Variances Between Statement of Receipts and Payments and Integrated Financial Management Information System (IFMIS) Balances

The financial statements reflects balances that were at variance with those reflected in the Integrated Financial Management Information System (IFMIS) as summarised below:

Item	IFMIS Balance Kshs.	Receipts and Payments Kshs.	Variance Kshs.
Use of Goods and Services	1,159,743,277	1,534,673,169	374,929,892
Other Grants and Transfers	152,824,113	345,227,990	192,403,877
Acquisition of Assets	1,267,543,563	1,379,980,307	112,436,744

Management has not explained or reconciled the variances in the two documents.

Consequently, the accuracy of the statement of receipts and payments for the year ended 30 June, 2019 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Garissa Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budget Control and Performance

The summary statement of appropriation recurrent and development combined reflects actual recurrent expenditure of Kshs.6,217,568,190 against approved budget of Kshs.6,528,521,954 resulting to under expenditure of Kshs.310,953,764. Similarly, the statement reflects expenditure of Kshs.1,946,798,515 against an approved development budget of Kshs.4,193,714,567 resulting to under expenditure of Kshs.2,246,916,052 representing 54% of the approved development budget.

Further, the County Executive reported in its financial statements for the year ended 30 June, 2019 a total expenditure of Kshs.8,164,366,706 (excluding transfer to County Assembly of Kshs.754,500,000). However, the vote book reflects expenditure of Kshs.7,268,343,037 resulting to a variance of Kshs.896,023,669.

In addition, according to the supplementary budget, Management had budgeted an amount of Kshs.44,000,000 for motor vehicle insurance. However, a review of the records availed did not indicate any expenditure on motor vehicle insurance, a reflection that Management had not insured vehicles during the period under review.

The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements. However, although the Management has indicated that the issues have been resolved, it has not availed sufficient audit evidence for review and the matters have remained unresolved as the Senate has not deliberated on the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Adherence to Recommended Ratio of Employee Cost to Total Revenue

The statement of receipts and payments reflects compensation of employees' total cost of Kshs.3,869,793,250 and the total revenue of Kshs.8,038,082,323. Compensation of employees is approximately 48% of total receipts thus exceeding the recommended ratio of 35% stipulated in Section 25(1) of the Public Finance Management (County Governments) Regulations, 2015.

Consequently, Management is in breach the Law.

2. Staff Recruitment for the Year Under Review

Review of the IPPD data provided for audit revealed that Management recruited 194 staff during the financial year under review. The appointment letters of the staff recruited were signed by the County Secretary and Head of Public Service contrary to section 59 of the County Governments Act, 2012 which stipulates, that the County Public Service Board shall on behalf of the County Government appoint persons to hold or act in offices of the County Public Service including in the Boards of Cities and Urban Areas within the County, and to confirm appointments. There was no evidence availed to confirm that the staff were competitively sourced. A review of a sample of the personal files of these staff indicated that some important details such as remuneration guidelines, job descriptions, other benefits like leave, medical and terms of separation were missing.

Further, the appointment letters were issued between July and August, 2018. Whereas the appointment letters had stated that a probation period of (6) six months was applicable, no confirmation letters had been issued to the various officers, over one (1) year after appointment as at the time of audit in October, 2019.

In the circumstances, Management did comply with the employment laws and was therefore in breach of the Law.

3. Retention of Staff Aged Over Sixty Years

Review of the IPPD payroll revealed that seventeen (17) employees were over sixty (60) years, which is beyond the mandatory retirement age. Out of the seventeen (17) employees, Management availed personal files for only eight (8) officers. However, scrutiny of the personal files revealed that contracts of some employees had expired and some did not have IPPD data capture sheet. Management did not explain reasons for the continued retention of these employees.

Consequently, Management is breach of the Law.

4. Unsupported Hiring of Temporary Employees

As disclosed under note 6 to the financial statements, included in the compensation of employees' expenditure of Kshs.3,869,793,250 is an amount of Kshs.435,638,085 incurred on payment of basic wages of temporary employees. Examination of the manual/excel payroll and samples of personnel files availed for audit review revealed that

the County Executive had six hundred and twenty-two (622) employees working on temporary basis as at 30 June, 2019. However, the following anomalies were noted: -

- i) Some of the staff have been engaged on casual basis for more than a year and had not been confirmed or regularized;
- ii) There were 130 senior staff from job group K and above who were serving as casual workers. The same had not been confirmed or regularized;
- iii) The details of dates of appointments were not captured and,
- iv) Payments of the casual wages were not supported with muster-roll to confirm the location of the casual employees and their daily attendance for duties.

In the circumstances, it has not been possible to ascertain the value for money for the expenditure amounting to Kshs.435,638,085 incurred on payment of basic wages of temporary employees.

5. Unapproved Inter-Account Borrowing

The statement of assets and liabilities reflects a bank balance of Kshs.968,501,808 out of which Kshs.233,506,000 was held at Garissa County Kenya Urban Support Project (KUSP). During the year under review, Management made a borrowing of Kshs.205,234,132 from the KUSP account to the Garissa County Recurrent and Development accounts both held at the Central Bank of Kenya. Although inter accounting amounts were settled between the accounts, there was no authorization/ approval for the inter-account transfers. This is contrary to Section 53(1) and (2) of the Public Finance Management (County Governments) Regulations, 2015.

The Management is therefore in breach of the Law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Weak Internal Controls in the Collection of Revenue

During the year under review, Management collected Kshs.36,459,669, Kshs.2,621,594 and Kshs.2,618,950 from the health services operations, Agricultural Mechanized Services (AMS) and slaughter house services respectively. However, revenue collection operations at the Garissa General Hospital were found to be fully manual and hence impossible to track the collection records while the revenue collection books were not issued to hirers of agricultural equipment. The slaughter house services were outsourced at a fixed fee of Kshs.115,000 per month beginning April, 2019 which was far less than the average collection of Kshs.284,244.

In view of the above, Management may not have got optimal revenue collection from the three revenue collection units.

2. Decline in Own Generated Revenue

Management had budgeted to collect local revenue totaling to Kshs.250,000,000. A review of the revenue records and bank statements revealed collection of Kshs.118,213,530 representing about 47% of the budgeted amount. Further, there has been a declining trend in local revenue against the budget for the past four (4) years as indicated in the table below: -

Year	Budgeted Revenue Kshs.	Actual Revenue Collected Kshs.	Variance Kshs.	% Age Decrease of Revenue
2014/2015	500,000,000	130,483,519	369,516,481	
2015/2016	500,000,000	105,943,675	394,056,325	19%
2016/2017	350,000,000	80,723,998	269,276,002	23%
2017/2018	250,000,000	90,193,915	159,806,085	(11%)
2018/2019	250,000,000	118,213,530	131,786,470	(31%)

It has not been explained why Management continued to retain high revenue targets despite the fact that actual revenue collected were far below the budgeted targets.

3. Failure to Maintain Fixed Assets Register

Annex 5 to the financial statements reflects a summary of fixed assets balance of Kshs.10,460,250,007 as at 30 June, 2019. However, as similarly reported in 2017/2018 and 2016/2017 financial years, Management did not maintain a fixed asset register contrary to Section 136(l) of the Public Finance Management (County Governments) Regulation, 2015. Further, assets inherited from the defunct local authorities were not included as part of the County Executive's assets.

Consequently, the Management may not have instituted adequate structures to ensure proper safeguards and custody of the assets

4. Inadequate Safeguards for ICT Environment and Data Security

As previously reported, Management did have an approved ICT Policy in place which includes Data Security Policy and Disaster Recovery Plans. In addition, formally documented and approved processes to manage upgrades made to all financial/performance information systems were not availed for audit review.

In the circumstances, I am unable to confirm existence of measures to safeguard the ICT environment.

5. Lack of Audit Committee and Audit Charter

The Management had not established an Audit Committee contrary to Section 167 of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish Audit Committees in accordance with prescribed regulations to monitor the entities' governance processes, accountability processes and control systems, offer objective advice on issues concerning risk control and governance and associated assurance and also follow up on the implementation of the recommendations of internal and external auditors.

Further, the Internal Audit Unit operated without an approved Internal Audit Charter contrary to Section 155(5) of the Public Finance Management Act, 2012 which requires a County Executive to have an approved Internal Audit Charter.

In the circumstances, I am unable to confirm existence of effective overall governance measures at the County.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the County Executive's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting

unless Management is aware of the intention to dissolve the County Executive or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the County Executive monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Executive to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

03 February, 2021

Appendices

Appendix I: Unsupported Construction of Buildings

No	Project	Contract sum	Paid to date %	Observations
1	Construction of offices at Garissa town	275, 521,642	168,036,132 (71%)	Main gate, the generator house, car parks, external toilets, provisional works, laying of Cabro and part of the perimeter fence totaling to Kshs.115,108,470 had not been done and only painting was ongoing. Minutes not availed. Delayed by four (4) Months.
2	Construction of offices at Masalani	89,338,394	65,963,785 (74%)	Laying of Cabro, construction of main gate, gate house, access road, car parks, land scaping, storm water drainage, sewerage, other provisional works, generator house, chain link fence all totaling to Kshs.36,826,480 had not been done. Painting was ongoing. Retention money of Kshs.3,841,551 representing 10% was not deducted. Minutes not availed. Delayed by four (4) Months.
3	Construction of an administration block at Balambala	4,973,848		Building not being used. Painting was not done as per the specifications; the floor had many cracks. Site had not been cleared by the contractor one (1) year after the issue of the certificate of practical completion
4	Construction of sub-county office facilities at Bura	67,746,378	49,594,005 (73%)	Gate, generator house, laying of cabro blocks and provisional works totaling to Kshs.41,552,426 had not been done. list of the bidders who were invited to quote was not available. Basis for disqualification of losing bidder, tax certificate was available,

No	Project	Contract sum	Paid to date %	Observations
				conditions of the contract on retention were not included, Monthly progress reports were not availed, retention money of Kshs.4,959,401 being 10% of the total amount paid of Kshs.49,594,005 was not deducted. delayed for seven (7) months, title deed
5	Construction of out-patient unit at Garissa Referral Hospital	16,810,998		Unsupported variation of Kshs.4,195,186 representing 25% of the contract sum lead to new contract sum of Kshs.21,006,185 contrary to Section 139(4)(c) of the Public Procurement and Asset Disposal Act, 2015. Provisional sum of Kshs.2,500,000 for re-allocation of the existing steel tank not supported.
6	Construction of health headquarters in Garissa town	46,563,3340	41,757,120 (90%)	Plastering, windows and doors internal fittings, electrical installation, septic tank, VIP latrines and provisional works totaling to Kshs.24,613,710 had not been done. winning bidder did not avail VAT and the National Construction Authority class 6 registration certificates. Nationality of one director, physical location and correct postal address, evidence of previous works were missing.
7	Construction of staff quarters at Abdisament Centre	6,291,190		A firm was disqualified for lack of National Construction Authority (NCA) certificate which was available.
8	Construction of an administration block for the department of	4,891,875		Project is complete but has not been put in use. Project documents not availed.

No	Project	Contract sum	Paid to date %	Observations
	environment at Dadaab			

Appendix II: Unsupported Construction of Roads

No	Project	Contract sum	Paid in 2018/19	Observations
1	Periodic maintenance of Maramtu 2 farm access road	4,241,656		This was a restricted tender contrary to Section 102 of the PPAD Act, 2015. project file did not contain payments 2017/18. No inspection and acceptance minutes and certificate of practical completion
2	Periodic maintenance of Egen Farm access road	5,003,080	1,884,272	This was a restricted tender contrary to Section 102 of the PPAD Act, 2015. Bill of quantities (BQs) were not availed.
3	Improvement of Bura – Galmagalla road	49,068,000		This was a restricted tender contrary to Section 102 of the PPAD Act, 2015. Six (6) bid documents were not availed.
4	Periodic maintenance of Baraka Farm access road	4,838,540	2,419,270	Contract procured and awarded without the professional opinion of the head of the procurement contrary to Section 84 of the PPAD Act, 2015
5	Improvement of Gababa - Garasweino – Bura road	95,125,800	50,112,000	Tender documents for three (3) bidders were not availed. Road was completed in June, 2018. Physical verifications conducted on 2 October, 2019 revealed that the road was impassable after the short rains.
6	Periodic maintenance of Dololomidi farm access road	4,029,840	2,187,228	This was a restricted tender contrary to Section 102 of the PPAD Act, 2015. inspection and acceptance committee inspected the project on 27 February, 2019, seven (7) months after completion.
7	Maintenance of Badah Farm access road	6,907,800	5,090,238	This was a restricted tender contrary to Section 102 of the PPAD Act, 2015
8	Maintenance of Golotha farm access road	5,205,384	2,028,304	This was a restricted tender contrary to Section 102 of the PPAD Act, 2015

Appendix III: Unsupported Purchase of Vehicles and Other Transport Equipment

No	Item	Amount Kshs.	Observations
1	Purchase of three (3) BLS Ambulances	30,000,000	Purchase not in the approved supplementary budget and the Annual Development Plan (ADP). Evidence of previous works by the winning bidder were not availed. Contracts were advertised, opened, evaluated and awarded at the same time. Suppliers were given different marks for the two tenders even though similar documents were attached to their profiles. The winning bidder did not attach power of attorney on its company profile. The signature appended to its form of tender filled was found to be different from the signature appended on the contract agreement. A payment of Kshs.15,000,000 was made before the actual delivery of the vehicles and deductions of 3% and 6% Withholding and VAT taxes respectively amounting to Kshs.2,700,000 were not made.
2	Purchase of an ALS Ambulance	11,800,000	Purchase not in the approved supplementary budget and the Annual Development Plan (ADP). Original opening and evaluation report and tender opening register were not availed. Tender documents and company profile for the winning bidder. Contract for ambulance was advertised, opened, evaluated and awarded at the same time. Full payment of Kshs.15,000,000 was made before the actual delivery of the vehicles and deductions of 3% and 6% Withholding and VAT taxes respectively amounting to Kshs.1,062,000 were not made.
3	Payment of pending bills-Payment for fifteen (15) motor cycles	948,276	Bills relate to 2014/15 financial year. Logbooks were not availed
4	Purchase of seventy (70) wheel chairs	1,200,000	Lack of acknowledgement from the beneficiaries.

Appendix IV: Unsupported Routine Maintenance – Other Assets

No	Item	Observations
1	Bura-Ali Emji-Garasweino road	Gravels were not properly compacted and was unevenly spread. Road was impassable after the short rains
2	Saka-Ohie-Balambala road	Three (3) out of the eight (8) 900MM diameter culverts were not installed
3	Supply and delivery of first moving spare parts	Management used restricted tender without justifiable reasons. Professional opinion from the head of procurement lacking, technical evaluation attributes used by the tender evaluation committee different from the attributes indicated in the tender documents,
4	Supply of plumbing works and installation of water tanks to Balambala Sub-County Hospital	Certificate of registrations, pin certificates and tax compliance certificates of bidders not availed. Date and time of opening not indicated.
5	Renovation of Cuban Doctors residential house	This was a private property. Contract agreement between the Management and the owner of the residential house not availed.

Appendix V: Unsupported Use of Goods and Services

No	Item	Total amount (Kshs.)	Unsupported Amount (Kshs.)	Observations
1	Routine Maintenance – Other Assets	120,002,111	68,909,400	Not availed; invoices, tender opening minutes, valid tax compliance certificates of the winning bidders. Some of the progress reports were not signed by resident engineers
2	Hospitality, Supplies and Services	160,694,667	31,050,339	Not availed; tender documents, imprest warrants, counter receipt vouchers (S13), stores ledger, evidence services were received and evidence that all bidders were pre-qualified suppliers. No return date in the quotations
3	Office and General Supplies	53,338,038	26,151,145	Not availed; tender documents, imprest warrants, counter receipt vouchers (S13), stores ledger, evidence services were received and evidence that all bidders were pre-qualified suppliers. No return date in the quotations
4	Unaccounted for Fuel, Oil and Lubricants	58,788,070	14,274,983	Not availed; quotations, work tickets, fuel registers and detail orders, counter receipt vouchers S13 to support the receipts and requisitions from the user department
5	Other Operating Expenses	188,488,588	24,228,946	Not availed; acknowledgement receipts, tender documents, project files, tender opening minutes and a copy of reports from the consultancy services under taken and justification and approvals of restricted tender.

No	Item	Total amount (Kshs.)	Unsupported Amount (Kshs.)	Observations
6	Printing, Advertising & Information Supplies and Service	43,670,462	16,738,980	Not availed; requisition forms from the user department, the project files with tender documents, list of participants and programs for the event and the appointment letters for opening and evaluation committee members. In addition, the tender for the supply and delivery of parking stickers to the department of revenue were ordered from the winning bidder before the tender processes were undertaken
7	Routine Maintenance - Vehicles and Other Transport	35,834,236	18,794,229	Not availed; copies of GP 55, pre and post inspection certificates, professional opinions from the head of procurement and tax compliance certificates. It was further observed that winning bidders did not meet the preliminary tender evaluation criteria and the quotations used were not indicating the date of submissions.
8	Training Expenses	6,243,296	1,319,000	Amount spent on stationery, lack of training venue details, misclassification of expenses and college fees refund. some of the goods and services were directly procured from suppliers. Some of the quotations did not indicate the date of return
9	Specialized Materials and Services	261,478,554	30,319,003	Not availed; copies of adverts, bid documents, copies of quotations, evaluation reports,

No	Item	Total amount (Kshs.)	Unsupported Amount (Kshs.)	Observations
				notification of award or acceptance letters and inspection reports/certificates, appointment letters for the opening and evaluation committee members, opening and evaluation minutes.
10	Rentals of Produced Assets	138,998,614	88,500,545	Not availed; invoices, Lease agreements, LSOs, professional opinions from the head of procurement, tax compliance certificates of the winning bidders, Market price evaluation reports, user requisitions and inspection and valuation reports from the ministry of housing, contracts, work tickets. Some payments were paid in advance and there were cases of direct procurements
11	Domestic Travel and Subsistence Allowances	289,051,227	47,533,176	Not availed - work tickets, requisitions and approvals for expenditure, activity budgets, list of participants, venues and imprest warrants
		1,356,587,863	367,819,746	