

# REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF WEST POKOT FOR THE YEAR ENDED 30 JUNE 2017

---

## REPORT ON THE FINANCIAL STATEMENTS

### Disclaimer Opinion

I have audited the accompanying financial statements of County Executive of West Pokot set out on pages 11 to 34, which comprise the statement of assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

### Basis for Disclaimer Opinion

#### 1.0 Inaccuracies in the Financial Statements

##### 1.1 Variances between Financial Statements and Integrated Financial Management Information Systems (IFMIS)

The figures in the financial statements for the year ended 30 June 2017 contained discrepancies compared with Integrated Financial Management Information Systems (IFMIS) amounting to negative Kshs.9,443,449,258 as detailed below:

Item	Amount as per Financial statements (Kshs)	Amount as per IFMIS Report (Kshs)	Difference (Kshs)
Receipts	4,930,329,448	9,148,631	4,921,180,817
Payments	4,933,994,552	4,254,890,286	679,104,466
Cash and Bank	440,574,567	6,032,203,408	(5,591,628,841)
Receivables	-	141,337,486	(141,337,486)
Payables	198,354,300	9,509,122,514	(9,310,768,214)
<b>Total</b>	<b>10,503,252,867</b>	<b>19,946,702,325</b>	<b>(9,443,449,258)</b>

In the circumstances, the accuracy and completeness of these financial statements for the year ended 30 June 2017 could be confirmed.

## 1.2 Discrepancies between Financial Statements balances and Supporting Schedules

The financial statements for the year ended 30 June 2017 also reflects balances of Kshs.4,529,523,916 and which are at variance with the supporting schedules figure of Kshs.4,417,987,631 resulting to a difference of Kshs.111,536,285 as detailed below:

Description	Note	Financial Statement Figure (Kshs)	Supporting Schedules Figure (Kshs)	Difference (Kshs)
Acquisition of land	18	15,874,000	15,330,000	544,000
Specialized Plants, equipment and machinery	18	97,892,616	61,310,306	36,582,310
Construction and civil works	18	239,785,404	256,043,430	(16,258,026)
Rehabilitation of civil works	18	9,109,630	12,524,330	(3,414,700)
Refurbishment of building	18	23,214,656	19,456,060	3,758,596
Construction of buildings	18	698,370,411	773,787,111.30	(75,416,700)
Purchase of vehicles	18	1,894,740	0.00	1,894,740
Purchase of Furniture and Gen. Equip	18	12,272,200	7,090,328	5,181,872
Construction of Roads	18	436,348,180	319,755,497.90	116,592,682
Research studies, project preparation, design and supervision	18	11,679,300	11,624,782.60	54,517
Foreign travel expenses	13	17,981,601	10,244,982	7,736,619
Insurance Costs	13	66,672,599	58,808,499	7,864,100
Maintenance of motor vehicles	13	45,934,344	37,018,864.65	8,915,479
Utilities, supplies and services	13	21,787,594	21,047,291	740,303
Specialized Materials	13	149,039,313	113,470,568	35,568,745
Purchase of household furnishes	18	5,171,329	9,778,572	(4,607,243)
Grants to Semi-Autonomous Government Agencies	15	57,075,380	60,873,161	(3,797,781)
Emergency Relief	21	108,006,770	105,959,600	2,047,170
Communication Supplies	13	4,964,726	6,103,604.30	(1,138,878)

Training Expenses	13	35,060,325	16,643,118	18,417,207
Certified Seeds	18	27,238,148	20,323,118	6,915,030
Compensation of employees	12	1,397,397,658	1,373,757,124.05	23,640,534
Domestic travel	13	299,727,318	369,476,728	(69,749,410)
Printing, advertisement and Publicity	13	29,602,954	28,118,309	1,484,645
Hospitality	13	72,936,746	75,447,416.10	(2,510,670)
Office and Gen. supplies	13	17,542,237	14,745,010.00	2,797,227
Routine maintenance-other assets	13	12,768,006	12,893,622	(125,616)
Other Operating Expenses	13	173,601,164	161,897,324.50	11,703,840
Cash and Bank balances	22A, 22B	440,574,567	444,458,874	(3,884,307)
<b>TOTAL</b>		<b>4,529,523,916</b>	<b>4,417,987,631</b>	<b>111,536,285</b>

Consequently, the accuracy and completeness of the expenditure on these items amounting to Kshs.4,529,523,916 for the year ended 30 June 2017 could not be confirmed.

### 1.3 Fixed Assets

The summary of fixed assets register attached as an annexure to the financial statements reflects total fixed assets balance of Kshs.6,110,405,958 out of which a balance of Kshs.1,581,848,007 is in respect of assets acquired during the year under review. However, no evidence was availed for audit review to indicate that the assets inherited from the defunct local authorities in the County Government of West Pokot were handed over and included in the figure of total assets as at 30 June 2017. In addition, the balances in the annex on fixed assets was not supported by fixed assets register contrary to Section 136(1) of Public Finance Management Regulations, 2015 which requires each accounting officer to maintain a register of all assets under his control.

Further, the summary of the fixed assets included as annexure does not conform to the reporting format as required by the reporting framework recommended by the Public Sector Accounting Standards Board (PSASB) through circular reference No.AG4/16/1/VOL.IV/76 of 13 July 2017. The circular requires that the balances as at the end of the year is the cumulative cost of all assets bought and inherited by the County Government and additions during the year should tie with the acquisition of assets balance in the statement of receipts and payments. The financial statements are therefore not in line with the International Public Sector Accounting Standards and as prescribed by the Public Sector Accounting Standards Board.

Consequently, the accuracy and completeness of the assets of the County Executive presented in these financial statements could be confirmed.

#### 1.4 Variances between Statement of Receipts and Payments and Summary Statement of Appropriations

The statements of receipts and payments for the year ended 30 June 2017 reflects total receipts figure of Kshs.4,930,329,448 which is at variance with the summary statement of appropriation balance of Kshs.5,150,612,431 resulting in unexplained or unreconciled difference of Kshs.220,282,983. In addition, the statement of receipts and payments reflects actual expenditure of Kshs.4,933,994,552 which is also at variance with the summary statement of appropriation actual expenditure of Kshs.4,873,200,464 resulting in unexplained variance of Kshs.60,794,088.

Consequently, the accuracy of the financial statements for the year ended 30 June 2017 could not be ascertained.

#### 2.0 Transfers from National Treasury

The statement of receipts and payments for the year ended 30 June 2017 reflects transfers from National Treasury figure of Kshs.4,654,529,140 which is at variance with the figure of Kshs.4,691,390,000 as indicated in the report of the Controller of Budget for the same period, comprising of recurrent exchequer of Kshs.2,944,260,000 and development exchequer releases of Kshs.1,747,130,000 and therefore resulting in unexplained or unreconciled difference of Kshs.36,860,860. Consequently, the accuracy and completeness of the transfer from National Treasury figure of Kshs.4,654,529,140 for the year ended 30 June 2017 could be confirmed.

#### 3.0 Other Revenues

##### 3.1 Local Revenue Collections

The statement of receipts and payments reflects receipts of Kshs.83,218,908 in respect of other revenues (Local Revenue) for year ending 30 June 2017. According to the approved budget for the year 2016/2017, an estimated amount of Kshs.201,509,268 was expected to be collected from approved local revenue sources. However, the actual collections for the year amounted to Kshs.162,482,550 being 80.6% of local revenue budget projections resulting in under collection of Kshs.39,026,718 (19.4%) as summarized in the table below. No reason or justification was provided for failure to meet revenue targets.

Codes	Revenue Stream	Supplementary Budget Estimates FY 2016/17	% of Revenue Stream to Budget Estimates	2016/2017 F/Y Actual Collections as Reported	Under Collections
1550104	Market Kiosk Rent	2,643,722	1.2%	1,105,700	1,538,022
1520201	Business Permits, Current Year	13,216,000	5.8%	8,366,560	4,849,440
	Market/Trade center Fee	4,019,884	1.8%	3,123,700	896,184
1530125	Building Plan Approval Fees	452,340	0.2%	219,000	233,340

1520325	Other Cesses	7,634,100	3.4%	7,615,031	19,069
1530126	Sand, Gravel and Ballast Extraction Fee	29,523,440	13.0%	13,739,360	15,784,080
1520321	Livestock Cess	10,175,184	4.5%	7,057,520	3,117,664
1410402	Rent of Government Building and Housing	311,115	0.1%	320,655	-9,540
1530126	Advertising Fees	419,937	0.2%	123,300	296,637
1550221	Street Parking Fees	4,678,070	2.1%	1,040,900	3,637,170
1550220	Vehicle Parking Fees	2,134,200	0.9%	4,084,620	-1,950,420
1520325	Application Fees	2,330,990	1.0%	1,235,800	1,095,190
1420223	License Fees	993,782	0.4%	76,000	917,782
1540105	Other Miscellaneous Receipt	10,902,926	4.8%	10,410,420	492,506
1420200	Receipts from Administrative Fees and Charges	1,500,000	0.7%	248,750	1,251,250
1580200	Health Centre Services Fees	25,320,000	11.1%	23,343,547	1,976,453
152100	Land Rates	2,796,323	1.2%	220,650	2,575,673
	Livestock Permit	1,283,210	0.6%	184,045	1,099,165
1580200	Public Health Facilities Operations	1,910,404	0.8%	703,350	1,207,054
	<b>Total Revenue</b>	<b>122,245,626</b>	<b>53.8%</b>	<b>83,218,908</b>	<b>39,026,718</b>

Further, a comparison of other revenue (local) collections for the period ending 30 June 2017 with collections reported for year ended 30 June 2016 revealed a revenue collection decrease of Kshs.15,038, 805 (15.3%) from Kshs.98,257,713 collected the previous year to Kshs.83,218,908 in the current year. No reason or justification was given for decline in revenue collections and the declining revenue trend for the second year running.

Moreover, the revenue cash book was not maintained except for revenue analysis of cash collections banked as per revenue stream. It was therefore not possible to reconcile all receipts in the revenue bank account with the cash book and swipes made to the County Revenue Fund (CRF) account. The continued under collection of local revenues affects negatively the execution of planned programs and activities and therefore result in poor or non-delivery of services to the residents of West Pokot County.

Consequently, the accuracy and completeness of local revenue figure for the year ended 30 June 2017 could not be confirmed.

#### **4.0 Road Maintenance Levy Fund (RMLF)**

Note 5 to the financial statements reflects Ministry of State Department of Infrastructure- Fuel Levy of Kshs.71,573,470 being Conditional Grants from the Kenya

Roads Board (KRB) towards maintenance of county roads. This was subsequently included in the County Government budget under the department of roads as a lump sum and was not broken down into individual road projects.

According to Treasury letter Ref.AG/CON.1/022/Vol.13/101 dated August 2015 to Principal Secretary, Ministry of Transport and Infrastructure and copied to all governors and County Executive Members (CECs) for Finance, the recipients of the grant were required to prepare work plans for the roads to be implemented by the grant for approval by the County Executive Committee and be submitted to Kenya Roads Board to ensure that there is no duplication/overlap with the roads to be maintained by the national government. However, there was no approval of the work plan by the County Executive Committee approving the same for submission to the Kenya Roads Board as per National Treasury directive.

Consequently, the County Executive was in breach of the law and it risks spending conditional grants on purposes other than what they were intended and therefore the propriety of the grants amounting to Kshs.71,573,470 for the year ended 30 June 2017 could not be confirmed.

## **5.0 Use of Goods and Services**

### **5.1 Insurance Costs**

Included in the use of goods and services figure of Kshs.1,026,461,960 is insurance costs amounting to Kshs.66,672,599 as disclosed in note 13 to the financial statements. However, procurement records such as tender advertisement, tender opening, evaluation and award minutes, and policy/ agreement detailing the terms and conditions of medical insurance cover and motor vehicle insurance cover were not availed for the audit verification.

In the circumstances, it was not possible to confirm that insurance services were competitively procured as required by Section 91 of the Public Procurement and Asset Disposal Act, 2015.

Consequently, the validity, accuracy and propriety of insurance expenditure of Kshs.66,672,599 for the year ended 30 June 2017 could not be confirmed.

### **5.2 Foreign Travel Costs**

Included in the use of goods and services figure of Kshs.1,026,461,960 is foreign travel and subsistence amount of Kshs.17,981,601 as disclosed in note 13 to the financial statements out of which payments amounting to Kshs.10,326,582 were not supported with imprest requisitions, imprest warrants, schedule of activities that were carried out during the trips, copies of endorsed passports and boarding passes and attendance register.

Consequently, the accuracy and propriety of the expenditure of Kshs.10,326,582 incurred on foreign travelling and subsistence for the year ended 30 June 2017 could not be confirmed.

## **6.0 Transfers to Other Government Entities**

### **6.1 Grants to Secondary and Primary Schools**

The statement of receipts and payments for the year ended 30 June 2017 reflects transfers to other government entities figure of Kshs.606,168,419 which includes an amount of Kshs.27,949,700 in respect of capital grants to semi-autonomous government agencies as disclosed in note 15 to the financial statements out of which Kshs.22,949,700 was paid to ninety-four (94) primary and secondary schools in the county and direct purchase of iron sheets to various primary schools for infrastructure development with each school receiving between Kshs.100,000 and Kshs.1,000,000. However, it is not clear and management has not explained why disbursements had to be made to schools since the function of schools is a national government function which ought to have been implemented with the concurrence of National Government in accordance with Article 186 of the Constitution of Kenya, 2010. In addition, the disbursement of the funds was done without formal guidelines/terms indicating how the funds were to be accounted for. Further, the expenditure returns to show how the funds were utilised were not availed for audit review.

Consequently, the management contravened the law in implementing projects that are a preserve of the National Government without any consultation and the propriety of an amount of Kshs.22,949,700 under capital grants to semi-autonomous government agencies for the year ended 30 June 2017 could be confirmed.

### **6.2 Grants for Purchase of Early Childhood Development (ECD) Land**

Included also in the semi-autonomous government figure Kshs.27,949,700 as disclosed in note 15 to the financial statements is a payment of Kshs.5,000,000 to Chief Officer Education and ICT operations account being cost of purchase of land to 13 No. ECD centres. However, it is not clear and management has not explained why the money had to be paid to Chief Officer Education and ICT operations account instead of the sellers of these land. Further tender documents, valuation reports and title deeds were not provided for audit review.

In the circumstances, the propriety of the expenditure of Kshs.5,000,000 in respect of purchase land for ECD centres for the year ended 30 June 2017 could not be confirmed.

## **7.0 Unsupported Emergency Relief and Refugee Assistance**

Included in the balance of Kshs.304,156,770 for other grants and transfers as disclosed under note 16 to the financial statements is an amount of Kshs.108,006,770 in respect of payments for emergency relief and refugee assistance. However, the payment vouchers availed for audit review were not supported by quotations, opening,

evaluation and award minutes, inspection and acceptance reports, copies of stores ledgers indicating receipt and issues and signed distribution lists of beneficiaries.

Consequently, the propriety of the expenditure of Kshs.108,006,770 in respect of emergency relief and refuge assistance for the year ended 30 June 2017 could not be confirmed.

## **8.0 Acquisition of Assets**

### **8.1 Construction of Keringet Agricultural Training College**

As reported in the previous year, included in the acquisition of assets figure of Kshs.1,581,848,007 for the year ended 30 June 2017 as disclosed in note 18 to the financial statements is construction of buildings figure of Kshs.698,370,411. The figure of Kshs.698,370,411 includes Kshs.55,478,287 paid to a construction company during the year under review for construction of an agricultural training college at Keringet bringing total payments so far made for this project to Kshs.289,087,605. The company was awarded the initial contract to build a twin three storey building, kitchen and social hall on 25 May 2015 at a contract sum of Kshs.233,609,318 and the total contract sum had been paid as at 30 June 2016. The contract for phase two(II) was awarded to the same company at a contract sum of Kshs.117,649,471 in August 2016 and an amount of Kshs.55,478,287 was paid in the financial year 2016/2017. In total the firm was paid Kshs.289,087,605. However, no evidence was provided to indicate that the contract was subjected to competitive bidding as required by Section 91 of the Public Procurement and Asset Disposal Act, 2015.

Further, the bills of quantities and drawings to support the additional works in phase two of the contract were not provided for audit verification. In addition interim certificates in support of the payments of Kshs.55,478,287 were also not provided for audit review.

Consequently, the propriety of the expenditure of Kshs.117,649,471 for the year ended 30 June 2017 could not be confirmed.

### **8.2 Proposed Renovation of Makutano Stadium**

Included in the acquisition of assets figure of Kshs.1,581,848,007 as disclosed in note 18 to the financial statements is construction of buildings amount of Kshs.698,370,411. The figure of Kshs.698,370,411 includes amounts totalling Kshs.14,840,551 paid to a construction company as at 30 June 2017 for renovations of Makutano Stadium at Kapenguria. The firm was awarded the initial contract for construction of the perimeter wall, public toilet, temporary shed and retaining wall at a contract sum of Kshs.12,221,398 and the total contract sum had been paid as at 30 June 2016. The contract for phase two(II) was awarded to the same firm at a contract sum of Kshs.29,006,047 and an amount of Kshs.14,840,551 was paid in the financial year 2016/2017 bringing the total payments to Kshs.27,061,949. However, interim certificates in support of the payments of Kshs.14,840,551 were not provided for audit review. Further, a review of the procurement documents revealed that the firm had not been identified competitively as required by Section 91 of the Public Procurement and

*Report of the Auditor-General on the Financial Statements of County Executive of West Pokot for the year ended 30 June 2017*



Asset Disposal Act, 2015. In addition, the bills of quantities and drawings in support of the additional works in phase two of the contract were not provided for audit verification.

A physical verification of the project in the month of January 2018 confirmed that the project had stalled while public toilet, main gate, column bases for the temporary structure had not been completed.

Consequently, the propriety of the expenditure of Kshs.29,006,047 so far incurred on the project could not be confirmed and no value for money was obtained on this expenditure.

### **8.3 Proposed Construction of Sub-County Office Block at Kapenguria**

Included in the acquisition of assets figure of Kshs.1,581,848,007 as disclosed in note 18 to the financial statements is construction of buildings amount of Kshs.698,370,411 out of which Kshs.11,561,789 was paid to a construction company for construction of office block at Kapenguria. The company was awarded an initial contract for construction of the office block at a contract sum of Kshs.19,786,143 and the total contract sum had been paid as at 30 June 2016. The contract for phase two (II) was awarded to the same firm at a contract sum of Kshs.64,048,936 and an amount of Kshs.11,561,789 was paid in the financial year 2016/2017. In total the company was paid Kshs.31,347,932. A review of the procurement documents revealed that the company had not been identified competitively as required by Section 91 of the Public Procurement and Asset Disposal Act, 2015.

Further, the bills of quantities and drawings in support of the additional works in phase two of the contract were not provided, In addition, interim certificates and progress reports to support the payments of Kshs.31,347,932 were also not provided for audit review.

Consequently, the management was in breach of the law and the propriety of the expenditure of Kshs.31,347,932 for the year ended 30 June 2017 could not be confirmed

### **8.4 Proposed Construction of Early Childhood Development (ECD) College at Kapenguria**

Included in the acquisition of assets figure of Kshs.1,581,848,007 as disclosed in note 18 to the financial statements is construction of buildings amount of Kshs.698,370,411 out of which Kshs.12,000,000 was paid to a construction company during the year under review for construction of two storey classroom block, pit latrine, perimeter fence and associated mechanical and Electrical works at Kapenguria. The company was awarded the initial contract for construction of the ECD College at a contract sum of Kshs.31,315,614 and the total contract sum had been paid as at 30 June 2016. The contract for phase two (II) was awarded to the same company at a contract sum of Kshs.24,401,018 and an amount of Kshs.12,000,000 paid in the financial year 2016/2017. In total the company was paid Kshs.43,315,614. However, interim certificates, progress reports, the bills of quantities and drawings in support of the additional works in phase two of the contract were not provided for audit verification.

*Report of the Auditor-General on the Financial Statements of County Executive of West Pokot for the year ended 30 June 2017*

Further, a review of the procurement documents revealed that the firm had not been identified competitively as required by Section 91 of the Public Procurement and Asset Disposal Act, 2015. In addition, the variation for the project was not approved by the tender awarding authority as required by section 139 of the Public Procurement and Asset Disposal Act, 2015.

Consequently, the management was in breach of the law and the propriety of the expenditure of Kshs.43,315,614 for the year ended 30 June 2017 could not be confirmed.

### **8.5 Erection and Completion of Multipurpose Hall and Kitchen for ECD Training College at Kapenguria**

Included in the acquisition of assets figure of Kshs.1,581,848,007 as disclosed in note 18 to the financial statements is construction of buildings amount of Kshs.698,370,411. The figure of Kshs.698,370,411 includes an amount of Kshs.15,459,754 paid to a construction company as at 30 June 2017 for erection and completion of multipurpose hall and Kitchen for ECD training college at Kapenguria. The company was awarded the contract for construction at a contract sum of Kshs.41,727,079 and as 30 June 2017 the total contract sum had been paid. However, a certificate of final account and progress reports were not provided for audit review. Further, a review of the procurement documents revealed that the company had not been identified competitively as required by Section 91 of the Public Procurement and Asset Disposal Act, 2015.

A physical verification of the project during the month of January 2018 revealed that electrical works, external sewer, toilets and showers had not been completed despite payment of the total contract sum having been made by the County Government.

Consequently, the management was in breach of the law and the propriety of the expenditure of Kshs.41,727,079 for the year ended 30 June 2017 could not be confirmed and no value for money was obtained on this expenditure.

### **8.6 Proposed Construction of ECD Hostel at Kapenguria**

Included in the acquisition of assets figure of Kshs.1,581,848,007 as disclosed in note 18 to the financial statements is construction of buildings amount of Kshs.698,370,411. The figure of Kshs.698,370,411 includes amounts totalling Kshs.15,727,079 paid to a construction company during the year under audit for construction of two storey hostel block, septic tank, and associated mechanical and electrical works at Kapenguria. The firm was awarded the contract for construction of the hostel at a contract sum of Kshs.46,049,113 and in total the firm had been paid an amount of Kshs.34,238,442 as at 30 June 2017. However, site meeting minutes, progress reports and interim certificates were not provided for audit review.

A physical verification of the project in the month of January 2018 revealed that some works like electrical works, septic tanks and toilets had not been completed yet the contractor had been paid 74.3% of the contract sum. It was further observed that the

contract period had elapsed and yet no approval of extension of contract period was provided for audit review.

Consequently, the propriety of the expenditure of Kshs.34,238,442 so far paid to the firm for the year ended 30 June 2017 could not be confirmed.

### **8.7 Proposed Construction of Hostel Block and Dining Hall for Athletics Training Camp at Kapenguria**

Included in the acquisition of assets figure of Kshs.1,581,848,007 as disclosed in note 18 to the financial statements is construction of buildings amount of Kshs.698,370,411 out of which an amount Kshs.1,650,230 was paid to a construction company for construction of Hostel Block and Dining Hall for Athletics Training Camp at Kapenguria. The company was awarded the contract on 15 May 2015 for construction of the hostel block at a contract sum of Kshs.29,272,440. The company was paid an amount of Kshs.24,88,140 in the financial year 2015/2016 bringing the total payments as at 30 June 2017 to Kshs.26,538,370.

A physical verification of the project in the month of January 2018 revealed that the tiling was poorly done and mechanical works, electrical works and the septic tank were incomplete yet 90.6% of the contract sum had been paid against value of work done which was about 65%.

Further, available information indicates that company was not registered with National Construction Authority which was one of criteria for qualification of award of this contract. It is not clear and management has not explained why the firm was awarded the contract yet it had not met this important requirement.

Consequently, the management was in breach of the law and the propriety of the expenditure of Kshs.26,538,370 incurred on the project as at 30 June 2017 could not be confirmed.

### **8.8 Proposed Construction of a Conference and Library Facility for Pokot Cultural Centre at Kapenguria**

Included in the acquisition of assets figure of Kshs.1,581,848,007 as disclosed in note 18 to the financial statements is construction of buildings amount of Kshs.698,370,411 out of which an amount of Kshs.5,072,323 was paid to a construction company for construction of conference and library facility at Kapenguria. The company was awarded the contract on 18 May 2015 for construction of the facility at a contract sum of Kshs.22,871,370. The company was paid an amount of Kshs.17,799,047 in the financial year 2015/2016 bringing the total payments as at 30 June 2017 to Kshs.22,871,370.

However, available information revealed that the firm was not registered with National Construction Authority which was a preliminary evaluation criteria as per the tender documents.

A physical verification of the project in the month of January 2018 revealed that a substantial amount of works like the septic tank, toilets, wired networks and electrical

*Report of the Auditor-General on the Financial Statements of County Executive of West Pokot for the year ended 30 June 2017*

works had not been done yet the firm had been paid the total contract sum of Kshs.22,871,370.

Consequently, the management was in breach of the law and the propriety of the expenditure of Kshs.22,871,370 for the year ended 30 June 2017 could not be confirmed.

### **8.9 Proposed Construction of a Classroom Block for Masol Integrated Project Centre at Kapenguria**

Included in the acquisition of assets figure of Kshs.1,581,848,007 as disclosed in note 18 to the financial statements is construction of buildings amount of Kshs.698,370,411 out of which Kshs.6,646,360 paid to a construction company as at 30 June 2017 for construction of classroom block for Masol Integrated Project. The company was awarded the contract on 24 February 2016 for construction of the facility at a contract sum of Kshs.11,996,950 and an amount of Kshs.3,775,040 was paid in the financial year 2015/2016 bringing the total payments as at 30 June 2017 to Kshs.10,421,400.

A review of the procurement documents revealed that the company was single sourced contrary to Section 91 of the Public Procurement and Asset Disposal Act, 2015. Further, it was observed that the contract period had elapsed and there was no evidence of extension of the contract period

Consequently, the management was in breach of the law and the propriety of the expenditure of Kshs.10,421,400 for the year ended 30 June 2017 could not be confirmed.

### **8.10 Proposed Construction of a Health Centre for Masol Integrated Project Centre**

Included in the acquisition of assets figure of Kshs.1,581,848,007 as disclosed in note 18 to the financial statements is construction of buildings amount of Kshs.698,370,411. The figure of Kshs.698,370,411 includes amounts totalling Kshs.8,342,710 paid to a construction company as at 30 June 2017 for construction of a Health Centre for Masol Integrated Project. The firm was awarded the contract on 25 February 2016 for construction of the facility at a contract sum of Kshs.14,793,150. An amount of Kshs.4,789,432 was paid to the company in the year 2015/2016 resulting in total payments of Kshs.13,132,142 as at 30 June 2017.

A review of the procurement documents revealed that the firm was single sourced contrary to Section 91 of the Public Procurement and Asset Disposal Act, 2015. Available information further revealed that the contract period had expired and no evidence was provided for approval of extension of the contract period.

A physical verification of the project in the month of January 2018 indicated that steel works for the lintel were exposed, the builders' works is incomplete, roofing of the building has been done partially and the mechanical works had not been done. According to the report by the engineers the value of work done was about 20% yet the contractor had been paid 89% of the contract sum. It is not clear and management has not explained why payment was made over and above the certified works.

---

*Report of the Auditor-General on the Financial Statements of County Executive of West Pokot for the year ended 30 June 2017*

Consequently, the management was in breach of the law and the propriety of the expenditure of Kshs.13,132,142 incurred on the project as at 30 June 2017 could not be confirmed.

### **8.11 Proposed Construction of Hostels for Masol Integrated Project Centre**

Included in the construction of buildings figure of Kshs.698,370,411 is an amount Kshs.14,985,460 paid to a construction company as at 30 June 2017 for construction of a hostels for Masol Integrated Project. The firm was awarded the contract on 27 April 2016 for construction of the facility at a contract sum of Kshs.14,985,460 and as at 30 June 2017 the total contract sum had been paid. However, the handing over report and final account were not provided for audit review. Further, a review of the procurement documents revealed that the firm had not been identified competitively as required by Section 91 of the Public Procurement and Asset Disposal Act, 2015.

A physical verification of the project in the month of January 2018 revealed that the septic tank had not been done, there was no provision for fresh water supply and Kenya power service line.

Consequently, the management was in breach of the law and the propriety of the expenditure of Kshs.14,985,460 for the year ended 30 June 2017 could not be confirmed.

### **8.12 Proposed Construction of County Treasury at Kapenguria**

Note 26 to the financial statements reflects pending bills of Kshs.643,600,899 which includes an amount of Kshs.311,824,920 in respect of construction of buildings. Included in the balance of Kshs.311,824,920 is an amount of Kshs.17,261,637 indicated as pending bill for the construction of county treasury offices, builders works, civil works, mechanical works and electrical works, ICT Installations, gym equipment, highland water storage and a generator. Available information indicated that a contract was awarded to a construction company at a contract sum of Kshs.72,516,863 and the total contract sum had been settled as at 30 June 2016. A physical verification of the project revealed that the gym equipment, highland water storage and a generator were not installed and no explanation was provided for paying the total sum before completion of the project. Further information indicates that during the year 2016/2017 the contractor claimed an additional amount of Kshs.17,261,637 for extra works resulting to total contract sum increasing to Kshs.89,778,500. However, the management did provide evidence of approval of variations as required by section 139(1) of the Public Procurement and Asset Disposal Act, 2015. In addition, revised Bills of Quantities in support of the extra works were not provided for audit verification.

Consequently, the management was in breach of the law and the propriety of the pending bills of Kshs.17,261,637 for the year ended 30 June 2017 could not be confirmed.

### **8.13 Supply and Implementation of Enterprise Resource Planning (ERP) System**

Included in the acquisition of assets figure of Kshs.1,581,848,007 is purchase of specialized plant, equipment and machinery expenses of Kshs.97,892,616 out of which an expenditure of Kshs.4,800,000 was incurred on the acquisition of ERP system. The contract was awarded to a consultancy firm at a contract sum of Kshs.16,000,000 on 21 January 2016. The contract entailed installation of five modules, that is, fleet management, Human Resource, Assets Register, Project information and Payroll. However, some of the modules amount to duplication since there are currently systems serving the same function for example, Government Human Resource Information System (GHRIS) for Human Resource records, IPPD for payroll processing.

A further review of the procurement documents indicated that the firm was single sourced contrary to the Procurement law.

Available information revealed that only the Human Resource module of the system had been implemented and was 80% complete but has not been put into use as User Acceptance Training (UAT) has not been done.

Consequently, the management is in breach of the law and no value for money has been so far obtained on the expenditure of Kshs.4,800,000 for the year ended 30 June 2017 since the modules were not functional.

#### **8.14 Construction of Chesta Teachers Training College**

Included in the acquisition of assets figure of Kshs.1,581,848,007 is construction of buildings amount of Kshs.698,370,411 as disclosed in note 18 to the financial statements out of which an amount of Kshs.10,150,537 was paid to a construction company in respect of the construction of Chesta Teachers Training College. An amount of Kshs.12,006,786 had been paid in the year 2015/2016 resulting to a total payment of Kshs.22,157,323. The firm was awarded the contract in May 2015 to construct a one storey female hostel with a total of sixty (60) rooms at a contract sum of Kshs.37,400,537. According to the contract agreement, the contractor was expected to complete the works in twenty-one (21) weeks with effect from May 2015. However, as at 30 June 2017 the project had not been completed.

A physical verification of the project in the month of January 2018 revealed that the foundation and walling works were complete while roofing works was estimated at 95% level of completion. Further, electrical works, mechanical works, plastering and partitioning of the rooms had not started. The contractor was not on site at the time of the audit inspection and the project is behind schedule and there was no evidence of approval for extension of contract period. In addition, the function of colleges is a national government function and therefore ought to have been implemented with the concurrence of national government in accordance with Article 186 of the Constitution of Kenya 2010.

Consequently, the propriety of the expenditure of Kshs.22,157,323 incurred on Chesta Teachers Training College as at 30 June 2017 could not be confirmed.

### **8.15 Construction of Tourist Hotel**

As reported during the previous year, a construction firm was awarded the contract on 15 May 2015 to construct a two storey tourist hotel in Kopoch area at a contract sum of Kshs.352,123,565. However, this project was not included in the County Integrated Development Plan (CIDP). A review of the project file confirmed that an amount of Kshs.15,183,588 and Kshs.20,361,863 had been paid in the year 2014/2015 and 2015/2016 respectively. An additional amount of Kshs.40,188,600 was paid in the year under audit resulting in total payments of Kshs.75,734,051. However, the contract agreement did not indicate the project commencement date and the expected completion date, and it was therefore not possible to confirm whether the project would be completed on time.

A physical verification of the project in the month of January 2018 confirmed that electrical works, plumbing works, internet works, septic tank, road works, and swimming pool had not been done despite payment of a substantial amount of the contract sum.

Consequently, the execution of the project has continued contrary to the provisions of the Public Procurement and Assets Disposal Act, 2015 which requires that all procurements shall be within the annual approved procurement plan.

### **8.16 Construction of Official Governor's Residence**

Included in the acquisition of assets figure Kshs.1,581,848,007 is construction of buildings amount of Kshs.698,370,411 as disclosed in note 18 to the financial statements out of which an amount of Kshs.17,512,901 incurred on construction of the Governor's residence. As reported during the previous year, the contract for construction of the Governor's residence was awarded to a construction company on 18 May 2015 at a contract sum of Kshs.113,008,580. As at 30 June 2017, amounts totalling Kshs.87,995,399 had been paid to the contractor, comprising of Kshs.38,551,992 paid during 2014/15 and Kshs.31,930,506 paid during the year 2015/2016 and Kshs.17,512,901 paid in the year 2016/2017.

However, as previously reported, the County Executive has not acquired title for the land which is a subject of court case in Kitale High Court. Further, the land has been encroached by a person who has built a permanent house on it.

A physical verification of the project during the month of January 2018 confirmed that the project had stalled after incurring an expenditure of Kshs.87,995,399. The contractor had been paid 77.8 % of the contract sum yet a substantial amount of the works like internet works, septic tank, civil works ,bore hole ,elevated tanks, generator set, plumbing and electrical works had not been completed.

In addition, the bills of quantities had indicated that there was a provisional sum of Kshs.11,000,000 to hire service of consultants but there was no documentation as to how the consultants were hired.

Consequently, it has not been possible to confirm the ownership status of the land hence the propriety of the total expenditure of Kshs.87,995,399 so far incurred as at 30 June 2017 could not be confirmed .

### **8.17 Construction of Office Block for Department of Education and ICT**

Available record revealed that a construction company was awarded a contract for the construction of two storey office block at a contract sum of Kshs.52,545,964. The contractor was paid Kshs.5,834,313 in 2014/2015, Kshs.21,453,670 in the financial year 2015/2016 while Kshs.6,554,125 was paid during the year under review bringing the total payments to the contractor to Kshs.33,842,108 as at 30 June 2017.

A physical inspection of the project in the month of January 2018 revealed that a substantial amount of works was incomplete including electrical works, septic tank, toilets and showers, the roof was leaking and there was no provision for Kenya Power service line and fresh water supply.

Further, the contract agreement did not indicate the project commencement date and completion period and it is therefore not possible to confirm when the project shall be completed on time.

Consequently, the propriety of the expenditure of Kshs.33,842,108 so far incurred on the project as at 30 June 2017 could not be confirmed.

### **8.18 Construction of Roads**

As reported in the previous year, included in the acquisition of assets figure of Kshs.1,581,848,007 is construction of roads balance of Kshs.436,348,180 which include an expenditure of Kshs.319,755,498 paid to M/s Mechanical Transport Fund (MTF) and private companies for hire of plant and machinery for construction of various roads. M/s Mechanical Transport Fund (MTF) was paid an amount of Kshs.11,878,200 and the balance of Kshs.307,877,078 to private companies. The equipment hire was for dry rate which was depended on the capacity of the machine.

However, management has not provided the registration numbers and log books of the hired equipment to ascertain the ownership and capacity of the machines hired. Further the daily machine utilization sheets used to record the number of machine hours worked which was the basis for payments made did not indicate the number of kilometres of roads done.

A further review of records indicated that cash amounting to Kshs.15,588,125 was paid to casual workers who were working on various roads. However, the payments were not supported with signed muster rolls by the casuals, the vouchers were also not signed by the paying cashier and witnessed by a senior officer. In addition, the management did not provide approved work plans to confirm that the works had been planned for.

Consequently, the propriety of the amount of Kshs.319,755,498 paid in respect to road construction for the year ended 30 June 2017 could not be confirmed.

*Report of the Auditor-General on the Financial Statements of County Executive of West Pokot for the year ended 30 June 2017*



### **8.19 Supply, Delivery and Commissioning of a Fire Fighting Machine**

Included in the acquisition of assets figure of Kshs.1,581,848,007 as at 30 June 2017 is an amount of Kshs.97,892,616 in respect of purchase of specialized plant, equipment and machinery out of which an expenditure of Kshs.13,800,000 was incurred on the supply, delivery and commissioning of a fire fighting machine. The tender for the supply of the machine was awarded to a trading company at a contract sum of Kshs.69,000,000 on 21 September 2016. A review of the procurement records indicated that the firm that was awarded the contract was to procure the machine from a company in Izmir Turkey, However, the company awarded the tender did not provide a letter of dealership from the company manufacturing IVECO brand of vehicles and plants. No explanations was provided by management as to why the machine could not be procured directly from the dealers.

Further, the firm was paid a down payment of Kshs.13,800,000 although there was no provision in the contract agreement for an advance payment. This was done through a recommendation by the County Mechanical Engineer on pre- delivery inspection report dated 25 May 2016 which stated that the supplier is entitled to 20% down payment to facilitate logistics and registration. Even though an advance payment security letter for Kshs.13,797,884 from Credit Bank dated 6 July 2017 was provided, no requisition for this advance payment was made by the company.

Consequently, the propriety of the expenditure of Kshs.13,800,000 on the acquisition of the fire fighting machine for the year ended 30 June 2017 could not be confirmed.

### **8.20 Construction of Operating Theatre at Kacheliba in West Pokot County**

The contract for the construction of the operating theatre at Kacheliba sub county referral hospital was awarded to a construction company at a contract sum of Kshs.29,150,755.95 as per tender reference No. WPC/067/2013-2014 dated 22 April 2014. As at 30 June, 2017 a total of six payment certificates had been raised indicating value of work certified as Kshs.29,150,755.95. The last payment of Kshs.1,007,316 was done vide payment voucher no 1044 dated 7 June 2017 resulting to total contract sum of Kshs.29,150,755.95 to the contractor. However, the payment voucher was not authorized and was not supported with the contract agreement, the bills of quantities, the tender documents and evaluation and award committee minutes, inspection and acceptance report and handing over/commissioning of the of the project . A physical verification of the project in the month of January 2018 revealed that one theatre room is not completed, the doors of the completed theatre were poorly done and washrooms had not been completed.

Consequently, the objectives of this project was not achieved and the county government did not obtain value for money on expenditure on this project since the contractor was paid the total contract sum yet there were some works still pending as at 30 June 2017.

### **8.21 Renovation and Electrical Works for Kapenguria Referral Hospitals**

---

*Report of the Auditor-General on the Financial Statements of County Executive of West Pokot for the year ended 30 June 2017*

Included in the acquisition of assets figure of Kshs.1,581,848,007 reflected in the statement of receipts and payments Ksh.23,214,656.00 in respect of refurbishment of buildings out of which Kshs.8,190,818.00 was paid to a construction company for the renovation and electrical works for Kapenguria Referral Hospital of Kshs.8,190,818. as per tender reference No. WPC/T/044/2013-2014 dated 19 February 2014. As at 30 June, 2017 a total of four (4) payment certificates had been raised indicating value of work certified as Kshs.8,190,818.90 being the cumulative and total payments. However, the bills of quantities, the contract agreement, the letter of notification of a ward, tender and evaluation committee minutes, the inspection and acceptance report and handing over /commissioning report for the electrical works, were not availed for audit review. A physical verification of works done in the month of January 2018 however did not reveal evidence of the renovations of the works performed.

Consequently, the propriety of the expenditure of Kshs.8,190,818 on renovations and electrical works for the year ended 30 June 2017 could not be confirmed.

## **8.22 Purchase of Furniture**

Note 18 to the financial statements reflects acquisition of assets figure of Kshs.1,581,848,000 which include purchase of household furniture and general equipment of Kshs.9,778,572. The contract for supply and delivery of furniture and fittings was awarded to an Investment company and the contract for supply and delivery of Kitchen Curtains, specialized work for house Block A and B in the Governor's residence was awarded to an agency firm. The County government paid a total of Kshs.4,677,243 and 5,149,400 to Investment company and Agency firm respectively. However, contract agreements, tender evaluation and award minutes, inspection and acceptance committee reports were not availed for audit review. Further, a physical verification of the residence revealed that no goods were delivered.

In the circumstances, the propriety of the expenditure of Kshs.9,778,572 on purchase of furniture for the year ended 30 June 2017 could not be confirmed.

## **8.23 Acquisition of Land**

The statement of receipts and payments for the year ended 30 June 2017 reflects acquisition of assets figure of Kshs.1,581,848,000 which includes acquisition of land balance of Kshs.15,874,000. However, a copy of tender advertisement, opening, evaluation and award minutes, contract agreements and documents of ownership in support of parcels of land bought totalling Kshs.15,874,000 were not availed for audit review.

Consequently, the ownership of the land and the propriety of the expenditure of Kshs.15,874,000 in respect of land purchase for the year ended 30 June 2017 could not be confirmed.

## **9.0 Cash and Bank Balances**

A review of bank reconciliation statements in respect of various Kenya Commercial Banks accounts revealed unpresented cheques totaling Kshs.165,876,956 which had

*Report of the Auditor-General on the Financial Statements of County Executive of West Pokot for the year ended 30 June 2017*

been drawn for cash for office use and cash for operations. The management explained that the funds were intended for payments of expenditures where beneficiaries were not defined in the IFMIS. However, the details of the beneficiaries were not provided for audit review.

A further review of the bank reconciliation statements as at 30 June 2017 for various accounts indicated payments in the bank statements that were not recorded in the cash book amounted to Kshs.146,355,653. However, documents in support of these payments were not provided for audit review.

In addition, an amount of Kshs.6,688,185 was receipted in the Kenya Commercial Bank-Roads, Works and Transport account cash book but the amount was not banked. The management did not provide explanations for failure to bank the amount.

Consequently, the accuracy and completeness of the bank balances of Kshs.440,574,567 as at 30 June 2017 could not be confirmed.

## **10.0 Pending Bills**

During the year ended 30 June 2017, the County Government of West Pokot accrued pending bills amounting to Kshs.643,600,899 which were not paid but were instead carried forward to 2017/2018. Had these bills been paid and charged to the accounts for 2016/2017, the statement of receipts and payments for the year ended 30 June 2017 would have reflected deficit of Kshs.647,266,003 instead of the deficit of Kshs.3,665,104 now shown.

Non-payment of bills during the year in which they are incurred is an indication of non-compliance with the budget and negatively affects the programs and activities of the ensuing year to which the bills have to be charged.

Further, invoices, local purchase orders, delivery notes, certificates of completion, inspection and acceptance reports to support the pending bills of Kshs.643,600,899 were not provided for audit review.

Consequently, the validity, accuracy and completeness of pending bills of Kshs.643,600,899 as at 30 June 2017 could not be confirmed.

## **11.0 Budgetary Control and Performance**

### **11.1 Budget Absorption**

During the year, the County Government's total budget amounted to Kshs.5,246,391,758 comprising of recurrent amount of Kshs.3,414,409,518 and a development amount of Kshs.1,831,982,240. Further, the budget absorption for the year was as summarized below:

<b>Vote</b>	<b>Budget (Kshs)</b>	<b>Actual (Kshs)</b>	<b>Under Absorption (Kshs)</b>	<b>Under Absorption %</b>
Recurrent	3,414,409,518	3,182,259,418	232,150,100	6.8
Development	1,831,982,240	1,690,941,046	141,041,194	7.7
<b>Total</b>	<b>5,246,391,758</b>	<b>4,873,200,464</b>	<b>373,191,294</b>	<b>7.1</b>

However, no reason has been provided for underutilization of the budget by Kshs.373,191,294 despite the bank accounts reflecting closing balance of Kshs.440,574,567. The under absorption of the approved budget is an indication of activities and projects in the annual work plan not implemented by the County Executive. This is likely to have a negative effect on delivery of goods and services to the residents of West Pokot County. Therefore, there is need for the management to relook at the budgetary mechanism with a view to allocating funds to priority areas to avoid instances of idle funds.

### 11.2 Recurrent Budget

The County Executive had an approved recurrent budget of Kshs.3,414,409,518 out of which an amount of Kshs.3,182,259,466 was expended resulting in under absorption of Kshs.231,150,052 or 6.8 % of the budget as detailed below:

<b>Expenditure Item</b>	<b>Budget Amount (Kshs)</b>	<b>Actual Expenditure (Kshs)</b>	<b>Under Absorption (Kshs)</b>	<b>Under Absorption %</b>
Employee compensation	1,399,852,221	1,397,397,658	2,454,563	0.2
Use of goods and services	1,224,913,476	1,026,461,960	198,451,516	16
Transfers to County Assembly	470,000,000	440,000,000	30,000,000	6
Transfers to other government units	109,250,743	108,006,770	1,243,973	1
Other grants and transfers	196,150,000	196,150,000	0	0
Social Security Benefits	14,243,078	14,243,078	0	0
<b>Total</b>	<b>3,414,409,518</b>	<b>3,182,259,466</b>	<b>232,150,052</b>	<b>6.8</b>

From the above analysis, it is evident that the Count Executive underspent on most of the budget lines. This is an indication of idle funds not put to proper use for service delivery. The management may have over budgeted on recurrent expenditure and therefore need for more realistic budgeting in future.

### 11.3 Project Verification

During the audit, eighty two (82) projects with total contract sum of Kshs.1,748,706,285 out of which Kshs.1,082,249,511 had been spent were verified and the findings of the verification is as detailed below:

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
1	Parua- Ortum water supply	9,877,780		5,680,910	5,680,910	70%	Project still Incomplete. Pipe laying done but back filling not complete. Intake chambers not completed. Some pipes broken and others left un-attended on site.
2	Sigor water supply Phase II	32,002,500	10,000,000	18,014,970	28,014,970	100%	Project Incomplete. About 600m of main piping works still not done. Also, distribution pipes not laid and refurbishment of the treatment works not done. The residents can still not benefit from the service.
3	Tamkal water supply Phase II	6,999,177		2,449,542	2,449,542	100%	Contractor has completed contracted works. However, more budgetary allocation still needed to complete main piping works and also distribution pipes for the project to be complete.
4	Marich-Poghoi water supply	4,999,050	2,681,100	2,317,950	4,999,050	90%	Complete and in use
5	Storm drainage Phase II	29,924,056		15,324,360	15,324,360	100%	Complete and in use
6	Mokuwo Irrigation Phase III	7,049,210		4,082,100	4,082,100	100%	Complete but partially in use. No water is flowing in most of the distribution pipes and the benefit of the project not realized.
7	Mrel Irrigation Phase II	6,124,072		5,511,665	5,511,665	100%	Contractor has completed contracted works. However, more budgetary allocation still needed to complete main piping works and also distribution pipes for the project to be complete.

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
8	Const. of Tapoyo cattle dip	2,199,441		2,199,441	2,199,441	100%	Complete but not in use due to land dispute.
9	Generator at KDH			10,000,000	10,000,000	100%	Complete and in use
10	Generator at Treasury	1,500,000		1,500,000	1,500,000	100%	Completed and in use
11	Firefighting Engine	69,000,000		13,000,000	13,000,000	100%	Fire engine purchased but has no trained personnel. Equipment not yet registered and log book not availed.
12	CCTV installation at Treasury	1,759,650		615,500	615,500	40%	35No. Cameras installed. Work incomplete and not in use.
13	ERP System	16,000,000		4,800,000	4,800,000	20%	Only HR module out of 5 modules done and was still at 80% completion level. Still not in use.
14	Grader	25,000,000		25,000,000	25,000,000	100%	Grader purchased and has been in use though found having a mechanical breakdown. Log book not availed.
15	Oxygen Plant at KDH	Not availed		13,964,040	13,964,040	100%	Project completed and in use.
16	County welcome, departure and advertisement board.	1,816,519		1,039,360	1,039,360	0%	Project not implemented
17	St cecilia-simat-cheparia road	1,199,022		1,199,022	1,199,022	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance report. The road was not labeled
18	Chepkobegh-nakwijit-kesot-kapkata road	2,337,400		2,337,400	2,337,400	100%	Machine utilization form not signed by the client and county representative. During verification, the road was done however the drainage system was still a challenge

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
19	Ngotut-kamketo-kasei road	1,257,840		1,257,840	1,257,840	100%	No inspection and acceptance report. On verification work was done, however drainage was still a challenge
20	Alale-kasitot-loborokocha-chemulunjo road	3,360,410		3,360,410	3,360,410	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away .No inspection and acceptance report
21	Hire of earth moving machines(KT CA 072E) work on Kamla-baru-kosei road	6,792,500		6,792,500	6,792,500	100%	The road was opened 20kms long. However the drainage system was still a challenge given that the road was cutting across the hills. Some parts of the road were rendered impassable due to soil erosion and overgrown vegetation. The road was not labeled
22	Opening of karas-chepesha-kalomoywo road	2,623,912		2,623,912	2,623,912	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away .No inspection and acceptance report. The road was not labeled
23	Opening of muinoi chuwai road	2,320,000		2,320,000	2,320,000	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away .No inspection and acceptance report. The road was not labeled
24	Maintenance of kasei-cheburwo-chespen-ombolion road	2,612,080		2,612,080	2,612,080	100%	No inspection and acceptance report. On verification work was done, however drainage was still a challenge

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
25	Opening of katich-nasoriet-lobiroi-matilsiran-sasak-odong road	2,382,361		2,382,361	2,382,361	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance report. The road was not labeled
26	Periodic maintainance of talau-chepkoti-kaplain-kaprech road	1,266,140		1,266,140	1,266,140	100%	There was no drainage system and most parts of the road had been swept away 'No inspection and acceptance report. The road was not labeled
27	Rehabilitation of Ortum town roads (20km)	3,864,000		3,864,000	3,864,000	100%	There was no drainage system and most parts of the road had been swept away .No inspection and acceptance report. The road was not labeled
28	Hire of earth moving machines(KB L 119W)and KHMA 335C to do kasei-cheburwo-ombolion road and kreswo-atacha-chumni road	12,554,100		12,554,100	12,554,100	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance report. The road was not labeled
29	Hire of earth moving machines KHMA 335C to do atacha-kreswo-chumni road	10,040,940		10,040,940	10,040,940	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance report. The road was not labeled
30	Hire of earth moving machines KBN 293A to do Karas-cheptapesha-kalamoywo roads	11,990,250		11,990,250	11,990,250	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance report. The road was not labeled

*Report of the Auditor-General on the Financial Statements of County Executive of West Pokot for the year ended 30 June 2017*



No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
31	Hire of earth moving machines KBL 119W to do Kmila-baru-kasei roads	10,614,240		10,614,240	10,614,240	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance report. The road was not labeled
32	Hire of earth moving machines KTCA 072E to do kamila-baru-kasei roads	7,928,114		7,928,114	7,928,114	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance report. The road was not labeled
33	Hire of earth moving machines KHMA 736F to do Amakuriat-kalapata road	6,519,240		6,519,240	6,519,240	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance report. The road was not labeled
34	Hire of earth moving machines KHMA 736F to do Amakuriat-kalapata road	2,538,900		2,538,900	2,538,900	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance report. The road was not labeled
35	Hire of earth moving machines KTCA 072E to do road kamila-baru-kasei	9,636,000		9,636,000	9,636,000	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance report. The road was not labeled
36	Hire of earth moving machines KBL 119W to do kamila-baru-kasei road	8,746,500		8,746,500	8,746,500	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
							report. The road was not labeled
37	Hire of earth moving machines KHMA 478B to do weiwei-tamkal-solion road	5,841,324		5,841,324	5,841,324	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away. No inspection and acceptance report. The road was not labeled
38	Construction of twin box culvert at talau-bondeni road	5,232,615		5,232,615	5,232,615	100%	The culvert works were done
39	Hire of earth moving machines KHMA 691 to do kipishule-kaplain road	5,505,660		5,505,660	5,505,660	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away 'No inspection and acceptance report. The road was not labeled
40	Periodic maintainance of Kacheliba-cheranganroad	1,446,271		1,446,271	1,446,271	100%	No inspection and acceptance report. On verification work was done, however drainage was still a challenge
41	Periodic maintenance of kasei-korkou road	1,380,168		1,380,168	1,380,168	100%	No inspection and acceptance report. On verification work was done, however drainage was still a challenge
42	improvement/maintanance works for nakuyen-kokochaya road	1,348,008		1,348,008	1,348,008	100%	No inspection and acceptance report. On verification work was done, however drainage was still a challenge
43	improvement/maintenance works kokoyo-chepures,Akelin-Lekau,Kalam-Tupon,Kour-	3,490,980		3,490,980	3,490,980	100%	No inspection and acceptance report. On verification work was done, however drainage was still a challenge

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
	Apetaa and Chesswon-Embuns road						
44	Periodic maintenance of psigirio-keringet-kanglikwan road	2,206,021		2,206,021	2,206,021	100%	No inspection and acceptance report. On verification work was done, however drainage was still a challenge
45	Periodic maintenances of murkwijit-talau-siyoi road	1,249,900		1,249,900	1,249,900	100%	No inspection and acceptance report. On verification work was done, however drainage was still a challenge
46	Expansion of A1 chepareria-motpokor-simotwo road	<b>2,317,680</b>		<b>2,317,680</b>	2,317,680	100%	No inspection and acceptance report. On verification work was done, however drainage was still a challenge
47	Opening and grading of kamito-kamayech-serewo road	2,100,180		2,100,180	2,100,180	100%	.On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water
48	Periodic maintenances of lomut u new road	1,903,606		1,903,606	1,903,606	71%	No inspection and acceptance report. On verification, it was discovered that ,culverts and drainage works were not carried out and parts of the road was impassable
49	Opening of alale-lengorok road	<b>2,173,600</b>		<b>2,173,600</b>	2,173,600	90%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water
50	Sukut-kopoch-emboasis road	3,163,320		3,163,320	3,163,320	91%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water

*Report of the Auditor-General on the Financial Statements of County Executive of West Pokot for the year ended 30 June 2017*

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
51	Opening and grading of kamito-kamayech-serewo road	3,235,240		3,235,240	3,235,240	92%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water
52	Opening of amakuriat-kasitot road	2,610,689		2,610,689	2,610,689	90%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water
53	Opening and grading of kipat chorwai kapsait road	2,644,800		2,644,800	2,644,800	100%	No inspection and acceptance report. On verification work was done, however drainage was still a challenge
54	Opening and grading of simbol slah road	2,682,000		2,682,000	2,682,000	89%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water
55	Opening of alale-lengorok road	3,046,800		3,046,800	3,046,800	90%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water
56	Maintenance of chepyomet-kapkechaoka pchila road	2,712,720		2,712,720	2,712,720	92%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
57	Opening of amakuriat-kasitot road	2,651,641		2,651,641	2,651,641	88%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water
58	Opening of sukut-kopoch-emboasis road	2,709,520		2,709,520	2,709,520	92%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water
59	Opening and grading of simbol-slah road	2,640,880		2,640,880	2,640,880	92%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water
60	Maintanance works on chepareria-ptoyo road	3,184,413		3,184,413	3,184,413	100%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water
61	Periodic maintenance of lomut u new road	2,999,574		2,999,574	2,999,574	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away 'No inspection and acceptance report. The road was not labeled
62	Periodic maintenance of lomut u new road	1,958,120		1,958,120	1,958,120	77%	No inspection and acceptance report. On verification, it was discovered that ,culverts and drainage works were not carried out and parts of the road was impassable
63	improvement/ maintenance works for	2,846,982		2,846,982	2,846,982	100%	

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
	Lopalal min twin box culvert						
64	Opening and grading of kayemit chearten saramee road	2,284,320		2,284,320	2,284,320	100%	Although the earth work (road opening) was done, there was no drainage system and most parts of the road had been swept away 'No inspection and acceptance report. The road was not labeled
65	Opening and grading of kayemit-cheparten-saramee road	2,388,320		2,388,320	2,388,320	100%	No inspection and acceptance report. On verification work was done, however drainage was still a challenge
66	Maintanance of chepyomet-kapkechaoka pchila road	2,586,512		2,586,512	2,586,512	94%	On verification, grading and gravelling had not been done and drainage system was poorly done and the road was being washed away by the rain water
67	Construction of Keringet Agricultural Training College	351,258,789	233,609,318	55,478,287	289,087,605		The bills of quantities and drawings to support the additional works in phase two of the contract were not provided and certificates of completion to support the payments of Kshs.55,478,287 were not provided.
68	Proposed Renovation of Makutano Stadium	41,227,445	12,221,398	14,840,551	27,061,949		A physical verification of the project confirmed that the project had stalled. It was further noted that some of the works like public toilet, main gate, column bases for the temporary structure had not been completed.
69	Proposed Construction of Sub-county Office Block at Kapenguria	83,835,079	19,786,143	11,561,789	31,347,932	60%	The bills of quantities and drawings to support the additional works in phase two of the contract were not provided and certificates of completion to support

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
							the payments of Kshs.31,347,932 were not provided.
70	Proposed Construction of ECD College at Kapenguria	55,716,632	31,315,614	12,000,000	43,315,614		The bills of quantities and drawings to support the additional works in phase two of the contract were not provided and certificates of completion to support the payments of Kshs.12,000,000 were not provided.
71	Erection and Completion of Multipurpose Hall and Kitchen for ECD Training College at Kapenguria	41,727,079		15,459,754	41,727,079		A physical verification of the project confirmed that the project had stalled and the total contract sum had been paid yet some works like electrical works, external sewer, toilets and showers were incomplete. Hence it was irregular to pay the total amount without a certificate of final account.
72	Proposed Construction of ECD Hostel at Kapenguria	46,049,113		15,727,079	34,238,442		A physical verification of the project confirmed that some works like electrical works, septic tanks and toilets had not been completed yet the contractor had been paid 74.3% of the contract sum. Hence the county government has not obtained value for money on this expenditure.
73	Proposed Construction of Hostel Block and Dining Hall for Athletics Training Camp at Kapenguria	29,272,440		1,650,230	26,538,370	65%	A physical verification of the project confirmed the tiling was poorly done and mechanical works, electrical works and the septic tank were incomplete yet 90.6% of the contract sum had been paid

*Report of the Auditor-General on the Financial Statements of County Executive of West Pokot for the year ended 30 June 2017*

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
							against value of work done which was about 65%. Hence the county government has not obtained value for money on this expenditure.
74	Proposed Construction of a Conference and Library Facility for Pokot Cultural Centre at Kapenguria	22,871,370		5,072,323	22,871,370		A physical verification of the project confirmed the a substantial amount of work like the septic tank, toilets, wired networks and electrical works had not been done yet the firm was paid the total contract sum of Kshs.22,871,370.The management did not provide explanations for this anomaly.
75	Proposed Construction of a Classroom Block for Masol Integrated Project Centre at Kapenguria	11,996,950		6,646,360	10,421,400		It was noted that the project was out of the contract period yet there no contract extension provided for audit review.
76	Proposed Construction of a Health Centre for Masol Integrated Project Centre	14,793,150		8,342,710	13,132,142	20%	A physical verification of the project indicated that steel works for the lintel were exposed, the builders' works are incomplete, roofing of the building has been done partially and the mechanical works had not been done. According to the report by the engineers the value of work done was about 20% yet the contractor had been paid 89% of the contact sum. The management did not provide explanations for this anomaly.



No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
77	Proposed Construction of Hostels for Masol Integrated Project Centre	14,985,460		14,985,460	14,985,460		A physical verification of the project indicated that the septic tank had not been done, there was no provision for fresh water supply and Kenya power service line. The management did not provide explanations for this anomaly.
78	Proposed Construction of County Treasury at Kapenguria	72,516,863	72,516,863		72,516,863	100%	A physical verification of the project confirmed that the gym equipment, highland water storage and a generator were not installed. No explanation was provided for this anomaly yet the contractor was claiming an additional payment of Kshs.17,261,637.
79	Construction of Chesta Teachers Training College	37,400,537	12,006,786	10,150,537	22,157,323	95%	A physical verification of the project revealed that the foundation and walling works were complete while roofing works was estimated at 95% level of completion. Further, electrical works, mechanical works, plastering and partitioning of the rooms had not started. The contractor was not on site at time of the audit inspection and the project is behind schedule and there was no evidence that there was an approved extension of contract period.
80	Construction of Tourist Hotel	352,123,565	35,545,451	40,188,600	75,734,051		A physical verification of the project confirmed that electrical works, plumbing works, internet works, septic tank, road works,

No	Project Name	Contract sum	Previous payments	Amount paid in 2016/17	Total Payments	% of Completion	Remarks
							swimming pool had not been done despite payment of a substantial amount of the contract sum.
81	Construction of Official Governor's Residence	113,008,580	70,482,498	17,512,901	87,995,394		A physical verification of the project confirmed that the project had stalled after incurring an expenditure of Kshs.87,995,394. Further, the client had been paid 77.8 % of the contract sum yet a substantial amount of the works like internet works, septic tank, civil works ,bore hole ,elevated tanks, generator set, plumbing and electrical works had not been completed.
82	Construction of Office Block for Department of Education and ICT	52,545,964	27,287,983	6,554,125	33,842,108		An inspection of the project confirmed that a substantial amount of works were incomplete including electrical works, septic tank, toilets and showers, the roof was leaking and there was no provision for Kenya Power service line and fresh water supply.
	<b>Total</b>	<b>1,748,706,285</b>	<b>527,453,154</b>	<b>554,796,357</b>	<b>1,178,279,853</b>		

Forty nine (49) projects with total contract sum of Kshs.411,366,484 were complete and in use, while thirty three (33) projects with total contract sum of Kshs.1,337,339,800 were still ongoing. Consequently, the objectives of incomplete projects may not have been achieved and the County Government did not obtain value for money on expenditure of Kshs1,337,339,800 in respect of the incomplete projects.

## 12.0 Failure to Observe One Third Staff Establishment Rule

A review of the payroll records revealed that during the year, the County Executive employed a total of 88 new staff out of whom 77 (seventy-seven) or 88% staff are from

*Report of the Auditor-General on the Financial Statements of County Executive of West Pokot for the year ended 30 June 2017*

the same ethnicity leaving 12% from other ethnicities contrary to Part VII sec.65 (1) (e) of the County Government Act, 2012.  
Consequently, the County Government is in breach of the law.

### **13.0 Governance Framework**

#### **13.1 Lack of Independent Internal Audit Function**

A review of the internal audit function revealed that the County Executive has an established internal audit function with six audit staff including head of internal audit. However, the head of internal audit reports to the Governor instead of the audit committee and therefore does not enjoy operational independence through the reporting structure contrary to Regulation 155(1) of the Public Finance Management (County Government) Regulations 2015, which states that the head of Internal Audit unit in a County Government entity shall enjoy operational independence through the reporting structure by reporting administratively to the Accounting Officer and functionally to the audit committee.

Consequently, the unit lacks operational independence to execute its mandate.

#### **13.2 Failure to Establish an Audit Committee**

The County Executive of West Pokot has not established an audit committee contrary to Section 167(1) of the Public Finance Management (County Government) Regulations, 2015 which require each County Government entity to establish an audit committee in accordance with prescribed regulations to monitor the entity governance process, accountability process and control systems of the entity, offer objective advice on issues concerning risk, control, regulatory requirement and governance of the County.

The County Government of West Pokot is therefore in breach of the law.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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 such 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.

In preparing the financial statements, management is responsible for assessing the Executive's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the County Executive's or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the County Executive's financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

My responsibility is to conduct an audit of the County Executive of West Pokot financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of County Executive of West Pokot in accordance with ISSAI 30 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.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**16 July 2018**