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Recommended for approval
for tabling

31/03/2026



31/03/26



THIRTEENTH PARLIAMENT - FIFTH SESSION

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE CONSIDERATION OF THE REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE FOLLOWING COUNTY EXECUTIVES FOR THE FINANCIAL YEAR 2024/2025:

DATE	31.03.2026
TABLED BY	Chair-CPAC
COMMITTEE	CPAC
CLERK AT THE TABLE	Ms cherop

S/NO	COUNTY EXECUTIVE	STATUS OF MANAGEMENT RESPONSE	AUDIT OPINION
1	TURKANA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
2	TANA RIVER COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
3	MAKUENI COUNTY EXECUTIVE	CONSIDERED	UNQUALIFIED OPINION
4	THARAKA-NITHI COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
5	NANDI COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
6	SIAYA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
7	MURANG'A COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
8	NAKURU COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
9	MARSABIT COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
10	SAMBURU COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
11	NAIROBI CITY COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
12	HOMA BAY COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
13	KISUMU COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
14	WAJIR COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
15	MIGORI COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
16	BARINGO COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
17	KIAMBU COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
18	LAMU COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
19	NYAMIRA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION

DC-EG

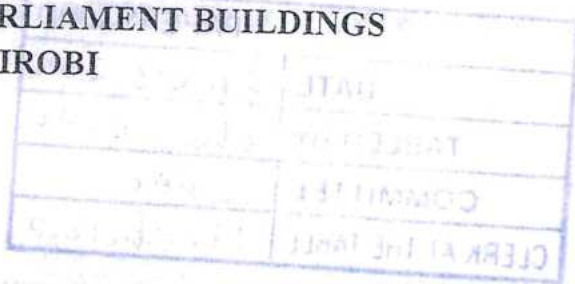
Forwarded & recommended for approval & table
31/03/2026

20	UASIN-GISHU COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
21	BUSIA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
22	ISIOLO COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
23	KIRINYAGA COUNTY EXECUTIVE	NOT SUBMITTED	QUALIFIED OPINION
24	KISHI COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
25	KAJIADO COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
26	KERICHO COUNTY EXECUTIVE	SUBMITTED	ADVERSE OPINION
27	KAKAMEGA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
28	KILIFI COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
29	GARISSA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
30	MOMBASA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
31	TAITA TAVETA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION

VOLUME 3

**THE SENATE
PARLIAMENT BUILDINGS
NAIROBI**

MARCH, 2026




THE SENATE

THIRTEENTH PARLIAMENT – FIFTH SESSION

ADOPTION OF THE REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE CONSIDERATION OF THE REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS, THE RECEIVER OF REVENUE STATEMENTS AND THE COUNTY REVENUE FUND FOR THE FOLLOWING COUNTY EXECUTIVES FOR THE FINANCIAL YEAR 2024/2025

COUNTY EXECUTIVE	STATUS OF MANAGEMENT RESPONSE	AUDIT OPINION
TURKANA COUNTY EXECUTIVE	CONSIDERED	QUALIFIED OPINION
TANA RIVER COUNTY EXECUTIVE	CONSIDERED	QUALIFIED OPINION
MAKUENI COUNTY EXECUTIVE	SUBMITTED	UNQUALIFIED OPINION
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SAMBURU COUNTY EXECUTIVE	NOT SUBMITTED	QUALIFIED OPINION
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HOMA BAY COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
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WAJIR COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
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BUSIA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
ISIOLO COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
KIRINYAGA COUNTY EXECUTIVE	NOT SUBMITTED	QUALIFIED OPINION
KISII COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
KAJADO COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
KERICHO COUNTY EXECUTIVE	NOT SUBMITTED	ADVERSE OPINION
KAKAMEGA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
KILIFI COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
GARISSA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
MOMBASA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION
TAITA TAVETA COUNTY EXECUTIVE	SUBMITTED	QUALIFIED OPINION

Adopted by:

No.	Senator	Designation	Signature
1.	Sen. Moses Otieno Kajwang', CBS, MP	Chairperson	
2.	Sen. Johnes Mwashushe Mwaruma, MP	Vice-Chairperson	
3.	Sen. Fatuma Adan Dullo, CBS, MP	Member	
4.	Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP	Member	
5.	Sen. Okong'o Mogeni, CBS, SC, MP	Member	
6.	Sen. Enoch Kiio Wambua, CBS, MP	Member	
7.	Sen. Samson Kiprotich Cherarkey, MP	Member	
8.	Sen. Mwenda Gataya Mo Fire, CBS, MP	Member	
9.	Sen. Edwin Watanya Sifuna, CBS, MP	Member	

Signature  Date 31/03/2020

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

THE SENATE

THIRTEENTH PARLIAMENT - FIFTH SESSION

ADOPTION OF THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS, RECEIVER OF REVENUE AND COUNTY REVENUE FUND OF ISIOLO, GARISSA, THARAKA-NITHI, NANDI, SIAYA, MURANG'A, NAKURU, MARSABIT, SAMBURU, NAIROBI CITY, HOMA BAY, KISUMU, WAJIR MIGORI BARINGO KIAMBU LAMU NYAMIRA UASIN-GISHU BUSIA TURKANA KIRINYAGA KISII COUNTY KAJIADO KERICHO KAKAMEGA KILIFI TANA RIVER MOMBASA AND TAITA TAVETA EXECUTIVES FOR THE FINANCIAL YEAR 2024/2025.

Adopted by:

1. Sen. Kajwang' Moses Otieno, CBS, MP – Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice-Chairperson
3. Sen. Adan Dullo Fatuma, CBS, MP – Member
4. Sen. Okong'o Mogeni, CBS, SC, MP – Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP-Member
6. Sen. Enock Kii Wambua, CBS, MP – Member
7. Sen. Cherarkey Samson Kiprotich, MP – Member
8. Sen. Sifuna Edwin Watanya, MP – Member
9. Sen. Mwenda Gataya Mo Fire, MP – Member

Date.....

DEFINITION OF TERMS

Disclaimer

A disclaimer is when the auditor is unable to fully review an entity's documentation because there is a substantial amount of information that is missing. The absence of information makes it hard and difficult for the Auditor General to make an opinion. In other words, the auditor feels unable to determine whether the situation is qualified or adverse because the paperwork is not adequate. This is a serious lapse in compliance and should be of concern to oversight bodies. A disclaimer indicates that the record keeping is so bad to the extent that the auditor cannot give an opinion.

Adverse Opinion

An adverse opinion is issued when the Auditor General is able to review the entity's documentation supplied for audit purposes and the final audit reveals problems that are widespread and pervasive and will require considerable changes to remedy. Oversight institutions are concerned to recommend remedies to address such anomalies and systems.

Qualified Opinion

This is as a result of the Auditor General finding some problems that are not widespread or persistent with documentation and information supplied. The auditor received all the information required for the audit. However, after review the audit reveals there are some gaps in adherence and compliance to legal procedures.

Unqualified Opinion

This arises when the Auditor General is satisfied with documentation presented for review. It implies that there are no major problems with documentation and information that were presented for assessment and the funds are managed properly.

PREFACE

Mr. Speaker Sir,

Committees are a creation of the Constitution through Article 124(1) of the Constitution which empowers each House of Parliament to establish Committees and make Standing Orders for the orderly conduct of its proceedings, including the proceedings of its committee.

The County Public Accounts Committee is established by the Senate pursuant to Standing Order No. 193 and is mandated-

- a) Pursuant to Article 96(3) of the Constitution, to exercise oversight over national revenue allocated to the county governments;
- b) Pursuant to Article 229(7) and (8) of the Constitution, to examine the reports of the Auditor-General on the annual accounts of the county governments;
- c) To examine special reports, if any, of the Auditor-General on county government funds;
- d) To exercise oversight over county public accounts.

Committee Membership

Mr. Speaker Sir,

The membership of the Committee comprises of the following Senators-

- 1. Sen. Kajwang' Moses Otieno, CBS, MP – Chairperson**
- 2. Sen. Johnes Mwashushe Mwaruma, MP - Vice-Chairperson**
3. Sen. Adan Dullo Fatuma, CBS, MP – Member
4. Sen. Okong'o Mogeni, CBS, SC, MP – Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP-Member
6. Sen. Enock Kiiio Wambua, CBS, MP – Member
7. Sen. Cherarkey Samson Kiprotich, MP – Member
8. Sen. Sifuna Edwin Watanya, MP – Member
9. Sen. Mwenda Gataya Mo Fire, MP – Member

Committee Secretariat

The secretariat comprises of the following members of staff;

- 1) M. Njenga Njuguna - Director Governance and Accountability
- 2) Ms. Emmy Chepkwony - Deputy Director/ H.O.D, Accountability
Committees
- 3) Mr. George Otieno - Principal Clerk Assistant
- 4) Mr. Crispus Tima - Clerk Assistant I
- 5) Mr. Kevin Kibet - Clerk Assistant III
- 6) Mr. Hussein Salat - Fiscal Analyst II
- 7) Mr. CPA. Kosiba Joash - Chief Fiscal Analyst
- 8) Ms. Keziah Muthama - Fiscal Analyst III
- 9) Mr. Malcom Ngugi - Legal Counsel
- 10) Mr. Osman Hire - Research Officer III
- 11) Ms. Joan Njeri Mahinda - Research Officer III
- 12) Ms. Annette Khayela - Research Officer III
- 13) Ms. Charity Charo Kanze - Research Officer III
- 14) Mr. Ibrahim Oruko - Media Relations Officer
- 15) Ms. Shirley Milimo - Audio Officer
- 16) Mr. Wycliffe Muwanga - Accountant III
- 17) Mr. Mr. John Chege - Serjeant-at-Arms

Mr. Speaker Sir,

The Senate Committee on County Public Accounts is the avenue through which the Senate under the provisions of Article 96(3) of the Constitution carries out the post scrutiny of County Governments Budgets.

Mr. Speaker Sir,

This report contains sixteen (16) County Executive reports for the financial year 2024/2025, listed as volume I that were considered and adopted by the Committee.

Mr. Speaker Sir,

The Committee was constituted at the commencement of the First Session in September, 2022 pursuant to Senate Standing Order 193(4) which requires the County Public Accounts Committee to be constituted after a general election and shall serve for a period of three sessions. Therefore, the Committee commenced its business in the month of February, 2023.

EXECUTIVE SUMMARY

Mr. Speaker Sir,

Pursuant to Article 229(7) and (8) of the Constitution, this report embodies the findings and recommendations of the Senate County Public Accounts Committee following its consideration of the Auditor-General's reports on the financial statements of 31 County Executives for the Financial Year 2024/2025.

The Committee's mandate, derived from Article 96(3) of the Constitution and Senate Standing Order No. 193, is to exercise oversight over national revenue allocated to county governments and examine the reports of the Auditor-General. In executing this mandate, the Committee identified pervasive and systemic fiduciary risks across the counties reviewed, pointing to a fundamental weakness in financial governance and internal controls. These findings underscore a significant departure from the principles of public finance as enshrined in Article 201 of the Constitution, which demands openness, accountability, and prudent and responsible use of public money.

Key Fiduciary Risks and Observations

The Committee's examination revealed a pattern of recurrent issues that threaten the stability and developmental objectives of county governments:

- 1. Failure of Accountability and Record Management:** A majority of County Executives were in breach of Section 62 of the Public Audit Act, 2015, by failing to submit or delaying the submission of essential documents to the Auditor-General. This obstruction, leading to Disclaimer or Qualified audit opinions, contravenes Article 232(1)(b) of the Constitution on efficient and transparent service delivery. Furthermore, the lack of proper record management, including failure to maintain updated Fixed Assets Registers (contrary to Regulation 136 of the Public Finance Management (County Governments) Regulations, 2015) and inaccurate financial reporting (contrary to Section 164 of the PFM Act, 2012), makes it impossible to ascertain the true financial position of these entities and exposes public assets to the risk of loss, waste, and misuse.
- 2. Breach of Fiscal Responsibility Principles:** The persistent and unsustainable wage bill remains a grave concern. Many counties violated Regulation 25(1)(b) of the PFM (County Governments) Regulations, 2015 by spending well above the 35% threshold of total revenue on employee costs. This fiscal indiscipline crowds out development expenditure and directly undermines the objects of devolution under Article 174 of the Constitution. Further, the accumulation of massive pending bills, with some dating back years, constitutes a failure to abide by Regulation 41(2) of the PFM (County Governments) Regulations, 2015, which requires debt service payments to be a first charge on the County Revenue Fund. This has crippled local economies and placed an unfair burden on service providers.

- 3. Systemic Weaknesses in Revenue Management:** The failure to update valuation rolls as required by Section 3 of the Valuation for Rating Act (Cap. 266) has led to significant losses in potential property tax revenue. Weak internal controls, including the use of cash at collection points and delays in banking revenue (contrary to Regulation 81(2) of the PFM (County Governments) Regulations, 2015), expose county funds to revenue leakages and misappropriation. This directly contravenes the duty of a County Treasury to mobilise resources for funding budgetary requirements under Section 104(1)(d) of the PFM Act, 2012.
- 4. Violation of Human Resource and Ethical Standards:** The Committee observed widespread non-compliance with statutory and ethical guidelines. This includes:

 - a)** Breach of the National Cohesion and Integration Act, 2008, with county workforces comprising over 90% from one ethnic community, failing to represent the diversity of Kenya.
 - b)** Violation of the Employment Act, 2007 (Section 19(3)), where employees' net pay fell below one-third of their basic salary due to excessive deductions.
 - c)** Irregular payments to the Council of Governors (COG) from County Revenue Funds, which is unlawful under Section 37 of the Intergovernmental Relations Act, 2012, as the COG is to be funded by the national government.
 - d)** Failure to safeguard employee pension deductions, with some counties holding millions in pension arrears, in breach of Regulation 22(2)(a) of the PFM (County Governments) Regulations, 2015.
- 5. Failure of Project Management and Value for Money:** Numerous projects across the counties were stalled, incomplete, or not operationalised despite significant expenditure. This represents a failure by accounting officers to ensure resources are used in an effective, efficient, and economical manner as mandated by Section 149(1)(b) of the PFM Act, 2012. The construction of facilities without ensuring utilities, equipment, or staff demonstrates poor project conceptualisation and a lack of integrated planning.
- 6. Disregard for Internal Controls and Oversight:** The absence of risk management policies (Regulation 158 of the PFM (County Governments) Regulations, 2015) and functional audit committees (Section 167) in several counties exposes public funds to unmitigated risks. The failure by management to implement prior years' audit recommendations, in direct contravention of Section 53 of the Public Audit Act, 2015, shows a systemic disregard for parliamentary oversight and the rule of law, as these matters remain unresolved cycle after cycle.

Conclusion

The collective weight of these observations paints a picture of a governance system under significant strain. The consistent failure to adhere to the Constitution, the PFM Act, and attendant regulations undermines the very foundation of devolution, which is to bring resources and decision-making closer to the people for improved service delivery and development. The Committee is of the firm view that without urgent and decisive action to enforce accountability, surcharge culpable officers, and strengthen internal controls, the financial stability and developmental goals of county governments will remain under serious threat.

The specific observations and binding recommendations for each of the fifteen counties are detailed in the subsequent chapters of this report.

GENERAL OBSERVATIONS AND RECOMMENDATIONS

The Committee observed that the reports of the Auditor-General considered herein contain audit issues that recur across multiple county entities. These systemic challenges indicate deep-seated weaknesses in financial management, internal controls, and governance frameworks. Consequently, the Committee makes the following general observations and recommendations applicable to all county governments:

1.0. Asset Management: Lack of Updated Fixed Assets Registers and Land Ownership Documents

Committee Observations

The Committee observed that a significant number of county entities:

1. Failed to maintain an updated, comprehensive Fixed Assets Register (FAR) in the format prescribed by the Public Sector Accounting Standards Board (PSASB). Critical details such as serial numbers, acquisition dates, costs, and locations were often missing, contravening Regulation 136(1) of the PFM (County Governments) Regulations, 2015.
2. Had not formally adopted and implemented the report of the Inter-Governmental Relations Technical Committee (IGTRC) on assets and liabilities inherited from defunct local authorities, casting doubt on the accurate statement of their asset base.
3. Commenced and completed significant capital projects on land for which they did not possess title deeds, certificates of lease, or valid allotment letters, exposing public investments to legal disputes and potential loss.

Committee Recommendations

The Committee recommends that:

1. All County Governors must immediately complete the physical verification, valuation, and tagging of all county assets. A comprehensive Fixed Assets Register, in strict compliance with the format prescribed by the PSASB, must be finalized and submitted to the Office of the Auditor-General (OAG) within ninety (90) days of the adoption of this Report.
2. All County Governors must, within ninety (90) days, formally adopt the IGTRC report and provide a clear status update on the implementation of its recommendations, including the transfer and recognition of all inherited assets and liabilities.
3. All County Governors are directed to prioritize the acquisition and regularization of title deeds for all land parcels on which public projects are situated. A status report on this titling process, with clear timelines for resolution, must be submitted to the Office of the Auditor General within 90 days of adoption of this Report; and

4. The Office of the Auditor General to review and report on the progress of these matters in subsequent financial year audits.

2.0. Revenue Management: Outdated Valuation Rolls and Weak Revenue Collection Systems

Committee Observations

The Committee noted that many County Governors:

1. Continued to rely on outdated valuation rolls, some dating back decades, for billing land rates and property rents. This practice, contrary to Section 3 of the Valuation for Rating Act (Cap. 266) and Section 30(1) of the National Rating Act, 2024, results in significant revenue loss as it fails to reflect current market values.
2. Operated revenue collection systems with significant internal control weaknesses, including a lack of integration between systems, an inability to generate proper invoices and audit trails, and excessive reliance on vendors with full administrative access to systems and data.

Committee Recommendations

The Committee recommends that:

1. All County Governors must expedite the preparation, approval, and implementation of an updated valuation roll in accordance with the Valuation for Rating Act (Cap. 266) and the National Rating Act, 2024, to ensure optimal and equitable collection of property rates.
2. All County Governors must ensure their revenue collection systems are fully automated, integrated with the County Revenue Fund, and have robust internal controls, including proper segregation of duties, comprehensive audit trails, and full ownership and control of all data by the county.
3. The Office of the Auditor General to specifically review the status of valuation rolls and the effectiveness of revenue system controls in the next audit cycle.

3.0. Financial Management: Accumulation and Non-Disclosure of Pending Bills

Committee Observations

1. The Committee observed with concern that the accumulation of pending bills (trade and other payables) remains a pervasive problem. The total quantified liability from pending bills across the 15 counties for the FY 2024/2025 is at least Kshs. 32.3 billion. However, the more significant risk lies in the fact that a substantial portion of this debt is unsupported, long-outstanding, and unreconciled, rendering the true liability potentially much higher.
2. Many counties have payables exceeding Kshs. 1 billion, with significant portions outstanding for over 365 days. This contravenes Regulation 41(2) of the PFM

(County Governments) Regulations, 2015, which requires debt service payments, including verified payables, to be a first charge on the County Revenue Fund. The failure to provide proper ageing analyses and supporting documentation for these payables renders financial statements inaccurate and unverifiable.

Committee Recommendations

The Committee therefore recommends that:

1. Trade payables due for more than 365 days be considered indicative of poor financial management, and the County Executive must provide an actionable payment plan to the Controller of Budget (CoB) within ninety (90) days of the adoption of this report.
2. All county governments must prioritize the payment of verified pending bills owed to staff, statutory deductions (KRA, NSSF, NITA), and pension funds within ninety (90) days of the payables becoming due, as these constitute a first charge.
3. The Ethics and Anti-Corruption Commission (EACC) to investigate pending bills, particularly those owed to staff and statutory bodies, to establish whether funds due were retrieved from the County Revenue Fund and, if so, how they were utilised, with a view to recommending prosecution of liable persons.
4. The Controller of Budget is directed to consider a county's efforts to clear inherited pending bills as a key factor when approving exchequer releases, and should not approve releases for subsequent quarters where an approved payment plan is not being adhered to.
5. that all County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2026/2027; and

The Committee further recommends that—

- i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done;
- ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases;

- iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations;
- iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates;
- v. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects;
- vi. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets; and the Office of Controller of Budget and the Senate will monitor compliance and apply sanctions if payment plans are not honoured.

4.0 Financial Management: Pensions and Pension Arrears

Committee Observations

1. A Multi-Agency Technical Taskforce (MATT) on County Pension Liabilities, commissioned by the Senate and Chaired by the National Treasury in its report dated 9th April 2025, addressed to the Senate, noted
 - (a) County Governments comprising the Executive, Assembly and Water Services Boards owe pension schemes a total of Ksh—115.7 billion, inclusive of principal, interest, penalties, and the actuarial deficit. The debt composition is Ksh. 103.2 billion by the County Executive (89%), Ksh. 9.2 billion by Water Service Providers (8%) and Ksh. 3.2 billion by the County Assembly (3%).
 - (b) The report also noted that Pension debt had accumulated over the years from KSh. 21.3 billion (18 per cent of the total unremitted funds, inclusive of interest, penalties, and actuarial deficit) relating to the defunct Local Authorities, which accrued during the pre-devolution period, was transferred to Ksh. 115.7 billion (82 per cent of the total unremitted funds) as at 31st October 2024.
2. The Committee, in its examination of the audit reports for the financial year 2024/2025 for the fifteen counties, observed that the total aggregated specific fiduciary risk related to pensions and pension arrears amounts to Kshs. 3,932,745,989.
3. The total aggregate specific pension arrears fiduciary risks cover Nyeri County Executive with long outstanding employee payables (including pensions totalling Ksh. 110,483,849; Narok County Executive with unremitted retirement benefits contributions totalling Kshs 1,911,131,070; Bomet County Executive with

Irregular Payment of Salaries and Personal Allowances (including overpayment of basic salary to former local authority staff, which constitutes a pensionable liability) and Unremitted Retirement Benefits Contributions amounting to Kshs 1,911,131,070

Committee Recommendations

1. All County Governments must provide a certificate of compliance from county pension schemes as proof of payment or non-payment of previous year's budget pension deductions to the Controller of Budget before release of Funds.
2. All County Governments and their entities must prepare and approve budgets that are consistent with the repayment plans. As a precondition for approving budgets, the CoB shall ensure that budgets incorporate the agreed repayment plans prior to approving county budgets. Furthermore, the CoB shall ensure that the provided budgets are used for the intended purpose.
3. A County Executive with a pension debt of 300 million or less shall repay the pension debt within one Financial Year effective FY 2025/26.
4. A County Executive with pension debt of Ksh. 1.5 billion and below shall with effect from the financial year 2025/26 make annual payments of at least Ksh. 300 million per year over a period of 5 years or until full settlement, whichever comes first.

5.0 Fiscal Responsibility: Unsustainable Wage Bill

Committee Observations

The Committee observed that many county entities have a wage bill significantly exceeding the 35% of total revenue threshold set by Regulation 25(1)(b) of the PFM (County Governments) Regulations, 2015. The total quantified wage bill fiscal risk exposure across the examined counties is Kshs. 39,847,949,657 (approx. Kshs. 39.85 billion). This figure represents the total expenditure on employee costs reported for the Financial Year 2024/2025, which in every case exceeded the statutory limit of 35% of total revenue, creating a significant and unsustainable fiscal risk.

In some instances, the wage bill consumed over 50% of total receipts. This high recurrent expenditure severely constrains the fiscal space available for development projects, threatening the objects of devolution under Article 174(f) of the Constitution.

Committee Recommendations

The Committee recommends that:

1. All County Governors must submit to the OAG and the Senate, within ninety (90) days, a time-bound action plan detailing specific measures to contain the wage bill and ensure strict adherence to the 35% statutory limit.

2. All County Governors must put in place measures to enhance their own-source revenue collection to increase the total revenue base, thereby reducing the wage-to-revenue ratio.
3. Pursuant to the High Court orders in *Matindi v Salaries and Remuneration Commission & another [2026] KEHC 755 (KLR)*, the Salaries and Remuneration Commission (SRC) is directed to submit to the Committee a detailed affidavit outlining time-bound strategies it has developed and is implementing to achieve a 35% public wage bill to revenue ratio and collaborative measures being jointly implemented in conjunction with the County Governments.
4. The Office of the Auditor-General should continue monitoring and specifically reporting on the wage bill ratio in subsequent financial years.

6.0 Budget Execution: Delayed Exchequer Releases and Under-Collection of Own-Source Revenue

Committee Observations

The Committee observed that budget implementation was consistently hampered by two factors:

1. Persistent delays by the National Treasury in disbursing equitable share and conditional grants to counties, often releasing substantial sums in the last quarter or after the close of the financial year. This contravenes Article 219 of the Constitution and Section 17(6) of the PFM Act, 2012.
2. Chronic under-performance by counties in collecting their own-source revenue (OSR), with many failing to meet their annual targets by significant margins, indicating weaknesses in revenue administration.

Committee Recommendations

The Committee recommends that:

1. The National Treasury must strictly comply with its constitutional and statutory mandate by ensuring timely and predictable release of funds to county governments in line with the cash disbursement schedules approved by the Senate.
2. All County Governors must develop and implement robust, data-driven revenue enhancement plans to improve OSR collection and meet annual targets, reducing over-reliance on national transfers.
3. All County Assemblies must exercise their oversight authority under Article 201 of the Constitution to ensure that annual budgets are realistic and based on credible revenue projections.

7.0 Human Resource Management: Non-Compliance with Ethnic Diversity and PWD Employment Quotas

Committee Observations

The Committee observed a systemic failure across counties to comply with legal frameworks on diversity and inclusion.

1. The ethnic composition of staff in many counties overwhelmingly (often over 90%) represents the dominant local community, in clear violation of Section 7(2) of the National Cohesion and Integration Act, 2008, which prohibits any public establishment from having more than one-third of its staff from the same ethnic community.
2. Most counties failed to meet the 5% statutory employment quota for Persons with Disabilities (PWDs), as mandated by Article 54(2) of the Constitution and Section 13 of the Persons with Disabilities Act, 2003.

Committee Recommendations

The Committee recommends that:

1. All County Public Service Boards (CPSBs) must strictly adhere to Section 65(1)(e) of the County Governments Act, 2012, and ensure that at least thirty percent of vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.
2. All CPSBs must develop and implement targeted affirmative action plans, as envisioned by Article 27(6) of the Constitution, to progressively achieve the 5% employment reservation for Persons with Disabilities.
3. The Standing Committee on National Cohesion, Equal Opportunity and Regional Integration is urged to undertake a post-legislative scrutiny on the application of Section 7(2) of the National Cohesion and Integration Act to county governments, given the unique demographic realities of some counties.

8.0 Payroll Management: Violation of the One-Third Basic Salary Rule

Committee Observations

The Committee observed that in almost every county, numerous employees earned a net salary of less than one-third of their basic pay, a direct contravention of Section 19(3) of the Employment Act, 2007. This was often attributed to new statutory deductions (e.g., Housing Levy, SHIF) and existing loan commitments, indicating a failure in payroll system controls.

Committee Recommendations

The Committee recommends that:

1. All County Public Service Boards, in coordination with their respective County Treasuries, must fully implement and configure their Human Resources Information Systems (HRIS) to automatically lock out any loan or other commitments that would cause an employee's net pay to fall below the legal two-thirds threshold, as required by sound internal control systems under Regulation 155 of the PFM (County Governments) Regulations, 2015.
2. The Public Service Commission, in coordination with all CPSBs, should review Section C (3) of the Human Resource Policies and Procedures Manual and

propose standardized mechanisms to ensure compliance with the one-third rule, reporting their findings to the Senate within 90 days.

9.0 Governance and Internal Controls: Failure to Act on Prior-Year Audit Issues and Establish Key Committees

Committee Observations

The Committee noted with concern that:

1. Most county entities failed to take adequate action on audit issues raised in previous financial years, even after reports were considered and adopted by the Senate. This persistent inaction is a violation of Section 53 of the Public Audit Act, 2015.
2. Many counties had not established critical governance structures such as functional Audit Committees (contrary to Regulation 167 of the PFM (County Governments) Regulations, 2015) and formal Risk Management Policies and Disaster Recovery Plans (contrary to Regulation 158), leaving them exposed to significant operational and financial risks.

Committee Recommendations

The Committee recommends that:

1. All Accounting Officers must comply with Section 53 of the Public Audit Act, 2015, by taking the necessary steps to implement the recommendations of the Auditor-General and the Senate. A comprehensive status report on the implementation of these recommendations must be submitted to the Senate and the OAG within ninety (90) days of the adoption of this report.
2. All County Governors must expedite the establishment and operationalization of Audit Committees as a matter of priority, ensuring they are adequately funded and resourced to perform their oversight function.
3. All Accounting Officers must urgently develop, adopt, and implement comprehensive Risk Management Policies, including fraud prevention mechanisms, and Business Continuity/Disaster Recovery Plans, as required by Regulation 158 of the PFM (County Governments) Regulations, 2015. Copies of the approved policies and plans must be submitted to the OAG within ninety (90) days.
4. The Salaries and Remuneration Commission (SRC) should review the compensation framework for Audit Committee members to ensure it is attractive enough to recruit and retain qualified and experienced professionals.
5. The Office of the Auditor-General to list all unresolved prior-year audit issues prominently in subsequent audit reports and to monitor the establishment and effectiveness of Audit Committees and risk management frameworks.

10. Payment of Salaries outside the IPPD

Committee Observation

The Committee noted that some Counties Executive were making payments of salaries for some of its employees outside the Integrated Personnel and Payroll Database (IPPD) System.

Committee Recommendations

The Committee recommends that;

1. The Senate notes that the process of issuance of Personal File numbers is inefficient in counties and therefore directs the National Government (State Department of Public Service) in conjunction in the Council of Governors (CoG) to prescribe and design an efficient human resource management system to be used by counties;
2. The County Governor should ensure that casual workers are engaged in line with the relevant laws and the approved staff establishment and provide a status update to the Auditor General within 60 days of adoption of this report;
3. Pursuant to Article 235 of the Constitution of Kenya, the Committee directs that the Cabinet Secretary (CS), Ministry of Public Service, Youth and Gender Affairs to develop regulations to provide guidance and clarity to county governments on engagement of casual employees, contracted workers, acting positions and a platform for management of county human resources; and
4. the Auditor General to monitor the matter in the subsequent audit cycle.

11. Payment to the Council of Governors (COG)

Committee Observation

The Committee noted that payments made to the Council of Governors from County Revenue Funds were irregular and unlawful since the Intergovernmental Relations Act specifies that funding for the COG shall be drawn from the Consolidated Fund.

Committee Recommendations

1. The Committee recommends that the irregular payments to the Council of Governors (COG) be stopped and further recommends the surcharge of any Governor, in their capacity as Chief Executive Officer, who continues to make the irregular contribution.
2. The EACC should oversee the recovery of all the public funds irregularly transferred to the Council of Governors (COG) by the Governor. This is in line with the Resolution of the Senate.

12. Delay and non-submission of documents

Committee Observation

The Committee noted that the County entities did not submit or made late submissions of the relevant documents to the Auditor General during the audit exercise contrary to section 62 of the Public Audit Act, 2015.

Committee Recommendation

The Committee recommends that the County Chief Executive Officer (CEO) undertakes administrative action(s) against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. Where such failure has led to a Disclaimer opinion, the Committee recommends the sanctions outlined in Section 62(2) of the Public Audit Act, 2015.

13. Outstanding imprests

Committee Observations

The Committee noted that the County entities had substantial amounts of outstanding imprest by the close of financial year contrary to Regulations 93(5) of the Public Finance Management (County Government) Regulations, 2015 which requires a holder of a temporary imprest to account for the imprest within seven days after returning to duty station.

Committee Recommendation

1. The Committee recommends that the Accounting Officer(s) recover the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulation.
2. The Committee further recommends the sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.

14. Lack of a Risk Management Policy Framework

Committee Observations

The committee noted that a number of county entities did not have a risk management policy framework in place. The committee further observed that lack of risk prevention mechanism may expose the entities to various forms of risks.

Committee Recommendations

The Committee recommends that the Accounting Officer for all county entities should put in place a risk management policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit the same to the Auditor General. The committee further recommends that the Auditor General to closely monitor the development, documentation and communication of these policies within the county entities in the subsequent audit cycles.

INTRODUCTION

Legal Framework

Article 174 of the Constitution sets out the objects of devolution and gives power to the people for self-governance through participation of the people in the exercise of decisions affecting them and managing their own affairs and development. Key to this feature is ensuring equitable sharing of resources.

Article 201 of the Constitution outlines the principles of public finance management to be observed at both levels of government. These include openness, accountability, public participation, prudent and responsible financial management.

Office of the Auditor-General

The Office of the Auditor-General is established under Article 229 of the Constitution. Pursuant to Article 229(4) the Auditor General audits and reports in respect of each financial year the accounts of all county governments. The reports are then submitted to Parliament in accordance with Article 229(7). The reports, once tabled, stand committed to the County Public Accounts Committee for consideration.

Sittings of the Committee

The Committee held meetings with the County Government entities from the Month of January 2026 where it considered the reports of the Auditor-General for various county entities.

The sittings were primarily investigatory and the Committee received evidence from the Governors as the Chief Executive Officers of the County pursuant to Article 179 (4) of the Constitution.

Issues for Determination

The main issues for investigation and determination were the various audit queries contained in the report of the Auditor-General on the financial operations of the various counties for the financial year 2024/2025

Guiding Principles

The main issues for investigation and determination were the various audit queries contained in the report of the Auditor-General on the financial operations of the various counties for the financial year 2024/2025. This report is issued pursuant to the requirements of Articles 96 (3) and 229(8) of the Constitution of Kenya. Where any breach of law has an attendant remedy, consequence or penalty in law, recommendations of this report do not preclude any liability that may arise as a result of any legal action within the breach of the prescribed law.

ACKNOWLEDGEMENTS

The Committee appreciates the Office of the Auditor General, The National Treasury, the Controller of Budget, The Institute of Certified Public Accountants of Kenya (ICPAK) and the Ethics and Anti-Corruption Commission for the support they offered to the Committee especially in providing references on various issues under consideration.

The Committee wishes to acknowledge the support it received from the Office of the Speaker and the Clerk of the Senate during the consideration of the Auditor-General's Reports for county governments. The Committee further appreciates the cooperation it received from the Governors who appeared before the Committee.

Final appreciation goes to the distinguished and dedicated members of the Committee and the Secretariat who actively participated and facilitated the proceedings of the Committee meetings.

Mr. Speaker Sir,

I wish to confirm that the resolutions of the Committee in this report were unanimous.

Mr. Speaker Sir,

It is therefore my pleasant duty and privilege, on behalf of the County Public Accounts Committee, to table this report and commend it to the House for debate and adoption pursuant to the provisions of the Senate Standing Order 223(6).

SIGNED:


DATE: 31/03/2020

SEN. MOSES OTIENO KAJWANG', CBS, MP

CHAIRPERSON

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SIGNED:

DATE:

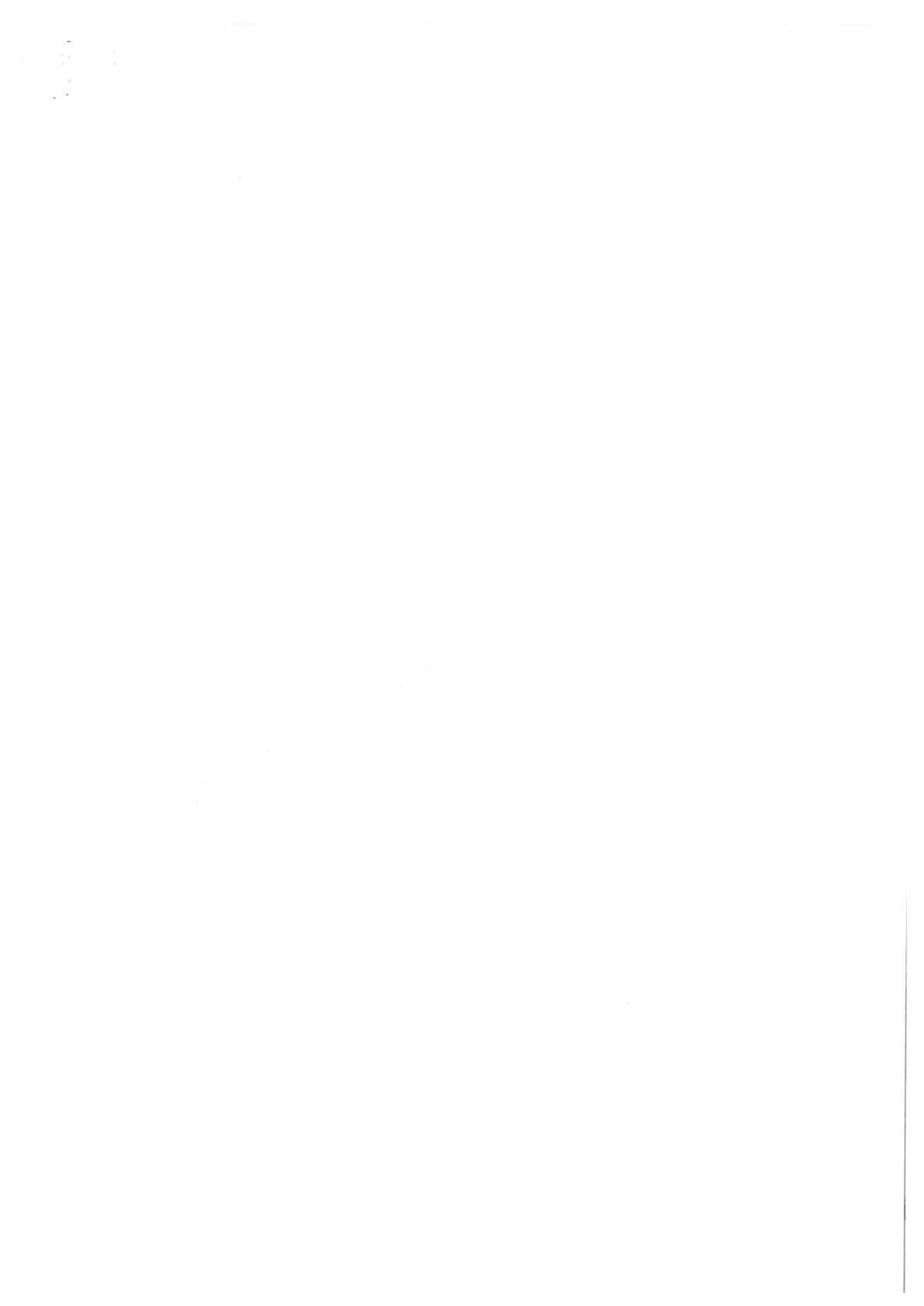
SEN. MOSES OTIENO KAJWANG', CBS, MP
CHAIRPERSON

1.0 INTRODUCTION

The Senate County Public Accounts Committee, pursuant to its mandate under Article 229 of the Constitution of Kenya, the Public Finance Management Act, 2012, and the Standing Orders of the Senate, convened to consider the Reports of the Auditor-General on the financial statements of the forty-seven (47) County Executives, the Receiver of Revenue Statements, and the County Revenue Funds for the financial year 2023/2024.

The Committee noted that the Office of the Auditor General had prepared these reports in accordance with the relevant legal provisions, including the Public Audit Act, 2015, and subjected them to in-depth examination. These reports constitute an independent and authoritative assessment of the financial management and operational performance of the respective county governments.

During the proceedings, county representatives were duly invited and afforded adequate opportunity to appear before the Committee to respond to the findings. However, certain counties failed to appear or submit written responses. In line with the Committee's constitutional oversight mandate, the reports for those counties that did not appear were adopted in their original form and without any amendments. This decision upholds the principles of accountability, transparency, and prudent management of public resources as enshrined in Articles 10, 201, and 229 of the Constitution.



CHAPTER ONE

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF TURKANA COUNTY EXECUTIVE FOR THE FINANCIAL YEAR 2024/2025.

The Governor of Turkana County Executive **Hon. Jeremiah Ekamais Lomorukai**, CBS appeared before the Committee on **Monday, 30th March, 2026** to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Turkana County Executive for the Financial Year 2024/2025.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

Basis for Qualified Opinion

1. Inaccuracies of Opening Statement Balances

The opening statement of financial position reflects opening trade and other payables (pending bills) of Nil balance. However, review of the prior year audited financial statements revealed pending bills amount of Kshs.801,687,224. The resultant variance was not explained. Further, the opening statement of financial position is not balanced as it reflects net assets of Kshs.896,700,712 against accumulated surplus of Kshs.244,112,385 resulting into unexplained variance of Kshs.652,588,327.

In the circumstances, the accuracy and completeness of the opening balance of trade and other payables and net assets balance of Kshs.896,700,712 could not be confirmed.

Management Response

The statement of Financial Position for the year ended 30th June,2025 is the inaugural statement prepared under IPSAS Accrual. The amount of Kshs.801,687,224 in the financial statement for financial year 2023/24 was just an annex in the Financial Statements because they were prepared under Cash basis of accounting. The pending bills figure amount of Kshs.801,687,224 consisted of commitments (LPOs) and Pending bills (Invoices). The management had to subject the list to verification by

internal audit department. The internal audit department finished phase 1 of the verification and cleared Kshs.952,027,416. The internal audit is currently conducting phase II verification.

The pending bills cleared in phase I and the unpaid invoices as at 30th June, 2025 amounting to Kshs.2,314,029,373 were included in the financial statements for the year ended 30th June,2025.

The statement of financial position for the year ended 30th June, 2024 under cash basis of accounting had total assets of Kshs.896,700,712. The amount included cash book balances for grants and fund balances amounting to Kshs.652,588,327. Funds and grants in the new templates issued by the PSASB and in line with Accrual transition now prepare their independent financial statements and not part of the executive financial statement and therefore necessitated the adjustment.

Committee Observation

The committee observed variances in of respect of trade and other payables between Prior year and current year financial statements which were not reconciled. The committee further noted unexplained variances on the county executive statements of financial position in respect of net assets against the accumulated surplus.

Committee Recommendation

The committee recommends the County Executive should strengthen its internal audit department and audit committee to help review financial statements before submission for audit.

2. Unsupported Property, Plant and Equipment Balance

The statement of financial position and as disclosed in Note 26 shows property, plant and equipment balance of Kshs.2,663,174,395. Included in this amount are additions in respect to land of Kshs.9,550,000, buildings of Kshs.7,326,334 and water infrastructure of Kshs.217,006,374 all totalling Kshs.233,882,708. However, title deeds for land purchased, interim certificates, completion certificates and handover certificates were not provided to support the capitalization of assets in relation to land, buildings and water infrastructure.

In the circumstances, the accuracy, rights and obligations and completeness of property, plant and equipment balance of Kshs. 233,882,708 could not be confirmed.

Management Response

The Management has provided Completion certificate, handing over certificates, Land valuation report and land sale agreement to support the capitalization of property, plant and equipment balance totaling Kshs.233,882,708.

Committee Observation

The committee noted that the issues has been satisfactorily addressed.

Committee Recommendation

The committee recommends the issue be marked as resolved.

3. Unsupported Legal Fees Expenses

The statement of financial performance reflects use of goods and services expenses of Kshs.5,975,887,689 as disclosed in Note 10 to the financial statements. The amount includes specialized materials and services amount of Kshs.3,531,377,240 out of which Kshs.22,844,620 was incurred in respect of legal expenses. However, Management did not provide itemized fee notes and invoices to show how the fees was computed and whether the charges were in line with advocates remuneration order. In addition, review of legal files and documents revealed that the four (4) law firms were paid without an approval from the Executive Committee in regard to outsourcing of legal services as required under Section 16 of the Office of the County Attorney Act, 2020. Further, Management did not provide justification for outsourcing of costly legal services instead of using in house legal personnel contrary to Section 5(b) of County Attorney Act, 2020 which provides that a County Legal Counsel shall handle matters without undue delay, risk or unnecessary expense to the county government which may lead to compensation for damages suffered by the plaintiff which may be costly to the County Executive.

In the circumstances, the occurrence, accuracy and completeness of legal expenses could not be confirmed.

Management Response

Management acknowledges the audit observation regarding the payment of legal fees amounting to Kshs.22,844,620 included under specialized materials and services as disclosed in Note 10 to the financial statements.

The legal services were procured to address urgent and complex litigation matters that required specialized expertise beyond the capacity available in-house at the time. However, Management notes that complete itemized fee notes and invoices were not adequately filed to support how the fees were computed and to demonstrate compliance with the Advocates Remuneration Order. This arose because while the office demanded for fee notes and negotiated legal fees with law firms, it inadvertently did not consider it necessary to demand for itemized fee notes for payments that were non-contentious

as between the Office and the legal service provider. For all payments above, law firms submitted other correspondences that itemized the fee notes which correspondences were not included as payment documents.

Management further acknowledges that approvals from the Executive Committee in relation to outsourcing of legal services, as required under Section 16 of the Office of the County Attorney Act, 2020, were not formally documented. In addition, sufficient justification for outsourcing external legal services instead of utilizing in-house legal personnel was not adequately documented as required under Section 5(b) of the County Attorney Act, 2020.

To address the matter, Management has taken the following actions:

- Demanded from all concerned law firms to submit detailed itemized fee notes and supporting invoices for verification and reconciliation against payments made.
- Initiated a review of all outsourced legal services to ensure compliance with the Advocates Remuneration Order.
- Strengthened internal controls by requiring documented Executive Committee approval prior to engagement of external legal counsel.
- Issued internal guidelines to ensure outsourcing of legal services is justified, cost-effective, and only undertaken where in-house capacity is demonstrably insufficient.
- Enhanced record-keeping and coordination between the Office of the County Attorney and the Finance Department.

Management is committed to ensuring full compliance with the Office of the County Attorney Act, 2020 and to preventing recurrence of similar issues in future financial periods.

Committee Observation

The committee observed that four (4) law firms were paid without an approval from the Executive Committee Section 16 of the Office of the County Attorney Act, 2020. The committee further noted that the County Executive fail to provide documents such as itemized fee notes and invoices to the Auditors to support how the legal fees was computed and whether the charges were in line with advocates remuneration

Committee Recommendation

The Committee recommends the county executive legal department should be adequately staffed with competent legal personnel who can represent the County

on legal matters to save on outsourced legal costs and provide status update to the Auditor General within sixty (60) days from the adoption of this report.

4. Unsupported Payment of Arrears

The statement of financial performance and as disclosed in Note 9 to the financial statements reflect payment on employee costs totaling Kshs.5,659,171,913. Review of the payroll records for the year under review revealed that the County Executive paid salary arrears amounting to Kshs.261,488,315 to one thousand, two hundred and fifty-two (1,252) employees. However, no documentary evidence such as approved computation schedules, authorization by the relevant County Public Service Board, or communication from the Salaries and Remuneration Commission (SRC) was provided to support or justify the payments.

In the circumstances, the regularity, accuracy and completeness of the employee costs amounting to Kshs.5,659,171,913 could not be confirmed.

Management Response

The 1,252 employees who received salary arrears amounting to Kshs.261,488,315 include newly recruited officers yet to receive their personal numbers from public service commission, promotion/re-designations, extraneous allowances, contract extension arrears and Paid arrears on stoppage of wealth declarations. The arrears represent unpaid months prior to reinstatement or inclusion in the payroll.

Management will ensure prompt processing of payroll numbers for new employees upon issuance of appointment letters. All staff will also be sensitized on compliance with statutory requirements.

Committee Observation

The Committee noted that the county executive paid salary arrears without authorization by the relevant County Public Service Board and Salary and Remuneration Commission (SRC).

Committee Recommendations

- 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management**

Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and

2. The Ethics and Anti-Corruption Commission (EACC) undertake an investigation into the responsible officer(s) with a view to recommending their prosecution for committing the offences stipulated under Section 62(1)(b) and (c) of the Public Audit Act, Cap. 412B, and for violations of the provisions of Regulation 210(k) of the Public Finance (County Governments) Regulations, 2015.

Emphasis of Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.15,758,953,939 and Kshs.12,712,800,011 respectively resulting in an underfunding amounting to Kshs.3,046,153,928 or approximately 19% of the budget. Similarly, the statement reflects actual expenditure on comparable basis totaling to Kshs.15,332,641,532 against actual receipts of Kshs.12,712,800,011 resulting in an over expenditure amounting to Kshs.2,619,841,520 or approximately 20% of the receipts.

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

Management Response

The County Executive received Kshs.12,712,800,011 from County Revenue fund in the year ended 30th June, 2025. The expenditure of Kshs.15,758,953,939 includes Trade and other payables amounting to Kshs.3,304,644,604 which do not involve actual cash outflow. Management will ensure that the budget comparison is prepared on cash basis as per the guidelines issued by the PSASB in the subsequent financial statements.

Committee Observations

- 1) **There was an overall budget shortfall of Kshs. 3,046,153,928 (19%) and over expenditure of Kshs. 2,619,841,520 (20 %). This negatively impacted service delivery, contravening the principles of effectiveness and efficient use of resources as outlined in Article 201 of the Constitution and Section 12(2)(b) of the PFM Act, 2012.**

Committee Recommendations

- 1) The National Treasury should ensure the timely release of funds to County Governments in accordance with the approved cash disbursement schedules endorsed by the Senate, and in full compliance with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012; and
- 2) The County Executive, through the County Treasury, implements immediate measures to enhance Own Source Revenue collection, including the full implementation of the approved valuation roll, to meet its annual revenue targets as required by the fiscal responsibility principles in Section 107 of the PFM Act, 2012.

2.0 Contingent Liabilities

Review of Note 43 to the financial statements shows a nil balance in respect of contingent liabilities. However, review of legal documents submitted for audit verification revealed various pending legal cases yet to be determined.

In the circumstances, non-disclosure of contingency liabilities may lead to the County Executive facing sudden huge expenses or liabilities impacting on its financial operations.

Management Response

Management has identified the contingent liabilities as at 30th June, 2025 and will ensure that we disclose all contingent liabilities in the Subsequent financial statements. The contingent liabilities for FY 2024/25 amounted to Kshs.854,476,945.

Committee Observation

The Committee noted that the county executive did not disclose its contingent liabilities in its financial statements during the financial year 2024/2025.

Committee Recommendation

1. That the county executive should Executive should make a provision in its 2026/27 budget for contingent liability in respect of legal fees; and

2. That the county executive should strengthen its internal audit department and audit committee to help review financial statements before submission for audit within sixty (60) days from the adoption of this report.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the transitional IPSAS financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the County Executive in 2024/2025 revealed that the matters remained unresolved.

Management Response

	Financial Year	Audit Issue	Management Response
1	2023/2024	Non-inclusion of assets of the defunct local authorities	The Asset and Liability Management Policy has been approved by the county executive committee and forwarded to the County Assembly of Turkana. The management has initiated the process of collecting and collating all assets and liabilities across all county entities for completion of asset and liability registers and thereafter budget for valuation and subsequent capturing of Assets and liabilities in the financial statements within the three year transition period provided by the Public Sector Accounting Standards Board
2	2023/2024	Inaccuracies in own source revenue	The Lodwar municipality has 295 parking lots which are now collecting revenue.

3	2023/2024	Under absorption of other grants and transfers	The grants projects prepared their inaugural independent financial statements in FY 2024/25. This has enhanced accountability and transparency since they are now audited independently. The county government however continues to face slow implementation of the grants projects due to delay in enactment of Additional Allocation of Revenue Act which makes it difficult for county to access the funds from the office of Controller of Budget hence impact negatively on timely implementation of various projects.
4	2023/2024	Pending bills/accounts payable	The county government continues to prioritizes payables as first charge in line with PFMA.
5	2023/2024	Non-compliance with one third of basic salary rule	The new HRIS-KE system is now able to manage the issue of officers earning below one third.
6	2023/2024	Overall ethnic composition of staff	The government is working on achieving the legal requirement progressively.
7	2023/2024	Delays in transfers of own source revenue	The issue has been resolved. Revenue is now swiped every week
8	2023/2024	Un-surrendered imprests	The county government has initiated recovery of the outstanding un-surrendered imprest in accordance with the PFM regulations
9	2023/2024	Purchase and installation of high mast lighting within Lodwar municipality	The project is complete and in use.
10	2023/2024	Incomplete construction of Naakot outpatient dispensary	The project is complete. Staff has been deployed to the facility however due to insecurity operationalization has been a challenge. Management has written a letter to the County Security Committee on the issue of insecurity.
11	2023/2024	Incomplete construction of Nasura dispensary	The management has quantified and budgeted for completion of the project

12	2023/2024	Delay in supply and installation of reverse osmosis plant	The project is complete and in use
13	2023/2024	Incomplete construction of gate and fencing at Kakuma stadium	Kakuma Stadium is complete and in use
14	2023/2024	Delay in settlement of legal cases	The county government has concluded some cases.
15	2023/2024	Acquisition of assets	The Asset and Liability Management Policy has been approved by the county executive committee and forwarded to the County Assembly of Turkana. The management has initiated the process of collecting and collating all assets and liabilities across all county entities for completion of asset and liability registers and thereafter budget for valuation and subsequent capturing of Assets and liabilities in the financial statements within the three year transition period provided by the Public Sector Accounting Standards Board.(
16	2023/2024	Project implementation status	The county government has instituted Contract Management and Implementation teams across all entities to manage specialized projects as guided by PPDA Act Section 151.
17	2023/2024	Lack on non-current assets register	The Asset and Liability Management Policy has been approved by the county executive committee and forwarded to the County Assembly of Turkana. The management has initiated the process of collecting and collating all assets and liabilities across all county entities for completion of asset and liability registers and thereafter budget for valuation and subsequent capturing of Assets and liabilities in the financial statements within the three year transition period provided by the Public Sector Accounting Standards Board

18	2023/2024	Information communication technology controls	The ICT Policy was approved by the County Executive Committee and has been forwarded to the County assembly for Approval.
19	2023/2024	Physical and environmental weaknesses over the ICT and E-government controls	The specifics on the actionable items in the server room at the county treasury has since been fully actioned and ready for inspection.

Committee Observation

The committee noted some prior year audit matters are still outstanding with audit recommendation having not implemented contrary to Section 53 of the Public Audit Act, 2015, which requires an accounting officer to take action on the Auditor-General's recommendations and submit a report within ninety days. This failure undermines the value of the audit process and the principle of accountability.

Committee Recommendations

1. **The County Executive must fully comply with Section 53 of the Public Audit Act, 2015, by taking concrete steps to resolve all outstanding prior-year audit issues and submitting a comprehensive progress report to the Auditor-General within ninety (90) days; and**
2. **The Auditor-General to specifically report on the status of these unresolved prior-year issues in the subsequent financial year's audit report to ensure continuous oversight and implementation**

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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- Compliance with Law on Fiscal Responsibility

During the year under review, the County Executive's total revenue amounted to Kshs.12,712,800,011. Based on the revenue, the County Executive was expected to spend a maximum of Kshs.4,449,480,004 (35% of Kshs.12,712,800,011) on its employees. However, the total expenditure during the year was Kshs.5,659,171,913 or 45% which was exceeded by Kshs.143,538,035. The overspending was contrary to Regulation 25 of the Public Finance Management (County Governments) Regulations, 2015 that caps personnel expenditures at thirty-five (35) percent of the county government's total revenue.

In the circumstances, Management was in breach of the law.

Management Response

The County's wage bill exceeded the 35% threshold due to **the** following decisions made to meet the goals as envisaged in the County Integrated Development Plan III;

- i. Establishment of two Municipalities (Lodwar and Kakuma) that required staffing as a minimum requirement by World Bank for Counties to secure funding.
- ii. Absorption of staff from defunct local authority as advised by Transitional Authority (TA).
- iii. Newly built Dispensaries and Sub County Hospitals after equipping necessitated employment of new staff to bridge WHO standards.
- iv. Newly built ECDE centers necessitated employment of ECDE teachers across the County. It is good to note that the County did not inherit any infrastructure nor staff from National government but keeps on improving the sector to meet the required literacy levels as envisaged in Vision 2030.
- v. Implementation of career progression guidelines on overdue promotions, honoring of collective bargaining agreements and review of annual salary increments has effect to the fiscal responsibility.
- vi. Re – organization of older structures that lead to mismatch between desired skills/composition (technical vs. non-technical staff levels) and the current approved staff establishment required technical and rare skills to be employed to enable the County achieve its goals as envisaged in County Integrated development plan.
- vii. Regularization of both technical and non-technical casuals who have served in the critical government installations including Health facilities, Sub County and Ward offices, County Morgues, ECDE centers among others.
- viii. Underperformance in own source revenue collection lowers the total revenue denominator exacerbating the breach.

In line with the above annotations, the County Government endeavors to;

- i. Enhance own source revenue collection. Management has procured a consultant to guide in developing; Revenue Enhancement Action Plan (REAP), County Resource Mobilization Strategy, Tariff & Pricing Policy and Countywide Revenue Mapping.
- ii. Conducting staff rationalization exercising including freeze on new recruitments except for essential and key services.

Committee Observations

The committee observed that the county wage bill during the financial year 2024/25 stood at 45% of the county executive's total revenue significantly exceeding the 35% statutory limit. This is a flagrant violation of Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, and indicates a failure to adhere to the fiscal responsibility principles of prudent financial management in Section 107(2)(c) of the PFM Act.

Committee Recommendation

- 1. the management should provide to the Auditor General and the Senate the measures it will put in place to contain the high wage bill within ninety (90) days of the adoption of this report;**
- 2. the County executive should progressively work toward the achievement of the 35% legal wage bill threshold by June, 2028 as adopted during the third national wage bill conference in 2024; and**
- 3. the County Executive puts in place measures to enhance its own source revenue collection in order to address the wage bill gap.**

2. Human Resource Management Practices

2.1 Non-Compliance with One Third Basic Salary Rule

Examination and analysis of the staff payroll for the year under review revealed that four thousand, eight hundred and thirty (4,830) employees were paid net salaries below one-third of their basic salaries. This was attributed to excessive deductions arising from loans, advances, and other third-party commitments processed through the payroll system. This was contrary to Section 19(3) of the Employment Act, 2007 which requires

that the total amount of all deductions that may be made by an employer from the wages of his employee at any one time not to exceed two-thirds of such wages.

Management Response

The marginal increase in number of Employees earning below one-third during the year under review was largely as a result of system migration from IPPD to HRIS-Ke. The new system came with its challenges including not observing one-third rule. The challenges were shared through Council of Governors and the system was rectified. Currently the system is able to notify users on one-third rule and can defer loan deductions in circumstance where the employee is earning below one-third.

The system as so far reduced employees earning below one-third rule to 274 staff as at January 2026.

Management has also introduced administrative measures to address the challenge by introducing the Payroll manager, Director Human resource and Chief officer public service as approvers of any request before committing the officer's pay slip.

Committee Observations

The Committee observed that 4,830 county employees earned net salaries less than one-third of their basic pay. This is a direct contravention of Section 19(3) of the Employment Act, 2007, which protects employees from excessive deductions, and points to weaknesses in the payroll management system.

Committee Recommendations

1. **The County Public Service Board, in coordination with the County Treasury, fully implement the Human Resources Information System (HRIS) to automatically lock out any loan commitments that would cause an employee's net pay to fall below the legal threshold, as required by sound internal control systems under Regulation 155 of the PFM (County Governments) Regulations, 2015; and**
2. **The Committee further recommends that the Public Service Commission, in coordination with County Public Service Boards, review Section C (3) of the Human Resource Policies and Procedures Manual and propose mechanisms to ensure compliance, reporting their findings to the Senate within 90 days.**

2.2 Un-confirmed Remittance of Statutory Deductions to Respective Agencies

Review of the payroll revealed that statutory deductions for PAYE amounting to **Kshs.859,836,652**, NHIF of Kshs.115,148,964, NSSF amount of Kshs.42,511,880 and provident fund amount of Kshs.259,347,835 were deducted from employees' salaries for the year. However, Management did not provide documentary evidence by way of bank remittance or deposit slip to show that the statutory deductions were remitted to the relevant agencies in full, inclusive of employer contributions, or whether the remittances were made within the statutory deadlines.

This was contrary to Section 37(1) of the Income Tax Act requires an employer paying emoluments to an employee to deduct therefrom, and account for tax thereon; Section 20(1) of the National Social Security Fund Act, 2013 requires employers to make payments deducted from employees' earnings together with employer amounts to NSSF; Section 15(4) of the National Health Insurance Fund Act, 2022 (now repealed) provides contributions are due on the ninth day of each month or on such later date as the Board, in consultation with the Cabinet Secretary, may prescribe and Section 19(4) of the Employment Act, 2007 requires an employer who deducts an amount from an employee's remuneration to pay the amount so deducted in accordance with the time period and other requirements specified in the law.

Management Response

All statutory deductions were duly remitted upon receipt of funds. Management will ensure timely remittance of all statutory deductions and maintain adequate documentation to facilitate audit verification. Periodic reconciliations will also be conducted to ensure full compliance with relevant laws and regulations.

Committee Observation

Committee noted that the issue has been addressed

Committee Recommendations

The committee recommends that issue be marked as resolved

2.3 Non-Compliance with Affirmative Action on Ethnicity and Regional Distribution

During the year under review, out of the County Executive's four thousand, nine hundred and thirty-two (4,932) members of staff in payroll, four thousand, two hundred and twenty-two (4,222) or 86% hailed from one (1) dominant ethnic community. This was contrary to Section 7(1) of National Cohesion and Integration Act, 2008, which provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and Section 7(2) also provides that no public

establishment shall have more than one third of its staff from the same ethnic community.

Management Response

Turkana County Government employees are drawn from twenty-two (22) ethnicities out of 44 gazetted ethnicities in Kenya. The county government as at 31st December, 2025 has a total establishment of 5,128 employees. The dominant ethnic group is the Turkana comprising 86.2% (4,419) while non-dominant communities comprise 13.8% (709).

Turkana County Public Service Board has a new substantive Chairperson recruited in May, 2025. The Board will progressively work to ensure compliance with the provisions of Section 65(1)(e) of County Government Act.

Table 1: Ethnic representation by 31st December, 2025 for Turkana County Public Service

Ethnicity Name	Number of Staff	%	Gender representation		%
			Male	Female	
Turkana	4419	86.2	3170	1958	61.82
Kalenjin	237	4.6			38.18
Luhya	155	3.0			
Luo	91	1.8			
Kisii	77	1.5			
Kikuyu	72	1.4			
Meru	20	0.4			
Kamba	16	0.3			
Teso	11	0.2			
Somali	10	0.2			
Samburu	6	0.1			
Embu	5	0.1			
Masai	5	0.1			
Pokot	4	0.1			

	5128	100		100
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- a) The low numbers of non-dominant communities may be attributed to **geographical location and the harsh climatic conditions** in Turkana which bar non-dominant communities from applying for advertised positions.
- b) Similarly, **insecurity along international and internal borders** limits expression of interest to work in the county. The strong public perception concerning the entire county is that it is an unsafe area to live and work in.
- c) Moreover, **high turnover** of employees from non-dominant community remains high since most after securing job opportunities seek for external transfers in other locations. Despite these challenges, the Turkana County Public Service Board continues to promote equal opportunity in the county public service.

Turkana County Public Service Board is in the process of developing employment equity plan as per the requirements of section 65 and personnel planning on section 68 (amended) of County government act of 2012. Key aspects of employment equity, planning, and diversity under the plan will include:

i) **The plan shall reflect adherence to ethnic diversity**

When selecting candidates for appointments or promotions, Turkana County Public Service Board will ensure the county public service reflects the diversity of the county's population, specifically regarding gender, ethnic, and other community diversity.

ii) **The plan to protect the interest of minorities**

The Turkana County Public Service Board through the plan as required by the act, shall protect the interests of minority and marginalized groups within the county

iii) **The plan to enhance prohibition of discrimination**

The County Public Service Board is tasked with ensuring that no discrimination occurs in the recruitment, training, promotion, or transfer of staff, in line with constitutional requirements.

Moreover, the county government shall implement approved human resource plans (approved staff establishment, customised Human resource procedures manual, draft recruitment and selection policy among others) that include equity measures to ensure fair representation and to address historical imbalances in employment.

- d) The low numbers of non-dominant communities may be attributed to geographical location and the harsh climatic conditions in Turkana which bar non-dominant communities from applying for advertised positions.
- e) Similarly, insecurity along international and internal borders limits expression of interest to work in the county. The strong public perception concerning the entire county is that it is an unsafe area to live and work in.
- f) Moreover, high turnover of employees from non-dominant community remains high since most after securing job opportunities seek for external transfers in other locations. Despite these challenges, the Turkana County Public Service Board continues to promote equal opportunity in the county public service.

Committee Observations

- 1) The Committee observed that there was no ethnic diversity among the County Executive employees (approximately 86.2 % of the total number were from the dominant ethnic community in the County); and
- 2) The Committee also notes that section 65(1)(e) of the County Governments Act mandates county public service boards, in selecting candidates for appointment, to consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county. This provision must be adhered to by all counties.

Committee Recommendations

- 1. **The County Executive adheres to section 65(1)(e) of County Governments Act and ensures that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county; and**
- 2. **The Standing Committee on National Cohesion, Equal Opportunity and Regional Integration undertakes a legislative impact assessment to evaluate the practicality of ethnic diversity laws in counties and explores amendments to section 7 (2) of the National Cohesion and Integration Act, (Cap. 7N) to exempt county entities from its application.**

2.4 Non-compliance with Employment Requirements for Persons with Disability

Review of the master staff register revealed that out of a total of four thousand, seven hundred and forty-five (4,745) employees, only one hundred and fifty (150) employees, representing three percent (3%), were persons with living with disabilities. This

representation falls two (2%) percentage points below the statutory minimum threshold of five percent (5%), contrary to Section 21(2)(a) of the Persons with Disabilities Act, 2025 which requires that employers with twenty (20) or more employees must ensure that at least 5% of their workforce consists of persons with disabilities and Article 54(2) of the Constitution of Kenya, 2010 which provides that a minimum of five percent (5%) of the members of the public service are persons with disabilities (PWDs).

In the circumstances, Management was in breach of the law.

Management Response

Turkana County government currently has in its workforce 174 staff living with disability out of a total workforce of 5,128 (Five Thousand One Hundred and Twenty Eight) representing 3.39% as shown in table below.

Table 2: Demographic composition of employees by persons with disabilities

Code	Special Needs	Number of employees	
1	Mental	2	Out of 5128 personnel, 174 are persons with disabilities
2	Visual	43	
3	Hearing Impairment	15	
4	Physical	111	
5	Multiple	4	
Total		174	3.39%

Turkana County is keen on disability inclusion at recruitment and in the course of employment. It is worth noting that some staff experience disability in the course of their employment. Most disabled applicants do not possess key academic requirements as per advert requirements which bar many from being shortlisted. Deliberate effort has been instituted with bodies representing persons living with disability to undertake technical courses that will allow them to compete fairly.

Committee Observation

The Committee notes that 3.39 % of county employees are persons with disabilities (PWDs), falling short of the constitutional and statutory requirement of at least 5%. This

is a direct contravention of Article 54(2) of the Constitution and Section B.23 of the Human Resource Policies and Procedures Manual, and represents a failure to implement affirmative action.

Committee Recommendation

The Committee recommends the County Public Service Board to develop and implement a deliberate and effective strategy to increase the representation of PWDs in the county public service. This shall include specific targets in all future recruitment advertisements, and consideration of setting aside positions for PWDs, in line with the Constitution and national policies on affirmative action. A progress report shall be submitted to the Senate within six months.

3. Failure to Charge and Remit the Public Procurement Capacity Building Levy

The County Executive incurred expenditure on use of goods and services amounting to Kshs.5,597,887,689 and acquired assets under property, plant and equipment totaling Kshs.2,728,488,287. However, Management did not provide evidence to confirm that public procurement capacity building levy amounting to Kshs.2,591,719 was deducted and remitted on procurement contracts signed and paid. This was contrary to Paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023 which requires that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

In the circumstances, Management was in breach of the law.

Management Response

The circular for implementation of the public procurement capacity building levy order, 2023 was issued on 30th August, 2024 with an implementation date beginning 1st September,2024. Upon receipt of the circular implementation became a challenge because the levy had not been configured in the IFMIS system. Management wrote a letter to PPRA dated 3rd March,2025 vide reference no: TCG/FEP/CEC/VOL.3(49) highlighting the challenges faced by the government in the implementation of the order. Upon configuration of the Levy in the system towards the close of the financial year, management rolled out the implementation and was able to deduct and remit **Kshs.40,918** in financial year 2024/25.

Management will continue to implement the circular in all subsequent payments in the ensuing financial years.

Committee Observation

The Committee noted the implementation challenges faced by the county in deducting the levy given the levy has not been configured with IFMIS system.

Committee Recommendations

The Committee recommends the county executive to comply, deduct and remit public procurement capacity building levy and ensure that the levy is configured with the IFMIS to automatically charge the levy.

4. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.3,304,644,604 as disclosed in Note 32 to the financial statements. Review of the ageing analysis revealed that trade payables of Kshs.2,314,029,373 had been outstanding for between one (1) and three (3) years. In addition, failure to settle pending bills during the year to which they relate affects the implementation of subsequent year's budget programs as the accounts payable form a first charge on that year's budget provision and was contrary to The National Treasury circular Ref AG3/101/75 which requires Accounting Officers to establish effective financial controls and maintain financial discipline in order to achieve efficient utilization of resources and ensure adherence to financial regulations and procedures to curb accumulation of accounts payables.

In the circumstances, Management was in breach of Government policy.

Management Response

Management has allocated Kshs.1,633,593,655 in the budget for financial year 2025/26 to pay trade and other payables reported in the statement of financial position. The county government has since paid Kshs.994,482,432 as at February,2026.

The county government faces challenge of delay in exchequer releases and this delays timely settlement of invoices and further impacts negatively on project implementation hence creating huge commitments to be carried over to the subsequent Financial Year.

Committee Observation

The Committee noted an outstanding trade and other payable amounting to Ksh.639,111,223. The committee further noted that the county executive attributed failure to settle trade and other payables is due to delay in exchequer.

Committee Recommendations

1. that trade payables due for more than 365 days be considered indicative of poor financial management and that the County Executive provides actionable payment plans within ninety (90) days of the adoption of this report, failure to which the subsequent quarter budget releases will not be effected;
2. that the County Executive pays all payables due to staff within ninety (90) days of the payables becoming due, failure to which the subsequent quarter budget releases will not be effected;
3. that the County Executive pays all statutory deductions to the relevant agencies within the statutory deadlines and, in any event, within ninety (90) days of the deductions becoming due, failure to which the subsequent quarter budget releases will not be effected; and
4. that the county the county executive should put in place an approved debt management strategy to mitigate risks related to unpaid payables during the year they occur.

5. Contract Management Weaknesses

Review of available documents and project verifications revealed the following procurement and contract management weaknesses:

5.1 Stalled Construction of Lokiriama Revenue Centre Phase II

The County Executive awarded a contract for the proposed Lokiriama revenue centre phase II, at a contract sum of Kshs.38,195,895. Audit revealed that a payment of Kshs.15,019,430 (Invoice dated 13 June, 2024) was made, yet the project remained incomplete and stalled by September, 2025. Further, the payment was made without supporting inspection or progress reports and certificate of measured works to confirm actual work done.

In addition, there were no documented appointment letters for the contract implementation team and the progress reports.

Management response

The proposed Lokiriama revenue Centre phase II was awarded to a local company at a contract sum of Kshs.38,195,895 in the financial year 2023/24. The contract was signed in the financial year 2023/24 with the contract end date of 30th April, 2025. The contractor requested for contract extension and was granted up to 30th April,2026. The management appointed a contract implementation team who supervise the project including approving payments for any certified works in line with PPDA,2015 section 151.

Committee Observations

The committee noted that the county executive made a payment without supporting inspection or progress reports and certificate of measured works to confirm actual work done. Committee further observed that the county executive did not presented evidence relating to the project completion and that the county did not achieved value for money of the project money due to continued delay in completion of the project.

Committee Recommendation

The committee recommends the county executive to put in place a project/ contract implementation team to FastTrack completion of the projects within sixty (60) from the adoption of this report and provide status report to the Auditor General.

5.2 Stalled Rehabilitation of the Main Slaughter House in Lodwar Town

The County Executive awarded a contract for the proposed rehabilitation of the main slaughter house in Lodwar at a contract sum of Kshs.2,999,255. Audit revealed that a contract agreement was signed on 3 April, 2024 and the works were to commence on the same day of signing the contract with an expected completion date of 3 July, 2024. However, project verification done on 2 July, 2025, one (1) year after the expected completion date revealed that the project had stalled while works certified and paid amounted to 37% of the total sum and the contractor was not on site.

Management response

The project for rehabilitation of the main slaughter house in Lodwar Town is now complete.

Committee Observation

Committee observed that the county executive did not submit evidence relating to the project completion and that the county did not achieved value for money of the project money due to continued delay in completion of the project.

Committee Recommendation

The committee recommends the county executive to put in place a project/ contract implementation team to FastTrack completion of the projects within sixty (60) from the adoption of this report and provide status report to the Auditor General.

5.3 Equipping of Agricultural Mechanization Station

Review of tender for the proposed equipping of Agriculture Mechanization Station in Naotin awarded to a local supplier at a contract sum of Kshs.7,879,200 revealed that a contract agreement was signed on 19 February, 2024 with the expected end date of 19 July, 2024. The goods were delivered on 14 June, 2024 as evidenced by the delivery note, inspection and acceptance report and S13. However, physical inspection done on 2 July, 2025 revealed that the items procured were not at the mechanization station and were stored at the Department main store and not in use. Further, the mechanization station which was constructed in the financial year 2021/2022 consisting of classrooms, an outside training station and a fence was not in use. In addition, vandalization of the buildings was evident from missing window panes, fallen gate and the roof of the training station had been blown off by wind hence exposing the floor slab to rain water and other elements of the weather, affecting the structure's overall integrity.

In the circumstances, the value for money of the funds so far paid totaling Kshs.25,897,885 was not realized in the implementation of these projects.

Management Response

The goods for the equipping of the Agricultural Mechanization Station were delivered on 14 June, 2024 as evidenced by the delivery note, inspection and acceptance report and S13. At the time of delivery, the Agricultural Mechanization Station (AMS) project was behind schedule and was not yet complete. Management made a decision to store the goods at the department stores taking into consideration the safety of the equipment's. The purchased items were meant for tractors and most of the equipment's have been mounted to the tractors.

Management has posted enforcement officers to provide 24-hour surveillance to the premises as operationalization plans are underway. The management has also done an

assessment of the extend of repairs needed and allocated budget for restoration and phase II of the project.

Committee Observation

The committee noted that Agricultural Mechanization Station remains incomplete and the county executive did not achieved value for money for the project.

Committee Recommendation

The committee recommends the county executive to put in place a project/ contract implementation team to FastTrack completion of the projects within sixty (60) from the adoption of this report and provide status report to the Auditor General.

6. Projects Implementation Status

6.1 Long outstanding Stalled Projects

Available records and physical verification revealed that the following projects have been long outstanding with some dating as far as 2013/2014;

6.1.1 Completion of Kataboi Eco Lodge

As previously reported, the County Executive initiated the construction of Kataboi Eco Lodge in the financial year 2014/2015 to promote tourism in Lake Zone Ward at a contract sum of Kshs.66,389,746. A contract variation of Kshs.9,958,464 was approved in October, 2018 increasing the contract sum to Kshs.76,348,210. In February, 2019 the County Executive and the contractor agreed on mutual termination of the contract.

A new contract for completion of the project was entered into in February, 2021 at contract sum of Kshs.60,016,621 with an expected completion date of 1 November, 2022. Payments amounting to Kshs.33,121,200 were made to the contractor as at March, 2025. The project was at 72% of completion level in March, 2025. The remaining project works includes drilling and equipping of the borehole and purchase and installation of a generator. Physical inspection in June, 2025 revealed that the project was being vandalized and this may lead to additional costs in rehabilitation.

Management Response

Turkana county executive initiated the construction of Kataboi Eco Lodge in the Financial Year 2014/2015 to promote tourism in Lake Zone Ward. The county executive awarded a contract of Kshs.66,389,746. A contract variation of Kshs.9,958,464 was approved in October,2018 increasing the contract sum to Kshs.76,348,210. In February,2019 the county government and the contractor agreed on mutual termination of the contract.

A new contract for completion of the project was entered into in February, 2021 at contract sum of Kshs.60,016,621 with an expected completion date of 1st November,2022. Payments amounting to Kshs.46,641,474 have been made to the contractor as at February,2026. The project is at 77% of completion level in February,2026. The remaining project works includes drilling and equipping of the borehole and purchase and installation of a generator.

The county government has quantified the remaining works in order to allocate resources for completion of the project since the second contract expired by effluxion of time.

Committee Observations

The noted with concern the project stalled despite the project been initiated in the FY 2014/15 with completion level of 77%. The Committee further observed that the county executive did not set aside an adequate budgetary provision for the project to be completed with the county not achieving value for money for the project.

Committee Recommendations

- 1) **The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and ensure timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 90 Days from the date of adoption of this report;**
- 2) **The Office of the County Governor to priorities completion of the stalled project and provide an adequate budgetary provision during the financial year 2026/2027 for its completion and provide a status update to the Auditor General within 90 days of the adoption of this report; and**
- 3) **The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.**

6.1.2 Construction of Plastic Re-Use Facility

As previously reported, the County Executive initiated contract for the construction of plastic re-use facility on 13 January, 2017 for 12 weeks with a local contractor at contract sum of Kshs.13,626,320. However, the project had stalled by June, 2025 with total payments amounting to Kshs.8,983,516. Further, physical inspection conducted on the project in June, 2025 revealed that the contractor was not on site.

Management Response

The project for construction of plastic re-use facility had stalled as at 30th June, 2025. The budget for completion of the project has been provided in the budget for FY 2025-26 and management is committing to complete the project by 30th June, 2026.

Committee Observations

The noted with concern the project stalled despite the project been initiated in the FY 2016/17. The Committee further observed that the county executive did not set aside an adequate budgetary provision for the project to be completed with the county not achieving value for money for the project.

Committee Recommendations

- 1) **The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and ensure timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 90 Days from the date of adoption of this report;**
- 2) **The Office of the County Governor to priorities completion of the stalled project and provide an adequate budgetary provision during the financial year 2026/2027 for its completion and provide a status update to the Auditor General within 90 days of the adoption of this report; and**
- 3) **The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.**

6.1.3 Construction of Kalokol Resource Centre

As reported in the previous year, tender for construction of Kalokol Resource Centre at Kalokol was awarded to a local contractor at a contract sum of Kshs.25,104,510. The contract agreement was signed on 12 January, 2021 and works expected to be completed within sixteen (16) Weeks commencing 27 January, 2021. The contractor was paid an amount of Kshs.11,678,590 by 28 June, 2021. However, physical inspection on the project done in June, 2025 revealed that the project was complete but not in use. The verandah's ceiling board was almost falling due to leakages in the roof. In addition, fixtures such as taps and window panes were vandalized due to lack of security at the center.

Management Response

The project is complete. The management appointed a project implementation team to help in proper project conceptualization, planning, execution and timely completion as well as realization of value for money.

Committee Observations

The committee noted that the project is complete but not in use

Committee Recommendations

The Committee recommends the county executive undertake adequate public participation before project initiation so that county projects are up to the aspiration of the resident of the county. The committee further recommends.

6.1.4 Delay in Completion of Turkana County Headquarters Building

As previously reported, the construction of the County Executive/HQ Offices was awarded to a local contractor at contract price of Kshs.695,854,432 on 23 October, 2014 to take 120 weeks (two and half years) with the expected completion on 22 May, 2017. The following anomalies were noted:

- i. As at the time of audit cost variations amounted to Kshs.172,827,489 (comprising contract variation of Kshs.16,264,551 (IPC14) and contractor's claims of Kshs.156,562,939).
- ii. Contract extensions were granted to 30 June, 2017 which was extended to 30 June, 2019 then further extension to 31 December, 2020, resulting in a total duration of delay of four (4) years by 30 June, 2025
- iii. Total payments to the contractor as at 30 June, 2025 was Kshs.740,724,014.
- iv. During the audit in November, 2025 the main contractor was on site completing works within the thirty (30) days given by devolution committee to hand over the project to the county. However, no contract period extension letter was provided.
- v. During interviews, the contractor attributed the project delays directly to the county's failure to pay various certified progress certificates. Despite being compelled to hand over the site following Senate Committee intervention, the contractor indicated unresolved pending payments and intended to pursue legal action for recovery. Management provided no explanation for the non-payment of these certified works, an omission that exposed the county to significant risk of litigation costs, penalties, and further financial liabilities.
- vi. Electrical work was at initial stages with the base for generator done and delivery of two distribution boards done and nothing else was observed to be ongoing. No satisfactory explanation was provided for slow work progress which may result into cost escalation.
- vii. Progress payment certificates, certificates of practical completion and handover certificates were not provided to professionals for assessment of works and extent of completion.

- viii. The contract sum of Kshs.695,854,432 included a provisional contingency amount of Kshs.73,400,000 in respect of the purchase and installation of lifts, air conditioning, plumbing, builders work connection, electrical works and project managers expenses and project managers stationary. However, all these were later contracted by the County Executive yet they were part of the original contract. Management explained that the subcontracts lapsed before full performance necessitating re-contracting. However, the original bill of quantities of the main contract and certificate of measured works for the main contract and revised bill of quantities in support of additional works of Kshs.17,490,292 were not provided for audit.

Management Response

The county headquarters is a project which began in the Financial Year 2013-14. The project is complete and handed over to the County Government by the Main contractor. The management has appointed an *ad-hoc* committee to oversee the furnishing and commissioning of the HQ building. The county executive doesn't have any unpaid certificate (IPC).

The amount of Kshs.73,400,000 were provisional sums and not sub contracted works in the original BQ as follows:

<u>Provisional Sums</u>	Amount
KPLC Services	1,500,000
Fluctuations	20,000,000
Signage	600,000
Contingencies	30,000,000
Helipad accessories	3,500,000
Project Managers Supervision Expenses	15,000,000
Builders Works in Connection with Services	800,000
Project Managers Stationary and Training	2,000,000
Total	73,400,000

Committee Observations

1. **The committee observed failure by the county executive to provide evidence** to support the contract variations including approved variation orders, revised bills of quantities and certified claims;
2. The committee noted that total payments exceed the original contract sum while the county executive did not provide reconciliation between the original contract sum, approved variations, and total payments made; and
3. The Committee noted that the county executive has not provided technical inspection reports to confirm full completion and commissioning of the works.

Committee Recommendations

1. **The committee recommends the county executive provides a certificate of practical completion and project handover certificate to the Auditor General with sixty (60) from the adoption of this report; and**
2. **The Auditor to review and report the matter in the next audit cycle**

6.1.5 Stalled Completion of Governor's Residence

As previously reported a new contract was awarded to a contractor on 24 April, 2019 for proposed completion of Governor's residence at contract sum of Kshs.90,563,900 for a period of 52 weeks with expected completion of 24 May, 2020. The last contract extension was granted on 3 April, 2020 for fifty-two (52) weeks ending 31 October, 2021. The works certified as at the time of audit in November, 2025 was Kshs.17,917,599 with total payments totaling Kshs.14,559,620 being the first and the second interim payment certificates of Kshs.2,327,540 and Kshs.12,186,620 respectively. The project was stalled at 25% level of completion as at June, 2025 having delayed for five (5) years based on the revised contract. Physical inspection undertaken in June, 2025 revealed that the contractor was on site but no works were on-going and interview with the contractor revealed the reason for stalled work was non-payment of various progress certificates raised under the project and was considering legal action against the county. Management did not provide satisfactory explanation on why payments for certified works had not been made which may result into penalties and litigation costs.

Management Response

The contract for the construction of Governor's residence was awarded in the financial year 2013-2014 to a local contractor. The contractor did some work and abandoned the site which necessitated quantification of the remaining works and re-tendering in the Financial Year 2018/2019. A second contractor won the bid and a contract was signed

on 24th April, 2019. Upon signing the contract, the contractor was unable to commence building works because the project manager could not provide the drawings and designs. The project manager sited refusal to release the drawings and designs by the architect consultant hired in the previous contract. The reason why the consultant could not release the drawings was because of unpaid pending bills for his consultancy services. The contractor was later able to commence the works on 31 October, 2021 after he was provided with the drawings and designs.

From the second contract of Kshs.90,563,900 the government has paid Kshs.14,514,160.

Based on the scope of work assessment and with technical advice of resident Engineer, the contractor was paid amount equivalent to work done. The payment was done twice as per the review of the work done. Total sum of Kshs.2,327,540 (Two million, Three hundred and twenty-seven thousand five hundred and forty shillings only.) as payment for the first IPC 1 and Ksh.12,186,620 (Twelve million, one hundred and eight six thousand six hundred and twenty shillings only.) as Second payment IPC 2. The total amount paid to the contractor so far Kshs.14,514,160.00 (Fourteen million, five hundred and fourteen thousand, one hundred and sixty shillings only.)

There is currently no valid contract between the County Government and the Contractor. The parties did the joint measurement of work done. The joint measurement has yielded separate financial report from the project manager and the contractor. Efforts to harmonize the reports are currently ongoing with the input likely to inform the settlement of the contractors dues and planning (preparation of BOQs and budgeting) for the completion of work.

Committee Observation

The committee noted that the project stalled with the no evidence of work done by the project implementation committee since appointment.

Committee Recommendations

- 1) **The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 90 Days from the date of adoption of this report;**
- 2) **The Office of the County Governor to prioritise completion of the stalled project and provide a budget for their completion and provide a status update to the Auditor General within 90 days of the adoption of this report; and**

- 3) **The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.**

6.1.6 Stalled Construction of Modern Business Centre

As previously reported, the County Executive awarded a local contractor for the construction of Modern Business Centre at a contract sum of Kshs.132,390,490. The contract was to run for a period of five (5) years beginning 23 May, 2016 with an expected completion date of 20 June, 2020. The County Executive had so far paid Kshs.61,913,081 towards the contract. The project stalled and the contractor disputed the termination and sued the County Executive. The case was on-going in court.

In the circumstances, value for money of the funds so far paid totaling Kshs.870,980,021 was not been realized in the implementation of these projects.

Management Response

The County Executive entered into a contract for the construction of a modern business Centre in Lodwar at a contract sum of Kshs.132,390,490. The contract was to run for a period of five (5) years beginning 23 May, 2016 with an expected completion date of 20th June, 2020. The County Executive has so far paid **kshs.61,913,081** towards the contract.

The project stalled following failure by the contractor to adhere to the agreed project timelines thereby prompting the county government to notify the contractor about the lapse of the contract. The contractor disputed the termination and sued the county government. The case is currently ongoing in court (**ELD Civil Suit No. E026 of 2023**). The decision of the court will determine further actions to be taken by the county government as regards this project.

Committee Observation

The Committee observed that the matter of the construction of modern business Centre is in court after the contractor sue the county executive after a disputed termination of contract.

Committee Recommendations

1. **That the County Executive, in consultation with the Office of the County Attorney, must pursue an out-of-court settlement to resolve the matter weighing the cost of continued litigation against the public benefit of**

- operationalizing the project. This aligns with the principle of alternative dispute resolution promoted in Article 159(2)(c) of the Constitution; and
2. That the Auditor General to review and report the matter in the next audit cycle.

6.2 Projects Implementation Status for the Financial Year 2024-2025

Review of the projects implementation status (PIS) report as at 30 June, 2025 revealed that the County Executive had planned to implement three hundred and seventy-four (374) projects during the year under review valued at Kshs.2,026,900,776 with total cumulative payments of Kshs.271,831,731. However, the projects were at various stages of implementation as summarized below;

Project status	No	Total Contract Sum (Kshs.)	Cumulative Payments (Kshs.)
Completed	176	883,491,307	201,663,178
Ongoing	109	701,808,101	70,168,553
Not started	83	372,484,418	-
Stalled	6	69,116,950	-
	374	2,026,900,776	271,831,731

Non-Completion of projects in time was an indication of inadequacy in project planning, control and monitoring to ensure efficient absorption of available funds.

In the circumstances, the residents may not have obtained value for money in respect of the projects that were set to be implemented during the year ended 30 June, 2025.

Management Response

The Project Implementation Status for the 198 (Ongoing, not-started& stalled) projects as at February, 2026 is as follows: 54 projects complete, 54 Projects ongoing, 2 projects stalled and 88 projects terminated for re-advertisement.

The delay in completion of projects is attributable to restrictions that the National Treasury has placed in IFMIS system. The IFMIS system is designed to allow partial access to vote lines amounts on quarterly basis. Given that a procuring entity is required by law to commence procurement process with sufficient budget, IFMIS restrictions

cannot allow proper procurement planning. Procuring Entities cannot access the full budget amounts for a specific project, until the beginning of the third quarter when the budget lines have sufficient amounts to allow the procurement process to begin.

Committee Observations

The committee noted delay in the completion of county projects which the county executive attributed to delays to IFMIS budgetary access restrictions imposed by the National Treasury.

Committee Recommendations

1. **The Committee recommends that the county executive procurement planning should be aligned with cash flow projections and approved work plans to avoid systemic project delays;**
2. **That the Auditor should monitor the project completion status and report in the next audit cycle.**

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the 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 governance were not effective.

Basis for Conclusion

Lack of Risk Management Policy

Review of the internal controls of the County Executive revealed that the risk Management policy was not in place. In addition, no documented formal risk assessments were provided for audit for the period under review. This was contrary to Regulation 158 (1) of the Public Finance Management (County government) Regulations, 2015 which requires that an entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations

In the circumstances, the County Executive lacks mechanisms to detect, prevent, or respond to fraudulent activities which may undermine its ability to fulfill its objectives.

Management Response

The county has a draft risk management policy which is currently undergoing stakeholder participation before being tabled in the county executive committees' (cabinet) for approval by 30th of April, 2026.

Committee Observation

The Committee that the county executive has no risk management policy in place which hinders the county ability to identify, respond and prevent risks including fraud.

Committee Recommendation

The Committee recommends the county executive to expediate the approval of the risk management policy currently under stakeholders' deliberation and provide status report to the Auditor General within sixty (60) days from the adoption of this report.

REPORT OF THE SENATE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF TURKANA COUNTY REVENUE FUND FOR THE FINANCIAL YEAR 2024/2025

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totaling Kshs.17,224,588,939 and Kshs.13,807,245,616 respectively resulting in an underfunding amounting to Kshs.3,417,343,323 or approximately 20% of the budget. Similarly, the statement reflects final expenditure of Kshs.13,699,622,064 against actual receipts of Kshs.13,807,245,616 resulting in an under expenditure amounting to Kshs.107,623,552.

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

Management Response

The County Government received full exchequer for FY 2024/25. The underfunding is attributed to funds for grants which were not received during the financial year.

The under expenditure was largely attributed to late exchequer releases. The county received Kshs.5,958,374,012.65 an equivalent of 40% of the total revenue receipts in the last quarter of the financial year.

The County Government continues to experience challenges in receiving exchequer receipts into the County Revenue Fund in accordance with the payment schedule approved by the senate and published in the gazette by the Cabinet Secretary. Management will continue to engage all stakeholders to ensure timely transfers.

Committee Observations

The Committee noted budget underfunding amounting to Kshs.3,417,343,323 or approximately 20% of the budget due to later exchequer releases due to county government.

Committee Recommendations

- 1. The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate; and**
- 2. The County executive puts in place measures to enhance its own generated revenue in order to meet its revenue target and address revenue shortfalls.**

1. Underfunding of Conditional Grants to the County

The statement of financial performance reflects transfers from other government agencies amount of Kshs.408,795,007 for the year ended 30 June, 2025 being domestic and foreign grants received from various donor agencies as disclosed in Note 7 to the financial statements. During the year under review, the County had budgeted for Kshs.1,398,507,938. However, the County received domestic and foreign grants amount of Kshs.408,795,007 or 29% of budgeted funds resulting in underfunding of Kshs.989,712,931 or 71% of budgeted funds. Further, at the time of audit in October, 2025, there was no evidence to show the County subsequently received additional funds of Kshs.989,712,931.

In the circumstances, the planned activities of the County could not be achieved due to underfunding.

Management Response

The County Government had budgeted to receive Kshs. 1,398,507,938 for grants in the financial year 2024/25. During the year, actual receipts in County Revenue Fund Account amounted to Kshs.408,795,007 remaining with a balance of Kshs.989,712,931 as shown in the table below. The under disbursement is attributed to late approval of the County Governments Additional Allocations Act, 2025.

Conditional Grants	Budgeted Amount	Actual Received	Balance
i) Roads Maintenance Fuel Levy	-	88,140,833	-88,140,833
ii) Community Health Promoters	-	-	-
iii) DANIDA(Primary Health Care)	16,233,750	16,233,750	-
iv) ELRP(Emergency Locust Response Project)	142,500,000	-	142,500,000
v) FSRP(Food Systems Resilience Project)	173,076,923	70,127,132	102,949,791
vi) DRPNK(Drought Resilience Programme)	319,534,140	179,103,369	140,430,771
vii) UNFPA(United Nations Fund for Population Services)	5,920,000	-	5,920,000
viii) K-WASH WORLD BANK PROGRAMME	300,965,240	-	300,965,240
ix) Kenya Devolution Support Programme II	37,500,000	-	37,500,000
x) Urban Institutional Grant (UIG)	35,000,000	-	35,000,000
xi) Window for Host and Refugees (WHR) UIG	70,000,000	-	70,000,000
xii) Kenya Urban Support Programme (KUSP) II UDG	62,725,320	32,309,300	30,416,020
xiii) Window for Host and Refugees (WHR) KUSP II UDG	224,133,646	-	224,133,646
xi) Kenya Agricultural Business Development Project (KABDP)	10,918,919	-	10,918,919
FFLOCA	-	22,880,623	-22,880,623
Total Revenue	1,398,507,938	408,795,007	989,712,931

Committee Observations

The committee noted that the county executive did not receive donor fund amounting to Ksh. 989,712,931 during the financial year 2024/2025. the committee further

observed that the late disbursement is attributed to late approval of the County Governments Additional Allocations Act, 2025.

Committee Recommendation

The Committee recommends that the National Treasury strictly complies with its constitutional and statutory mandate under Article 219 of the Constitution and Section 17(6) of the PFM Act, 2012, by ensuring timely and full disbursement of funds to county governments in accordance with the approved cash disbursement schedule.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion Section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the of the Fund in 2024/2025 revealed that the following matters including; delays in exchequer releases, conditional grants to the County Government and transfers to the County Assembly remained unresolved.

Management Response

The Auditor General report on County Revenue fund for Financial Year 2023/24 raised 3 audit issues as shown in the table below. One issue has been resolved while the other two are still outstanding. Management will continue to engage the relevant stakeholders in order to resolve the issue of delays in exchequer releases and conditional grants to the County Government.

FY	Audit Query	Management Response
2023/24	Delay in Exchequer Releases	The issue is still unresolved. In the current year 40% of the funds were received in quarter 4.

2023/24	Conditional Grants to the County Government	The County Executive still faces the challenge of delay in receipt of conditional grants due to delay in enactment of County Additional Allocation of revenue act.
2023/24	Transfers to County Assembly	The matter was resolved. The Amount of Kshs.15,863,929 Was refunded.

Committee Observation

The committee noted some prior year audit matters are still outstanding with audit recommendation having not implemented contrary to Section 53 of the Public Audit Act, 2015, which requires an accounting officer to take action on the Auditor-General's recommendations and submit a report within ninety days. This failure undermines the value of the audit process and the principle of accountability.

Committee Recommendations

1. **The County Executive must fully comply with Section 53 of the Public Audit Act, 2015, by taking concrete steps to resolve all outstanding prior-year audit issues and submitting a comprehensive progress report to the Auditor-General within ninety (90) days; and**
2. **The Auditor-General to specifically report on the status of these unresolved prior-year issues in the subsequent financial year's audit report to ensure continuous oversight and implementation**

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. I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE
ON THE REPORT OF THE RECEIVER OF REVNEUE FOR TURKANA
COUNTY FOR THE FINANCIAL YEAR 2024/2025**

REPORT ON THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

1. Inaccuracies in the Revenue Statements

1.1 Statement of Revenue and Disbursements

The statement of revenue and disbursements reflects decrease in dues to County Revenue Fund amount of Kshs.6,169,386. However, casting of the amount resulted to a balance of Kshs.67,111 leading to an unexplained variance of Kshs.6,102,275.

Management Response

The amount of Kshs.6,169,386 is the decrease on dues to CRF from Kshs. 20,832,833 as at 30th June, 2024 to Kshs. 14,663,447 as at 30th June, 2025 as evidenced by note 34 to the Financial Statements and Statement of Financial Position as at 30th June,2025.

Committee Observation

The committee noted that matter has been addressed

Committee Recommendation

The committee recommends that the matter be marked as resolved.

1.2 Statement of Cash Flows

The statement of cash flows reflects total payments amounting to Kshs.167,256,817. However, casting of the total payments resulted to a balance of Kshs.167,274,131 leading to an unexplained variance of Kshs.17,314.

Further, casting of the net cash from operating activities resulted to a balance of Kshs.58,454 which differed with the reported amount of Kshs.41,140. In addition, the statement reflects cash and cash equivalents amount of Kshs.9,635,642 which differed

with the reported amount of Kshs.3,507,396 under cash and cash equivalents in the statement of financial position resulting to unreconciled variance of Kshs.6,128,246.

In the circumstances, the accuracy and completeness of the revenue statements could not be confirmed.

Management Response

The correct total cash payments as at 30th June,2025 was Kshs.167,274,131 while the correct net cash from operating activities is Kshs.(58,454). The casting error resulted from non-inclusion of Kshs.8,657 bank charges in additions to the total disbursements to CRF.

Management is working with the National Treasury to ensure that we comply with the templates as we still in transition to accrual basis of accounting.

Committee Observation

The committee noted that the county executive did not submit documentations required to support account balances and explained the corrective action taken to unreconciled the variances.

Committee Recommendation

The committee recommends the county executive should strengthen internal audit department and audit committee to help review financial statements before submission for audit.

2. Unconfirmed Payables - Due to County Revenue Fund

The statement of financial position reflects payables due to County Revenue Fund (CRF) of Kshs.14,663,447 which differs with nil balance reflected in the CRF Revenue Statements resulting into unexplained variance of Kshs.14,663,447.

In the circumstances, the accuracy and completeness of payables due to CRF balance of Kshs,14,663,447 could not be confirmed.

Management Response

The amount of Kshs.14,663,447 comprises of **Kshs.11,156,051** relating to long outstanding uncollected revenue arrears which the management doubts the recoverability and plans to consider waiver in accordance with Article 210 and section 159 of PFMA 2012 within the accrual transition period of 3 years and Kshs.3,507,396 which was un-swiped cash to CRF as at 30th June,2025 which have since been swiped to CRF.

Management is working with the National Treasury and Public Sector Accounting Standards Board to ensure that we comply with the reporting templates within the accrual transition period of 3 Years.

Committee Observation

The committee noted the county executive has not disclosed the payables as part of receivables in the financial statements for Turkana County Revenue Fund (CRF) during the financial year 2024/2025. The committee further noted that the county executive did not provide evidence to demonstrate approval for waiver on the uncollected revenue arrears.

Committee Recommendation

- i. **That the county executive provides all documents supporting the account balance to the Auditor General within sixty (60) days from the adoption of this report; and**
- ii. **The committee recommends the county executive should strengthen internal audit department and audit committee to help review financial statements before submission for audit.**

3. Variance Between Reported Disbursements to County Revenue Fund (CRF) and Actual Transfers from the Collection Account

The statement of cash flows for the year ended 30 June, 2025 reflects disbursements to CRF of Kshs.167,265,474. However, analysis of fund transfers from the collection account to the CRF indicated total disbursements amounting to Kshs.169,643,364 resulting into unexplained variance of Kshs.2,377,890.

In the circumstances, the accuracy and completeness of disbursements to CRF amount of Kshs.167,265,474 could not be confirmed.

Management Response

The variance of Kshs.2,377,890 is the cash that were not swiped to CRF as at the close of the financial year.

Committee Observation

The committee noted variances in cash disbursements to the County Revenue Fund and the county executive did not submit to Auditor General bank statements on the collection account.

Committee Recommendation

The Committee recommends the county executive undertakes the accounts reconciliation and provide the bank statements of the collection and analysis of the collections to the Auditor General within sixty (60) days from the adoption of this report.

4. Unsupported Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.11,156,051 as disclosed in Note 32 to the revenue statements. However, the balance was not supported with ledgers and respective supporting schedules.

In the circumstances, the accuracy and completeness of the receivables from non-exchange transactions could not be confirmed.

Management Response

Management has shared the schedule to the office of the Auditor General.

Committee Observation

The committee noted that matter has been addressed

Committee Recommendation

The committee recommends that the matter be marked as resolved.

Emphasis of Matters

Decline in Revenue Realization and CRF Disbursements Over Time

Review of the Management Discussion and Analysis section of the revenue statements revealed a decline and inconsistency in revenue performance and CRF disbursements across the financial years. Between financial year 2019/2020 and 2024/2025, the County's revenue performance showed irregular trends, with a significant over-performance in 2023/2024 (244%) followed by a significant decline of 26% in 2024/2025, despite the county's increased revenue potential. These irregular trends also affected the CRF disbursements.

Review of revenue performance revealed that the target for FY 2024/2025 was Kshs.400,000,000 and actual revenue was Kshs.396,903,467 representing a marginal under-performance by 1%. The actual collection represented a significant drop of Kshs.138,851,908 (26%) from the collections of Kshs.535,755,375 achieved in FY 2023/2024.

Similarly review of the CRF disbursements revealed that the disbursements declined sharply from Kshs.440,839,407 in 2023/2024 to Kshs.167,265,474 in 2024/2025, a

decrease of Kshs.273,573,933 (62%). The own source revenue potential for Turkana County is Kshs.2,530,000,000 as per the Commission on Revenue Allocation (CRA) report of June 2022 on own source revenue potential and tax gap on county governments.

In the circumstances, the effectiveness in revenue budgeting and efficiency of revenue collection could not be confirmed.

Management Response

The own source revenue collection and disbursements to CRF increased marginally in the financial years 2019/20, 2020/21, 2021/22 with a decline in FY 2022-23 and reached an all-time high in FY 2023-24 when the county received land lease arrears from Tullow Oil Company of Kshs.258,000,000 as shown in the table below.

Table 1: Revenue collection trend.

Financial Year	Target	Achieved	%Realized	CRF Disbursement
2024/2025	400,000,000	396,903,467	99.20%	167,265,474
2023/2024	220,000,000	535,755,375	244%	440,839,407
2022/2023	198,000,000	177,717,811	90%	174,374,614
2021/2022	180,000,000	204,349,844	114%	204,060,527
2020/2021	180,000,000	182,858,171	102%	182,858,170
2019/2020	175,000,000	178,840,112	102%	178,840,112

In the financial year 2024/25 the County Receiver of Revenue achieved a total Collection of Kshs.396,903,467 (Including FIF total collection of Kshs.229,687,791). The Receiver of revenue disbursed Kshs.167,274,130 a decline of 8.5% compared to the financial year 2023/24 excluding the arrears paid by Tullow Oil.

The decline in revenue in financial year 2024/25 compared to financial year 2023/24 was largely attributed to reduction in cess revenue stream by 31.3%. The underperformance in cess revenue stream collection is explained by weak enforcement mechanisms, inadequate coordination and poor communication among the responsible county departments.

Management has taken administrative action by:

- i. Onboarding a consultant to guide in developing; Revenue Enhancement Action Plan (REAP), County Resource Mobilisation Strategy, Tariff & Pricing Policy and Countywide Revenue Mapping
- ii. Including revenue as a Key performance indicator in the performance contract for the County Executive Committee Members in revenue collection departments.

Committee Observation

The committee noted shortfalls in county own source revenue collection with a significant gap between potential and realized revenue. The committee further noted that the county executive onboarded a consultant to guide in developing; Revenue Enhancement Action Plan (REAP), County Resource Mobilization Strategy, Tariff & Pricing Policy and Countywide Revenue Mapping.

Committee Recommendation

- i. **That the county executive should implement a comprehensive Revenue Enhancement Action Plan with clear targets, timelines, and accountability mechanisms to progressively bridge the gap between potential and actual revenue collections;**
- ii. **That the county executive should strengthen enforcement mechanisms, improve inter-departmental coordination, and automate revenue collection systems to minimize leakages and stabilize own source revenue streams; and**
- iii. **That the county executive should adopt realistic revenue forecasting based on sustainable revenue streams and establish a clear policy framework for timely and consistent disbursement of revenue to the CRF to enhance transparency and cash flow management.**

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the revenue statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Revenue Statements, Lawfulness and Effectiveness in Use of Public Resources, and

Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the of the Receiver of Revenue's in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in own source revenue
2	2023/2024	Inadequate maintenance of records by revenue enforcement department
3	2023/2024	Delays in transfers of own source revenue
4	2023/2024	Inadequate internal controls and legislations
5	2023/2024	Inefficiencies of the revenue automation system
6	2023/2024	Failure to renew annual maintenance of the revenue automation system

Management Response

	Financial Year	Audit Issue	Management Response
1	2023/2024	Inaccuracies in own source revenue	The county executive is now collecting revenue from parking lots in Lodwar Town.
2	2023/2024	Inadequate maintenance of records by revenue enforcement department	Management has procured occurrence books to record all enforcement records.
3	2023/2024	Delays in transfers of own source revenue	The issue has been addressed. Kenya Commercial Bank Lodwar know swipes revenue every Monday of the week
4	2023/2024	Inadequate internal controls and legislations	Management has drafted and forwarded a raft of legislations to the county Assembly and procured a consultant to develop policies
5	2023/2024	Inefficiencies of the revenue automation system	The system is able to run outstanding invoice arrears.
6	2023/2024	Failure to renew annual maintenance of the revenue automation system	Management is considering a new Revenue Management Information System.

Committee Observation

The committee noted some prior year audit matters are still outstanding with audit recommendation having not implemented contrary to Section 53 of the Public Audit Act, 2015, which requires an accounting officer to take action on the Auditor-General's recommendations and submit a report within ninety days. This failure undermines the value of the audit process and the principle of accountability.

Committee Recommendations

- 1. The County Executive must fully comply with Section 53 of the Public Audit Act, 2015, by taking concrete steps to resolve all outstanding prior-year audit issues and submitting a comprehensive progress report to the Auditor-General within ninety (90) days; and**
- 2. The Auditor-General to specifically report on the status of these unresolved prior-year issues in the subsequent financial year's audit report to ensure continuous oversight and implementation**

Other Information

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Failure to Collect Arrears of Revenue

The statement of financial position reflects receivables from non-exchange transactions of Kshs.11,156,051 as disclosed in Note 32 to the revenue statements. The amount relates to arrears for single business permit which has been outstanding for more than two (2) years. However, a schedule in support of the balance was not provided for audit and Management has not indicated steps taken to recover the amount. This is contrary to regulation 63(1)(a)(b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all county government revenue and

other public moneys relating to their County Departments or Agencies and adequate measures, including legal action where appropriate, are taken to obtain payment;

In the circumstances, the recoverability of arrears of revenue of Kshs.11,156,051 could not be confirmed and Management was in breach of the law.

Management Response

The amount of **Kshs.11,156,051** relates to long outstanding uncollected revenue arrears which the management doubts the recoverability and plans to consider waiver in accordance with Article 210 of the Constitution of Kenya 2010 and section 159 of PFMA 2012 within the accrual transition period of 3 years.

Committee Observation

The committee noted the outstanding revenue arrears are doubtful and the county executive has considered it for a waiver. The committee further observed that the county executive did not institute measures to recover the outstanding revenue.

Committee Recommendation

- i. That the county executive to institute recoverability measures including demand notices, enforcement actions, or legal proceedings;**
- ii. That the county executive to Strengthen Revenue Recovery Measures and Establish an Arrears Management Framework within sixty (60) days from the adoption of this report; and**
- iii. That the county executive to Formalize Waiver Process in Compliance with Law and submit status report to the Auditor General within sixty (60) days from the adoption of this report; and**

2. Failure to Maintain Approved and Updated Valuation Roll

The statement of revenue and disbursements reflects total County's own source revenue (OSR) for the year of Kshs.167,215,677 out of which land rates revenue amounted to Kshs.6,200,240 as disclosed in Note 7 to the revenue statements. However, the County Government does not maintain an approved and updated valuation roll contrary to the requirements Section 30(1) the National Rating Act, 2024 which provides that a county government shall cause preparation of a valuation roll to be undertaken in every five (5) years on the ratable properties within the County. The absence of an updated valuation roll means that land rates are not based on current property market values.

In the circumstances, Management was in breach of the law.

Management Response

The county executive has forwarded the Valuation and Rating Bill to the county assembly. The executive is following up with the county assembly for approval. Once approved the County Executive will ensure compliance with Section 30 (1) the National Rating Act, 2024.

Committee Observation

The committee noted that the county executive has submitted the Valuation and Rating Bill to the county assembly for an approval.

Committee Recommendation

The committee recommends the county executive should fast-track enactment of the Valuation and Rating legislation within sixty (60) days from the adoption of this report and provide a status report to the Auditor General during the same period.

3. Failure to Comply with the Public Sector Accounting Standards Board Reporting Template

Review of the annual reports and revenue statements revealed the following presentation and disclosure errors and omissions;

- i. The Table of contents has content serials misnumbered
- ii. Page numbering on the annual reports and revenue statements is altered. The Statement of the Receiver of Revenue's responsibilities is in page number 1 instead of xvii and statement of Revenue and Disbursements on page 4 instead of 1
- iii. The cover page is titled as Transitional International Public Sector Accounting Standards (IPSAS) Revenue Statements/ Prepared in accordance with Accrual Basis of Accounting Method under IPSAS yet the Receiver of Revenue has adopted full IPSAS reporting.
- iv. Note 2 to the revenue statements on statement of compliance and basis of preparation contains the guiding note during the transition period which should have been deleted since the fund has fully complied with IPSAS reporting.
- v. The date when the revenue statements were approved and signed is not indicated on pages 2 and 12
- vi. The report omitted to number the statement of the receiver of revenue's responsibilities on page 1. Further the Report of the Independent Auditor on the Receiver of Revenue is numbered as 5 instead of 6 and Statement of Revenue and Disbursements for the year as number 6 instead of 7

In the circumstances, the annual report and revenue statements as prepared and presented does not comply with the requirements of reporting template as prescribed and issued by the Public Sector Accounting Standards Board.

Management Response

The management has noted the editing inaccuracies in the report and will put in place internal control measures to ensure quality review before final printing. The financial statements for Receiver of Revenue for the year ended 30th June, 2025 were transitional IPSAS statements as evidenced by the clause in the cover page of the report.

Committee Observation

The committee noted non-compliance with the reporting template prescribed by the Public Sector Accounting Standards Board (PSASB). The committee further observed weak internal review and quality assurance processes prior to submission of the financial statements for audit.

Committee Recommendation

- 1. That the county executive strengthens financial reporting quality and apply the correct reporting framework undertakes a capacity building for its technical review team in the accounts.**

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 effects of the matter 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 governance were not effective.

Basis for Conclusion

Weaknesses in the Revenue Collection System

- i. Full payment was done for the system and subsequent maintenance contracts but the system has not been formally commissioned or officially handed over. There is no evidence of contractual acceptance, documented sign-off, or formal transfer of operational responsibility.**

- ii. As at the time of audit in November, 2025 the vendor had administrative control of the application, database, and source code, operating as the super user. As a result, operational oversight, maintenance, and independent audit of the system remain largely dependent on the vendor's support and goodwill until contractual and payment obligations are fully concluded. In the circumstances, the system integrity, confidentiality and availability for service delivery could not be confirmed.
- iii. The County's over-reliance on the vendor for administration, support, and backend processes exposes it to operational discontinuity. In case of vendor dispute, insolvency, or withdrawal, the County risks complete paralysis of its revenue collection operations.
- iv. There is no evidence of a formal change control framework to govern authorization, testing, review, and post implementation validation before production deployment.
- v. There was no documented evidence that backups have ever been tested for integrity or restoration capability. No restoration drills, validation procedures, or official County oversight were in place to confirm that backups are functional and usable in the event of a failure. This exposes the County to uncertainty over whether critical revenue data could be recovered during a system failure, disaster, or cyberattack.
- vi. There is failure of the revenue system to generate invoices across all revenue streams despite contractual obligations.
- vii. Not all revenue streams in the County's revenue system had invoice reporting capability. This is in direct contravention of the contractual requirements, which stipulated that all revenue streams must be configured with invoice functionality. In the circumstance, full performance of contractual obligations and system effectiveness could not be confirmed.
- viii. There is no Business Continuity Plan (BCP) and Disaster Recovery (DR) Framework to recover the system and resume revenue collection operations in the event of a disaster, cyberattack, or vendor collapse.
- ix. The County Government did not maintain an ICT asset register hence exposing the County to risks of loss, unauthorized use, or misappropriation of public assets.

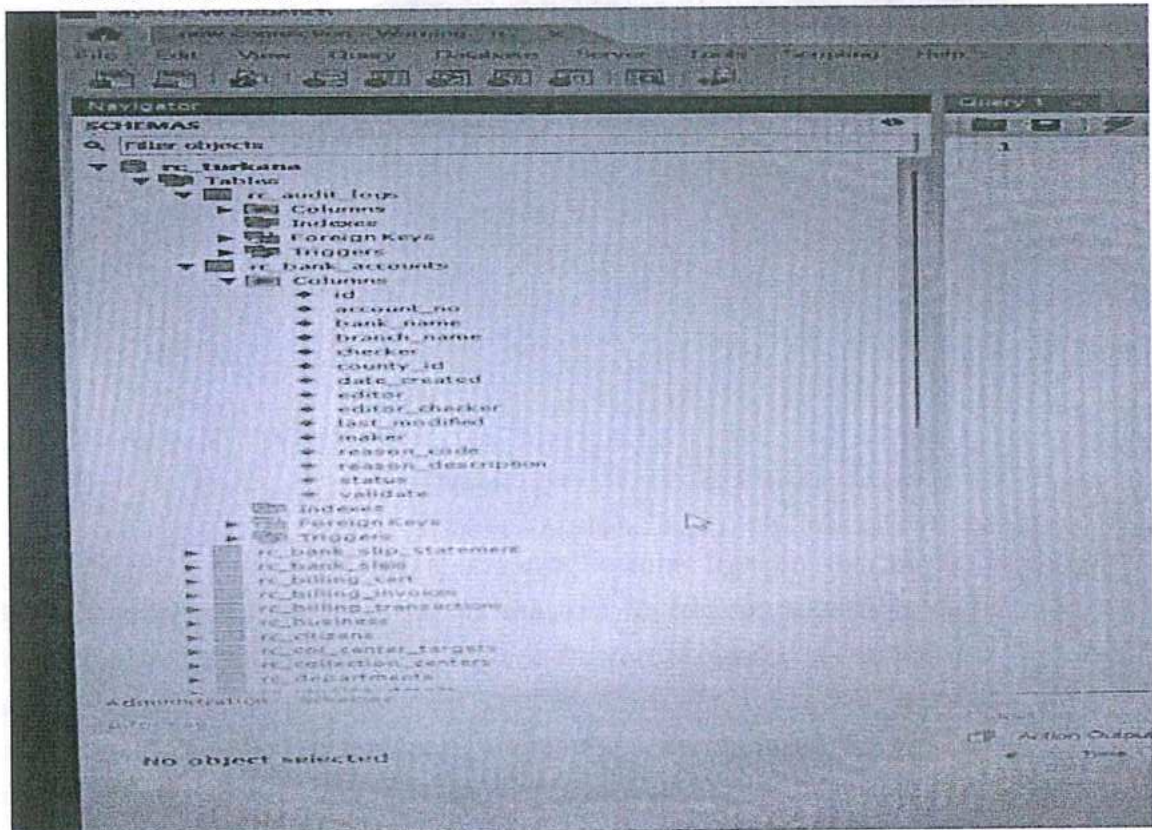
In the circumstances, the effectiveness of the internal controls over revenue collection system could not be confirmed.

Management Response

- (i) The County Government of Turkana is yet to acquire its own data center either physical or cloud plus the necessary infrastructure that ensures

successful handover. This makes it a challenge to transfer the system plus all rights in terms of system, application, business logic, source code, databases and credentials from the vendor to the County. Plans are underway in the current budget for acquisition of County cloud in order to finalize this exercise. Meanwhile the County technical team has administrative access to the production database environment.

- (ii) The County technical team has administrative access to the production database environment. As evidenced in the attached screenshot, a designated County database administrator can successfully authenticate, access the database, and perform administrative functions including viewing and managing data artefacts. This level of access provides the County with direct oversight of revenue data and backend records, thereby supporting independent verification, monitoring, and continuity of operations beyond vendor intervention.



- (iii) The County retains administrative access to the system database, ensuring visibility and control over all revenue data and backend records. This access provides operational continuity by enabling the County to independently extract, validate, and manage critical data where necessary, thereby mitigating the risk of total reliance on the vendor for revenue operations.

Committee Observation

Committee Recommendation

```
FOUCHER@0000000:/etc/ssl/openssl/conf:08 cat revenue.conf
server {
    listen 80;
    server_name admin.revenue.co.ke;
    # Redirect all HTTP to HTTPS
    location / {
        return 301 https://$server_name$request_uri;
    }
}

server {
    listen 9032;
    server_name admin.revenue.co.ke;
    location / {
        return 307 https://admin.revenue.co.ke$request_uri;
    }
}

#SSLStream Services {
    #p_hash;
    server 10.10.10.10:9032;
    server 10.10.10.10:9032;
    server 10.10.10.10:9032;
}

server {
    listen 443;
    ssl on;
    ssl_certificate /etc/letsencrypt/live/admin.revenue.co.ke/fullchain.pem; # managed by Certbot
    ssl_certificate_key /etc/letsencrypt/live/admin.revenue.co.ke/privatekey.pem; # managed by Certbot
    # Redirect all HTTP to HTTPS
    location / {
        proxy_set_header    X-Forwarded-For $remote_addr;
        proxy_set_header    Host $http_host;
        proxy_pass            https://10.10.10.10:9032;
        proxy_redirect off;
        proxy_buffering http://servers;
        real_ip_header X-Real-IP;
    }
}
```

- (ix) The government has developed an Asset and Liability Management Policy approved by the County Executive committee and forwarded to the County Assembly. The policy creates an Asset and Liability Management Unit that will ensure all assets registers are developed, do physical verification, tagging, valuation and Disposal of assets.

Committee Observations

1. The Committee noted that there is no documented, commissioning, contractual acceptance certificate, or formal handover transferring ownership and operational responsibility to the County; and
2. The committee observed that the vendor has access to core system components continues to expose the County to operational and governance risks with the County remains exposed to disruption risk in the event of vendor dispute, contract termination, insolvency, or withdrawal.

Committee Recommendations

1. That the county executive Formalize System Ownership and Handover;
2. That the county executive Strengthen ICT Governance and Independence within sixty (60) days from the adoption of this report; and

3. That the county executive Conduct Independent System Audit within sixty (60) days from the adoption of this report and submit a status report to the Auditor General.

CHAPTER TWO

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF TANA RIVER COUNTY EXECUTIVE FOR THE FINANCIAL YEAR 2024/2025.

The Governor of Tana River County Executive **Hon. Major (Rtd) Dhadho Gaddae Godhana** appeared before the Committee on **Monday, 30th March, 2026** to respond (under oath) to audit queries raised in the Report of the Auditor General on County Executive, Receiver of Revenue and County Revenue Fund of Tana River County for the Financial Year 2024/25.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

Basis for Qualified Opinion

1. Variance between the Financial Statements and Trial Balance

The financial statements reflect amounts that differed with the trial balance amounts as tabulated below:

Particulars	Financial Statements (Kshs)	Trial Balance (Kshs)	Variance
			(Kshs)
Employee Cost	2,069,131,947	2,064,231,831	4,900,116
Utilities, supplies and services	43,183,304	40,508,385	2,674,919
Communication Supplies and Services	13,508,385	7,343,842	6,164,543
Domestic Travel and Subsistence	410,016,074	364,668,593	45,347,481
Foreign travel and Subsistence	67,762,338	66,438,341	1,323,997
Printing, advertising & information supplies & services	40,073,246	25,251,980	14,821,266
Rentals of produced assets	24,239,872	25,251,980	-1,012,108
Training Expenses	25,055,074	16,845,499	8,209,575
Hospitality supplies and Services	253,495,083	205,177,701	48,317,382
Insurance Cost	28,276,330	16,845,499	11,430,831
Specialized Materials and Services	377,344,403	205,177,701	172,166,702
Other operating expenses	251,255,469	259,782,763	-8,527,294
Office and general supplies and services	84,147,715	39,387,741	44,759,974
Fuel, oil and Lubricants	107,944,751	109,840,241	-1,895,490

Routine Maintenance-Veh & other transport Equip	53,464,095	36,676,571	16,787,524
Routine Maintenance -Other Assets	54,660,318	24,707,921	29,952,397
Cash and Cash Equivalent	223,946,799	377,799,710	-153,852,911
Receivables from Exchange Transactions	56,132,989	24,938,597	31,194,392

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Management Response

The management takes note of the auditor's observation on the variance between amounts in the financial statements and those in the trial balance. The trial balance referenced in the Draft Audit Report is the one extracted from IFMIS Trial. IFMIS is currently configured under IPSAS Cash yet the Financial Statements were prepared under IPSAS Accrual. Therefore, the variances are as a result of the IFMIS configuration. To partly remedy this, the County has been receiving support from IFMIS Directorate in conducting a review and clean-up of data on IFMIS.

The correct Trial Balance was prepared outside IFMIS and is hereby availed for audit review.

Committee Observations

The Committee observed that the financial statements contained material misstatements, with a net variance of Kshs. 273,112,510 from the trial balance. This violates **Section 68(2)(b) of the PFMA, 2012**, which requires accounting officers to ensure that financial and accounting records comply with the Act. Management's justification of IFMIS configuration under IPSAS Cash versus IPSAS Accrual does not excuse the failure to maintain accurate and verifiable records. The preparation of an alternative trial balance outside IFMIS undermines the integrity of the financial reporting system as required under **Regulation 101 of the PFM (County Governments) Regulations, 2015**.

Committee Recommendations

1. The Accounting Officer shall ensure future financial statements are prepared in strict compliance with IPSAS Accrual and the reporting formats prescribed by the Public Sector Accounting Standards Board (PSASB), as mandated by Section 194 of the PFMA, 2012 and Regulation 101(4) of the PFM (County Governments) Regulations, 2015.

2. The National Treasury shall, within 60 days of adoption of this report, submit a roadmap to the Senate for reconfiguring IFMIS to fully support accrual-based reporting, as required under Section 12(1)(e) of the PFMA, 2012.
3. The Auditor-General shall monitor this matter in the subsequent audit cycle and report any recurrence to the Senate.

2. Variances in the Annual Report and Financial Statements

Review of the annual report and the financial statements revealed the following inaccuracies and inconsistencies:

2.1. Variance in Transfers from County Revenue Fund

The annual report forward by CECM Finance and Economic Planning on page xii reflects transfers from County Revenue Fund for development expenditure and conditional grants of Kshs.1,530,914,218 and Kshs. 458,967,524 respectively that differ with Note 6 financial statements amounts of Kshs.1,597,739,114 and Kshs. 392,142,628 resulting to unreconciled variance of Kshs. 66,824,896 on the two (2) transfers respectively.

2.2. Variance in Cash Flows Statement

The statement of cash flows reflects payments on current year un-surrendered imprest of Kshs.51,150,364 whereas the statement of comparison of budget and actual does not reflect any amount resulting to variance of Kshs.51,150,364. The statement also reflects net cash flow from investing activities of Kshs.899,763,603 whereas the statement of comparison of budget and actual amounts reflects acquisition of assets amount of Kshs.919,628,193 resulting to an unreconciled variance of Kshs.19,864,590.

2.3. Variance in Special Purposed Account Balance

The statement of financial position reflects cash and cash equivalents opening statement balance of Kshs. 105,916,176 as disclosed in Note 17 to the financial statements. Included in this amount is special purpose account balance of Kshs. 49,806,710 while the statement of budget and actual amounts reflects budget carry overs (special purpose) account balance of Kshs. 49,807,715 resulting to an unreconciled variance of Kshs. 1,005.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Committee Observations

The Committee noted inconsistencies between the Annual Report and Financial Statements, including an unreconciled variance of Kshs. 66,824,896 in transfers from the County Revenue Fund. This contravenes **Section 81(2)(a)(iv) of the PFMA, 2012**, which requires a statement explaining variations between actual expenditure and sums voted. Management admitted errors, indicating weak reconciliation and review processes, contrary to **Regulation 19(1)(h) of the PFM (County Governments) Regulations, 2015**, which mandates monitoring timely resolution of audit issues.

Committee Recommendations

1. **The matter is marked resolved.**
2. **The Accounting Officer shall implement a mandatory pre-audit internal review process to ensure consistency and accuracy of financial statements before approval, as required under Section 68(2)(b) of the PFMA, 2012.**
3. **The Auditor-General shall verify compliance in the subsequent audit.**

3. Inaccuracies in Payments

The statement of comparison of budget and actual amounts reflects total actual payments of Kshs. 6,082,274,646. Analysis of Integrated Financial Management Information System (IFMIS) data relating to the payments revealed the following issues:

3.1. Voided Payments

The analysis of IFMIS system payments indicate that **1,229** transactions amounting to **Kshs.1,005,844,071** were voided during the year 2024/2025 as detailed in **Appendix 10**. Available information also indicates that the Controller of Budget (CoB) may have approved payment of these voided transactions. However, Management did not provide explanations or detailed schedule indicating payee, authority for voiding, reason and documentation, actual payee paid and documentation.

Management Response

The management takes note of the auditor's observations on Voided Payments and we respond as follows:

- a. **Integration challenges between IFMIS, KRA and IB:** network issues that arises from successful transmission of payment from IFMIS to IB but disappears in the interface in this case it cannot be found in Internet Banking whereas it was

successful completed in IFMIS, in order to proceed with payment, therefore, voiding of these transactions have to be done to re-process payment.

- b. **End Year Closing procedures:** All Invoices transmitted from IFMIS to IB and not paid by the end of financial year are required to be cancelled for preparation of financial statements. Failure to Void overstates the expenditures. These voided transactions are considered as pending bills to be processed the proceeding financial year. Voiding of transactions that were pending on Internet Banking and IFMIS as at 30th June, 2025 was done in accordance with the National Treasury Circular, Guidelines on Year-End Closing Procedures for FY 2024/25.

National Treasury Circular Ref. No. AG.3/88/VOL. VII/(44), Guidelines on Year-End Closing Procedures for FY 2024/25 (Art. 3.7);

- c. **Wrong bank account:** Voiding of payment transmitted to Internet Banking (IB) through a wrong bank account: Cancellation of payment is done to facilitate payment through the correct bank account.
- d. Our review of the transactions provided in Appendix 10 reveal that most of them were voided due to unavailability of funds to settle the payments.

Committee Observations

The Committee observed that 1,229 transactions valued at Kshs. 1,005,844,071 were voided during the financial year, undermining the integrity of the payment process. Management failed to provide a comprehensive schedule detailing payee, reasons for voiding, and supporting documentation, contrary to **Section 68(2)(d) of the PFMA, 2012** and **Regulation 104 of the PFM (County Governments) Regulations, 2015**. This constitutes a breach of **Article 201(d) of the Constitution**, which requires prudent and responsible use of public money.

Committee Recommendations

1. **The County Governor shall take administrative action against the county officer(s) who failed to provide documents to the Auditor-General, in accordance with Section 156 of the PFMA, 2012, and report to the Senate and Auditor-General within 60 days.**
2. **The Directorate of Criminal Investigations (DCI) shall investigate the breach of Sections 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) by the county public officers and, where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.**

3. The National Treasury shall review the voided transactions to confirm due process, stipulate how and why transactions were voided, and report to the Senate within 60 days.
4. The National Treasury shall conduct a comprehensive review of the voided transactions to establish root causes and system weaknesses, and submit a report to the Senate within 60 days.
5. The Cabinet Secretary for the National Treasury shall ensure IFMIS is reconfigured with the Central Bank of Kenya system to prevent diversion of funds, and report to the Senate within 60 days.
6. The Ethics and Anti-Corruption Commission (EACC) shall investigate the voided transactions to determine whether funds were utilized for purposes approved by the Controller of Budget, and report to the Senate within 60 days.

3.2. Comparison between Appropriation Account and Payment Details

Analysis of the payment details revealed that the 17 transactions amounting to Kshs.75,920,449 were paid but the specific line items had not been budgeted for in the respective expenditure item. However, Management did not provide explanations for not using the chart of accounts to process these transactions.

Management Response

The management takes note of the auditor's observations on the Comparison between Appropriation Account and Payment Details. Our review of the transactions provided in Appendix 1 reveals that all the reported expenditures are in accordance with the Supplementary Budget for the reporting period.

Committee Observations

The Committee noted that 17 transactions amounting to Kshs. 75,920,449 were incurred on items not budgeted for under the respective expenditure lines, contrary to **Section 31(1) of the PFMA, 2012** and **Regulation 53 of the PFM (County Governments) Regulations, 2015**, which prohibit unauthorized payments. Management's reference to a supplementary budget did not explain the failure to properly classify transactions in line with the chart of accounts.

Committee Recommendations

1. The County Governor shall take administrative action against the responsible officer(s) who failed to provide documents to the Auditor-General, in accordance with Section 156 of the PFMA, 2012, and report to the Senate and Auditor-General within 60 days.

2. The County Treasury shall enforce compliance with the standard chart of accounts as prescribed under Regulation 40 of the PFM (County Governments) Regulations, 2015.

3.3. Variances Between IFMIS Payments and Payment Details

Analysis of the system payment reports processed against the payments made revealed that there were two hundred and ninety (290) transactions amounting to Kshs.403,784,690 in IFMIS payments whose actual payments amounted to Kshs.12,865,971 resulting to a variance of Kshs.390,918,719. However, Management did not provide explanations how the transactions valued at Kshs.390,918,719 were processed in IFMIS and reflected in the financial statements.

Management Response

The management takes note of the auditor's observation on transactions in system payments with differing amount in payment details and responds as follows:

This variance is solely as a result of how IFMIS is configured, a matter that the County has little control over. Specifically,

- a. The payments to suppliers and contractors are subjected to retention and WHT and VAT. The system payments capture the gross amount which is then distributed in the payment details. After validation, several document numbers are generated based on the invoice distribution, such as retention, VAT, and the net amount.
- b. For other payments, while the gross amount is captured under 'System Payments', the same is distributed across budget lines according to availability of funds. This is especially so for staff claims.

The actual payments amounted to Kshs.12,865,971 represents a portion of the invoice distribution, while 390,918,719 represents the net amount together with the distributed amounts for staff claims, which in total reconcile to the original invoice amount of Ksh. 403,784,690. Please find the sample evidence attached for your reference.

Committee Observations

The Committee noted a significant variance of Kshs. 390,918,719 between IFMIS system payments and actual payments, raising concerns on transparency and traceability. Management attributed this to system configuration, but this explanation is only partially satisfactory. Such material differences undermine the reliability of financial records as required under **Section 68(2)(b) of the PFMA, 2012**.

Committee Recommendations

1. **The County Governor shall take administrative action against the responsible officer(s) who failed to provide documents to the Auditor-General, in accordance with Section 156 of the PFMA, 2012, and report to the Senate and Auditor-General within 60 days.**
2. **The DCI shall investigate the breach of Sections 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) and refer the matter to the DPP where criminality is established.**
3. **The County Executive, through the CECM for Finance, shall identify training needs of finance staff and initiate capacity building in conjunction with the National Treasury within 60 days, as per Regulation 5 of the PFM (County Governments) Regulations, 2015.**

3.4. Invoices without corresponding Local Purchase Orders

Analysis of the Invoices against LPOs revealed that **199** transactions amounting to Kshs. **573,957,186** were raised but no corresponding purchase order could be linked to the specific invoice. However, Management did not provide explanations on the difficulty of matching or reconciling invoices against LPOs in IFMIS system or whether the matter has been escalated to National Treasury as the system owner.

Management Response

The management takes note of the auditor's observations on Invoices without corresponding LPOs and responds as follows:

- a. IFMIS system uses e-procurement module that is integrated with Account Payable module to facilitated end-to-end procure to payment of suppliers LPOs & LSOs. Therefore, there is no suppliers' invoices that can be processed without matching with the orders. Internal controls already restricting. A schedule of the transactions with their corresponding LPOs is hereby availed for audit review.

The Committee noted that 199 transactions amounting to Kshs. 573,957,186 had no corresponding LPOs, raising concerns on compliance with procurement procedures. This violates **Section 68(2)(d) of the PFMA, 2012** and **Regulation 50 of the PFM**

(County Governments) Regulations, 2015, which require commitments to be supported by approved procurement plans.

Committee Recommendations

1. The County Executive, through the CECM for Finance, shall identify training needs of finance staff and initiate capacity building in conjunction with the National Treasury within 60 days, as per Regulation 5 of the PFM (County Governments) Regulations, 2015.
2. The Auditor-General shall monitor the matter in the subsequent audit cycle.

3.5. Transactions in IFMIS Payments but not Processed in Payment Details

Analysis of the IFMIS payment reports processed against the payments made revealed that there are one thousand seven hundred and seventy-two (1,772) transactions amounting to Kshs.1,874,462,123 that were paid but not captured in payment details as at 30 June, 2025. However, Management did not provide explanations on the current processing status or reasons for the delay in processing them and how they been reflected in the financial statements.

Management Response

The management takes note of the auditor's observations on Transactions in IFMIS Payments but not Processed in Payment Details and responds as follows:

- Transactions on IFMIS are considered/classified as paid once processed to IB (Run). However, the same are subject to further processes including requisition and payment on IB.
- Attached are sample of payment details which indicates its current processing status and they have been reflected in the financial statements as they are classified.

Committee Observations

The Committee observed that 1,772 transactions valued at Kshs. 1,874,462,123 were recorded as paid in IFMIS but not captured in payment details. This compromises the completeness and accuracy of payment records, contrary to Section 68(2)(b) of the PFMA, 2012.

Committee Recommendations

1. The County Governor shall take administrative action against the responsible officer(s) who failed to provide documents to the Auditor-

General, in accordance with Section 156 of the PFMA, 2012, and report to the Senate and Auditor-General within 60 days.

2. The DCI shall investigate the breach of Sections 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) and refer the matter to the DPP where criminality is established.
3. The County Executive, through the CECM for Finance, shall identify training needs of finance staff and initiate capacity building in conjunction with the National Treasury within 60 days, as per Regulation 5 of the PFM (County Governments) Regulations, 2015.

3.6. Payments made outside the IFMIS

A comparison of the financial statements supporting schedules against Recurrent and Development internet banking statements indicated that payments amounting to Kshs.1,132,329,148 were made during the year without being processed in IFMIS. However, Management did not provide explanations on which bank accounts these payments were made from and how they are reflected in the financial statements.

Management Response

The management takes note of the auditor's observations on Payments made outside the IFMIS and respond as follows:

- a. All payments are processed through the IFMIS. This is evident in the Voucher number that is provided for each of the payments on Appendix 15 (also named as document number on IFMIS). This is a unique identifier of an invoice once entry is made.
- b. Attached is a sample of evidence to demonstrate that none of the invoices was processed outside IFMIS. Our review of the transactions in Appendix 15 reveals that all the payments were done in IFMIS.

Committee observations

The Committee noted with concern that analysis of IFMIS payment reports revealed that **1,772 transactions amounting to Kshs. 1,874,462,123** were recorded as paid in the system but were not captured in the corresponding payment details as at 30 June 2025. This discrepancy raises serious concerns on the completeness and accuracy of payment records.

The Committee further observed that management did not initially provide adequate explanations on the status of these transactions, reasons for the delays in processing, or how they were reflected in the financial statements.

Committee recommendations

- 1) **The County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Senate and Auditor General within 60 days of the adoption of this report.**
- 2) **The Directorate of Criminal Investigations (DCI) investigates breach of section 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.**
- 3) **The County Executive, through the CECM for Finance, should identify the training needs of its finance staff and initiate capacity building in conjunction with the National Treasury within 60 days of the adoption of this report, as per Regulation 5 of the PFM (County Governments) Regulations, 2015**

4. Variances between Financial Statements and Payroll Amounts

The statement of financial performance reflects employee costs of Kshs. 2,069,131,947 as disclosed in Note 9 to the financial statements. However, supporting Integrated Payroll and Personnel Database (IPPD) and Human Resource Information System (HRIS) payrolls provided for audit reflects a gross amount of Kshs. 1,874,212,387 resulting to an unreconciled variance of Kshs.194,919,560

Management Response

The management takes note of the auditor's observation on the variance between amounts in the Financial Statement and those from IPPD and HRIS and respond as follows:

- a. The gross amount of Kshs.1,874,212,387 in the payroll has been captured in the Annual Report and financial statements being the sum total of Basic Salaries and Allowances to Permanent employees of Kshs. 957,300,541 and Kshs. 916,911,845 (refer to Note 9 of the Financial Statements).

b. Please note that the compensation of employees' figure of Kshs. 2,069,131,947 includes other remuneration and benefits that are not part of Employees Gross Pay in the Payroll. Basic wages to temporary employees of Kshs. 8,105,303 are paid outside payroll. Other expenditures amounting to Kshs. 186,214,857 are employer related and include:

- Employer Pension and other social security contributions – Kshs. 109,839,764
- Employer Contributions to NSSF – Kshs. 19,229,790
- Employer contributions to NITA – Kshs. 734,860
- Gratuity Payments – Kshs. 57,009,843
- Casual wages of Kshs. 8,105,303

Committee observation

The Committee noted that the statement of financial performance reflects employee costs of Kshs. 2,069,131,947 as disclosed in Note 9 to the financial statements. However, review of the supporting Integrated Payroll and Personnel Database (IPPD) and Human Resource Information System (HRIS) payrolls indicates a gross amount of Kshs. 1,874,212,387, resulting in an unreconciled variance of Kshs. 194,919,560.

Committee Observation

The Committee noted that the matter has since been addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

5. Use of Goods and Services

The statement of financial performance reflects use of goods and services expenditure of Kshs. 1,898,155,201 as disclosed in Note 10 to the financial statements. Review of the expenditure revealed the following unsatisfactory issues:

5.1. Unaccounted for Purchase of Air Tickets

Included in use of goods and services is domestic travel and subsistence allowance amount of Kshs.410,016,074 out of which an amount of Kshs.69,924,830 was incurred on purchase of air tickets on various dates from the service providers. However, the detailed schedule indicating employee name, personal number, job group, location and duration of travel together with procurement documentation to account for the amount was not provided for audit.

Management Response

The management takes note of the auditor's observation on the Unaccounted-for Purchase of Air Tickets and responds as follows:

- a. Documentation on the procurement of air ticketing services is hereby availed for audit review.
- b. Detailed schedule indicating employee name, job group, reason for travel and itinerary is hereby availed for audit review.

Committee observation

The Committee noted that the statement of financial performance includes a domestic travel and subsistence allowance of Kshs. 410,016,074, of which Kshs. 69,924,830 was reportedly spent on the purchase of air tickets from various service providers. However, at the time of audit, supporting documentation detailing employee name, personal number, job group, travel location, duration, and procurement records was not provided to substantiate these expenditures.

Committee Recommendations

The Committee recommends that:

- 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, and provides a status report to the Office of the Auditor General within (60) days from the adoption of this report; and**
- 2. The Committee recommends that the Ethics and Anti-Corruption Commission (EACC) conduct a thorough investigation into these unauthorized and irregular transfers to establish any culpability for economic crimes and provide a status update to the Office of the Auditor General and the Senate within sixty (60) days of the adoption of this Report**

5.2. Unsupported Hospitality Supplies and Services Expenditure

The expenditure includes hospitality supplies and services expenditure of Kshs.253,495,083 out of which Board Committee expenses of Kshs.70,477,853 was not supported with lists of Board members, programmes undertaken, objectives achieved and amounts paid to each.

Management Response

The management takes note of the auditor's observation on the expenditure on hospitality supplies and services. We respond as follows:

- a. The budgetary resources under Item Code 2210802 (Boards, Committees, Conferences and Seminars) can be utilized in meeting board and committee operations but also to support officers participate in conferences and seminars as part of their professional development.
- b. Documents to support the expenditure on boards, committees, conferences and seminars are hereby availed for audit review.

Committee Observations

The Committee noted that Kshs. 70,477,853 spent on Board Committee activities was not supported by documentation, including lists of Board members, programmes undertaken, and amounts paid. This violates **Section 68(2)(b) of the PFMA, 2012** and **Regulation 104 of the PFM (County Governments) Regulations, 2015**.

Committee Recommendations

1. **The County Governor shall take administrative action against the responsible officer(s) who failed to provide documents to the Auditor-General, in accordance with Section 156 of the PFMA, 2012, and report to the Auditor-General within 60 days; and**
2. **The EACC shall conduct a thorough investigation into these irregular expenditures to establish any culpability for economic crimes and report to the Senate within 60 days.**

5.3. Unsupported Research and Feasibility Studies Expenditure

The expenditure includes an amount of Kshs.63,728,744 incurred on research and feasibility studies. However, the contract documents, scope of works and evidence of services provided were not provided for audit. Further, the amount of Kshs.63,728,744 differed with the actual payments in IFMIS of Kshs.75,920,449 resulting to an unauthorized expenditure of Kshs. 12, 192,005.

Management Response

The management takes note of the auditor's observation on the expenditure on Research and Feasibility studies. We respond as follows:

- a. Documents to support expenditure on research and feasibility studies are hereby for audit review. Documents to support expenditure on research and feasibility studies (Procurement documentation, scope of works and evidence of services provided).
- b. The expenditure amounting to Kshs. 12,192,005 relate to the FY 2023/24

Committee Observations

The Committee noted that Kshs. 63,728,744 spent on research and feasibility studies was not supported by contract documents, scope of works, or evidence of services provided. Further, an unauthorized expenditure of Kshs. 12,192,005 was identified. This violates **Section 68(2)(a) of the PFMA, 2012 and Regulation 53 of the PFM (County Governments) Regulations, 2015.**

Committee Recommendations

1. **The County Governor shall take administrative action against the responsible officer(s) who failed to provide documents to the Auditor-General, in accordance with Section 156 of the PFMA, 2012, and report to the Auditor-General within 60 days.**
2. **The EACC shall conduct a thorough investigation into these unauthorized and irregular transfers to establish any culpability for economic crimes and report to the Senate within 60 days.**

5.4. Unsupported Legal Services Expenditure

The expenditure includes an amount of Kshs.251,255,469 incurred on other operating expenses out of which a total of Kshs.96,966,856 was paid to eight (8) Law Firms in respect of representing the County Executive in various legal cases and providing legal consultancy services. However, the case files indicating the subject matter, case No, date of commencement, court attendance, submissions made, itemized costs, fee notes and current status were not provided for audit. Further, the approval of the County Executive Committee to outsource the legal services in accordance with Section 16 of the Office of the County Attorney Act (Cap 265E) was not provided.

Management Response

The management takes note of the auditor's observation on the unsupported expenditure on legal services. We respond as follows:

The provisions of section 16(1) of the Office of the County Attorney Act (herein after referred to as "the Act") are not disputed. The same is observed by the departments in the County without any failure.

Section 22(2) of the Act states that *the County Attorney may procure the services of such other persons as may be reasonably necessary for the purposes of assisting the County Attorney in the performance of the functions of the County Attorney.*

Legal services being a specialized service, the firms are in the panel of legal service providers for the County Government of Tana River. Furthermore, only firms with standing frameworks are considered whenever need arises to engage in legal services by the Office of the County Attorney.

On fee notes, advocates are guided by the Advocates Remuneration Order. This is a pre-requisite when issuing instructions to any law firm over and above the executed frameworks. None of the legal firms is paid any funds by the County Government without providing all documentation including and not limited to:

1. Prequalification letter
2. Executed Framework agreement
3. Letter of instructions
4. Copies of the court files including all pleadings which also includes court attendance notes and the outcome of the said matter i.e. ruling, judgment or consents. The same applies *mutatis mutandis* when it comes to drafting of legislations, regulations and policies.

A quick perusal of any paid file in our custody and those shared with the auditors will confirm this position.

All legal costs are discussed by the County Executive Committee while preparing the Annual Estimates which are approved by the County Assembly as provided by Section 8(c) of the County Governments Act.

The process of appointment of a County Attorney has been on for the past more than two years. It has faced challenges both at the County Assembly and the Courts of Law. We look forward to having one as soon as all challenges are out of the way.

The Office of the County Attorney is currently understaffed considering the volume of cases, legal opinions, Memoranda of Understandings to be reviewed,

legislations/policies/regulations to be drafted among other functions. In due course, Section 8(2) of the Act shall be invoked to address the shortage of personnel in the Office of the County Attorney.

The Office of the County Attorney shared a physical copy of the register of legal cases with the auditors during the audit. This notwithstanding, a copy of the same is hereby attached for ease of reference.

Committee Observations

The Committee noted that Kshs. 96,966,856 paid to eight law firms was not supported by case files, fee notes, or approval from the County Executive Committee as required under **Section 16 of the Office of the County Attorney Act (Cap. 265E)**. This violates **Section 68(2)(d) of the PFMA, 2012 and Regulation 104 of the PFM (County Governments) Regulations, 2015**.

Committee Recommendations

- 1. The County Governor shall take administrative action against the responsible officer(s) who failed to provide documents to the Auditor-General, in accordance with Section 156 of the PFMA, 2012, and report to the Auditor-General within 60 days.**
- 2. The EACC shall conduct a thorough investigation into these irregular transfers to establish any culpability for economic crimes and report to the Senate within 60 days.**

6. Unsupported Transfers to Other Government Entities

The statement of financial performance reflects transfers to other Government entities of Kshs.734,205,021 as disclosed in Note 11 to the financial statements. However, the detailed schedule provided did not indicate the special purpose bank account number, opening balance, receipts for the year and expenditure returns for the year to arrive at the closing balances. Further, the journal vouchers, payment vouchers, cash books, and bank statements were not provided for audit. In addition, the transfer to other Government entities of Kshs.734,205,021 differed with conditional grants received during the period of Kshs.392,142,628 as disclosed in Note 6 to the financial statements resulting to an unreconciled balance of Kshs.342,062,393.

In the circumstances, the accuracy and completeness of the expenditure amounting to Kshs.734,205,021 could not be confirmed.

Management Response

The management takes note of the auditor's observation on the unsupported transfers to other Government entities. We respond as follows:

- a. The reconciliation of the transfers to other Government Entities to the special purpose account is shown in Note 11. Please Note that not all disbursements relating to transfers to other government entities are banked in the SPA Account.
- b. Journal vouchers, payment vouchers, cash books, and bank statements of the SPA bank accounts were availed during the audit engagement and are hereby attached to support these responses.

Committee Observations

The Committee noted that transfers to other government entities totaling Kshs. 734,205,021 were not supported by special purpose account details, bank statements, or reconciliation schedules. The variance of Kshs. 342,062,393 with conditional grants received indicates poor financial management, contrary to **Section 68(2)(b) of the PFMA, 2012** and **Regulation 100 of the PFM (County Governments) Regulations, 2015**.

Committee Recommendations

1. **The County Governor shall take administrative action against the responsible officer(s) who failed to provide documents to the Auditor-General, in accordance with Section 156 of the PFMA, 2012, and report to the Auditor-General within 60 days.**
2. **The EACC shall conduct a thorough investigation into these irregular transfers to establish any culpability for economic crimes and report to the Senate within 60 days.**

7. Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalent balance of Kshs.223,953,309. However, the balance was not supported by certificate of bank balances, bank reconciliation statements and cash books. Further, the balance excludes transaction of thirty-six (36) bank accounts.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.223,953,309 could not be confirmed.

Management Response

The management takes note of the auditor's observation on the inaccuracies in cash and cash equivalents and responds as follows:

- a. The following bank accounts relate to entities that are obligated to report and be audited separately: KEMSFED, Wenje VTC, NAVCDP and TAWASCO.
- b. The following bank accounts relate to purposes that have since lapsed: Tana River District HSSF Account, Tana River County Govt. Supervision, Tana River County Education Board, County Department of Water-Tana River, Ideas-Led Project Account, Tana River County Covid 19 Emer, Tana River County Supervision Account, Ngao Sub County Hospital Ths Pj, Hola County Referral Hospital Ths Pj, County Health Mgmt Team-Tana River

The County Treasury, in consultation with the respective County Government department, has closed the accounts.

- c. The cash book, Certificate of Bank Balance and the reconciliation statement were provided during the audit assignment. However, the records are hereby provided again. Three (3) commercial bank accounts for which the County Executive have been included in the financial statements. The accounts are as follows:

- Tana River County Government-Salaries Account – Equity – 1210277473490
- County Public Service Board Operations – KCB – 1280086173
- Tana River County Government - Imprest Account – 1210272816398.

- d. The commercial bank accounts in the Appendix are thirty-two (32) of which only four (4) were under the control of Tana River County Executive. The four (4) have been included in the Financial Statement. Correspondence between the County Treasury and commercial banks on closure of bank accounts was provided and cash book, certificate of bank balance and bank reconciliation statements was availed

Committee Observations

The Committee noted that the reported cash balance of Kshs. 223,953,309 was not supported by bank reconciliations or cash books, and excluded 36 bank accounts. This violates **Section 68(2)(b) of the PFMA, 2012** and **Regulation 90 of the PFM (County Governments) Regulations, 2015**, which require monthly bank reconciliations.

Committee Recommendations

1. The County Governor shall take administrative action against the responsible officer(s) who failed to provide documents to the Auditor-General, in accordance with Section 156 of the PFMA, 2012, and report to the Auditor-General within 60 days.
2. The EACC shall conduct a thorough investigation into these irregularities to establish any culpability for economic crimes and report to the Senate within 60 days.

8. Inaccuracies in Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transaction balance of Kshs.56,132,989 as disclosed in Note 18 to the financial statements. The amount includes outstanding imprest of Kshs.51,150,364 and rent deposit of Kshs.4,982,265. However, the movement schedule was not provided for audit. In addition, deposits for water, electricity and fuel accounts were omitted from the financial statements.

In the circumstances, the accuracy and completeness of receivables from exchange transactions amount of Kshs.56, 132,989 could not be confirmed.

Management Response

The management takes note of the auditor's observation on the unsupported receivables from Exchange transactions and responds as follows:

- a. The movement schedule of receivables is hereby summarized (*also reflected in Amended Financial Statement*)

Description	Balance Kshs
Balance b/d - 1 July 2024	24,873,021
Adjust for:	
Prior year outstanding imprest now surrendered	(19,890,396)
Current year outstanding imprest (Ledger provided)	51,150,364
Balance as at 30 June 2025	56,132,989

- b. The updated imprest register is hereby availed for audit review

- c. The Kshs. 4,982,265 rent deposit is supported as follows:

County Government Entity	Location	Rent Deposit
Office of the Governor	Section 1, Mainland North, Links Road, Nyali, Mombasa	2,700,000
	9 th Floor, Embarkment Plaza, Upper Hill, Nairobi	2,282,625
County Public Service Board	Kasarani area directly Opp. Isuzu Garage, Hola	
Hola Municipality	Adjacent to Hola Law Courts	-
Total		4,982,625

- d. Deposits for water, electricity and fuel: As at 30 June 2025, there was no prepayment on fuel. Accounts for the Tana River County Executive with TAWASCO (for water) and with KPLC (electricity) were inherited and therefore not easily and correctly established. As such the balances could not be recognised in the financial statements.

Committee Observations

The Committee noted that receivables of Kshs. 56,132,989 were not supported by movement schedules, and deposits for water, electricity, and fuel were omitted. This violates **Section 68(2)(b) of the PFMA, 2012 and Regulation 100 of the PFM (County Governments) Regulations, 2015.**

Committee Recommendations

- 1. The County Governor shall take administrative action against the responsible officer(s) who failed to provide documents to the Auditor-General, in accordance with Section 156 of the PFMA, 2012, and report to the Auditor-General within 60 days.**
- 2. The EACC shall conduct a thorough investigation into these irregularities to establish any culpability for economic crimes and report to the Senate within 60 days.**

9. Inaccuracies in Property Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.3,381,969,160 as disclosed in Note 21 to the financial statements. However, the balance excludes the prior year summary of Non-current Asset Register historical cost balance of Kshs.10,581,122,381. Further, the schedule provided did not indicate date of acquisition, description of assets, location/LR No./Registration No, Model, Serial No, cost, ownership documents and status of the assets.

In addition, the additions for the year of Kshs.1,181,939,674 have not been supported by a detailed schedule indicating date, supplier name, contract No, contract value, description of PPE, payments to-date, completion date or status indicating whether the asset is in use or not. In addition, a motor vehicle amounting to Kshs. 7,000,000 did not have a logbook despite the motor vehicle being delivered on 28 March, 2025.

Further, the asset additions balance of Kshs. 1,181,939,674 differed with the vote book balance of Kshs. 1,897,031,941 resulting to an unreconciled variance of Kshs. 715,092,267.

In the circumstances, the accuracy, completeness, ownership and existence of property, plant and equipment amount of Kshs.3,381 ,969, 160 could not be confirmed.

Management Response

The management takes note of the auditor's observation on the inaccuracies on property and equipment and responds as follows:

a. Prior Year Summary of Non-Current Asset Register Historical cost balance of Kshs. 10,581,122,381

The statement of financial position reflects prior year PPE Valuation of Kshs. 2,322,197,393. The valuation differs with summary of the fixed asset register valuation as at 30 June 2024 of Kshs. 10,581,122,381. The reasons for the variance are as follows:

- As per the Roadmap on transition from IPSAS Cash to IPSAS Accrual, in FY 2024/2025 entities should identify all assets whether the value of the asset is known or not. Where the historical cost is known, If the value is known, the historical cost less applicable depreciation will be applicable to determine the value to report the asset at the point of recognition. The NBV so determined will form the basis for the opening balances for the assets being the deemed cost. In this particular case it was very difficult to determine the deemed costs for assets acquired before 1 July 2023, considering that the PPE Valuation in the Summary of the fixed asset register of Kshs. 10,581,122,381 related to assets acquired from 2012/2013 and that may have been impaired or non-existent as at 30 June 2025.

- As per Par. 2.2 of the PSASB Guidelines on Transition from Cash to Accrual accounting by the National Government, County Government and other respective entities (Ref: Treasury Circular No. 03/2025) dated 14 April 2025 requires that in the financial year 2024/2025 it is not mandatory for an entity to recognize all Non-Current Assets but only those that are identifiable. Not all the assets in the summary of the fixed asset register as at 30 June 2024 were identifiable. As per the guidelines, it will be mandatory that all assets of the entity to be recognized in the financial year 2026/2027.
- Some assets in the summary of the fixed asset register as at 30 June 2024 are not tangible assets and do not fall under the scope of IPSAS 45 – Property, Plant and Equipment. This includes Biological Assets (Purchase of Certified Seeds) – Kshs. 317,423,044, Intangible Assets – Kshs. 563,910,175 and Other Assets – Kshs. 604,835,447.

b. Schedule for Asset Additions

The detailed schedule for the additions of assets in the year is hereby availed for audit review.

Detailed schedule for the additions of residential and non-residential buildings is provided.

c. Motor Vehicle Log Book – Kshs. 7,000,000

All motor vehicles acquired in the period under review are duly registered. The logbooks for the vehicles purchased in the reporting period are hereby availed for audit review. Logbooks for Vehicles Purchased in FY 2024/25 provided.

d. Variances Asset additions versus Votebook acquisition of assets

The assets additions in the Financial Statements of Kshs. 1,181,939,674 differs with the acquisition of asset amount in the Vote book of Kshs. 1,897,031,941 due to the following reasons:

- a. The vote book cumulative expenditure in the audit report of Kshs. 1,897,031,941 is incorrect. Review of the Vote book revealed acquisition of asset amount of Kshs. 932,410,863 (Appendix 3).
- b. The Votebook cumulative expenditure variance of Kshs. 932,410,863 is reconciled to the financial statement amount of Kshs. 1,181,939,674

- c. The variances is explained by:
- Reclassification of Research and feasibility studies payments of Kshs. 62,230,843 from acquisition of assets to use of goods when preparing the financial statements using IPSAS Accrual.
 - Reclassification of purchase of certified seeds payments of Kshs. 41,865,497 from acquisition of assets to other Grants and subsidies.
 - PPE Additions in the financial statements have been accounted for using IPSAS Accrual while PPE Additions in the Votebook have been accounted for using IPSAS Cash. This implies that new accounts payable on acquisition of assets in the financial year 2024/2025 have been excluded from the Votebook.

Committee Observations

The Committee noted that the PPE balance excluded prior year asset register balances, lacked supporting schedules, and had an unreconciled variance of Kshs. 715,092,267. A motor vehicle costing Kshs. 7,000,000 had no logbook. This violates **Section 72 of the PFMA, 2012 and Regulation 136 of the PFM (County Governments) Regulations, 2015**, which require maintenance of a comprehensive asset register.

Committee Recommendations

1. **The County Governor shall provide a detailed reconciliation to the Senate and Auditor-General within 60 days, indicating date of acquisition, description, location, model, serial number, cost, ownership documents, and asset status.**
2. **The County Governor shall take administrative action against the responsible officer(s) who failed to provide documents to the Auditor-General, in accordance with Section 156 of the PFMA, 2012, and report to the Auditor-General within 60 days.**

10. Inaccuracy in Trade and Other Payables

The statement of financial position reflects trade and other payable balance of Kshs.4,114,800,096 as disclosed in Note 23 to the financial statements. However, the detailed movement schedule indicating opening balance, additions and payments made during the year to arrive at the closing balance was not provided for audit. In addition,

the Controller of Budget report reflects total pending bills balance of Kshs.2,353,247,286 as at 30 June, 2025 resulting to an unreconciled variance of Kshs. 1,761,552,810. Further, the balance is net of supplier payments adjustment of Kshs.151,939,074 which have been excluded in the financial statements and whose journal vouchers together with relevant accounting documentation were not provided for audit.

In the circumstances, the accuracy and completeness of trade payable balance amount of Kshs.4,114,800,096 could not be confirmed.

Management Response

The management takes note of the auditor's observation on the unsupported trade and other payables and responds as follows:

- a. The movement schedule, and the ledger is hereby provided. The trade and other payables balance has been amended to Kshs. 4,114,800,096. The variance has been corrected and reconciled. Detailed movement schedule for trade and other payables provided.
- b. The pending bills balance of Kshs. 2,353,247,286 in the report of the Controller of Budget is incorrect as it excludes ineligible pending bills for the FYs 2018/19 and 2019/20 which have been included in the statement of financial position.

Committee Observations

The Committee noted that trade payables of Kshs. 4,114,800,096 represent 50% of total revenue, exceeding the 20% limit prescribed under **Regulation 25(1)(d) of the PFM (County Governments) Regulations, 2015**. This is a serious breach of fiscal responsibility principles and undermines service delivery.

Committee Recommendations

1. **The County Executive shall provide an actionable payment plan within 60 days, prioritizing pending bills as a first charge on the County Revenue Fund as required under Regulation 41(2) & (3) of the PFM (County Governments) Regulations, 2015.**
2. **The Controller of Budget shall consider efforts to clear pending bills when approving exchequer releases.**
3. **County Governments shall only pay pending bills contained in their procurement plans pursuant to Regulation 50(2) & (3) of the PFM (County Governments) Regulations, 2015.**

4. Supplementary budgets shall be prepared in the 3rd quarter to curb arbitrary re-allocations.
5. County Governments shall provide a budget for completion of existing projects; initiation of new projects shall cease until existing projects are completed.
6. County Governments shall conduct public participation while formulating supplementary budgets, failing which the Controller of Budget shall not approve them.

11. Non-Compliance with Transitional IPSAS Reporting Template

The Public Sector Accounting Standards Board (PSASB) guideline on the first-time adoption of IPSAS Accrual required entities transitioning from IPSAS (Cash Basis) to IPSAS (Accrual Basis) to disclose whether the financial statements were Transitional IPSAS Statements or were prepared in accordance with the Accrual Basis of Accounting under the IPSAS. This disclosure was required to appear in the cover page of the annual report and the financial statements. However, the cover page did not clearly indicate that these were transitional financial statements. Instead, it was presented as both Transitional financial statements and prepared in accordance with the Accrual Basis of Accounting under the IPSAS.

Further, Management did not disclose in Note 2 to the financial statements the specific transitional provisions applied, nor steps being taken towards full compliance with IPSAS Accrual.

In addition, the entity did not indicate the elements of the financial statements that had not been recognized as result of taking advantage of the transitional provisions outlined in IPSAS 33 – First-Time Adoption of Accrual Basis IPSAS.

In the circumstances, the omission affected disclosure and the fair presentation of the financial statements and limits the ability of stakeholders to assess the Executive's progress towards full compliance with IPSAS Accrual.

Management Response

The management has noted the auditor's observation on the Non-Compliance with Transitional IPSAS Reporting Template and responds as follows:

- a. We confirm that County Executive of Tana River prepared the Financial Statements under the Transitional IPSAS framework as guided by the Public Sector Accounting Standards Board (PSASB). Regrettably, we did not disclose this on the cover page.
- b. During the transition period, the County applied the following transitional provisions relating to recognition and measurement of certain assets and liabilities as permitted by PSASB:
 - i. Gradual recognition and verification of Property, Plant and Equipment through asset registers and valuation exercises;
 - ii. Progressive recognition of receivables, payables, and pending bills based on confirmed balances;
 - iii. Phased capture of employee benefit obligations;
 - iv. System and IFMIS configuration to support accrual-based reporting;
 - v. Use of historical cost information where complete valuation data was not immediately available.

However, the specific disclosures detailing these transitional arrangements and the roadmap towards full accrual compliance were inadvertently omitted from the notes to the Financial Statements due to oversight at the reporting stage. Worth noting is that the omission was purely disclosure-related and did not materially affect the amounts reported in the Financial Statements.

To ensure full compliance, Management has instituted various measures including continuous training of staff on IPSAS accrual requirements and disclosure standards and development of a phased roadmap with timelines towards full IPSAS accrual compliance.

Committee Observations

The Committee noted that the financial statements did not clearly indicate they were transitional, and management failed to disclose the specific transitional provisions applied or steps toward full IPSAS Accrual compliance, contrary to **IPSAS 33 and Section 194 of the PFMA, 2012**.

Committee Recommendations

1. **The CECM for Finance shall ensure future financial statements strictly comply with PSASB reporting formats and disclosure requirements pursuant to Section 194 of the PFMA, 2012.**
2. **The County Executive shall ensure full compliance with IPSAS Accrual as required by the National Treasury's transition guidelines, and the Auditor-General shall review compliance in the subsequent audit.**

12. Non-Compliance with the Reporting Framework

Review of the financial statements revealed the following inconsistencies:

- (i) The County Executive Members information on pages viii, ix and x does not disclose the bio data, education or professional qualifications and work experience of four members.
- (ii) The statement of performance against predetermined objectives on pages xiv to xxiv does not provide programme objectives and specific results achieved as required by the template.
- (iii) The foreword by County Executive Committee Member for Finance and Economic Planning on page iii and the Statement of Management Responsibilities are signed but the name of CECM Finance and Economic Planning is not indicated.
- (iv) The statement of changes in nets assets on page 4 reflects recognition of assets – PPE cash and recognition of liabilities that affect financial performance balances of Kshs. 1,014,935,361 and Kshs. 2,845,356,884 respectively that do not appear in the opening statement of financial position as at 1 July, 2024.
- (v) The financial statements contain guidance notes such as entity instead of the name of the entity from pages 9 to pages 40.

In the circumstances, the annual report and financial statements are not compliant with the Public Sector Accounting Standards Board Reporting Requirements.

Management Response

The management has noted the auditor's observation on the non-compliance with the reporting Framework and responds as follows:

- a. Management regrets the following inconsistencies in the financial statements: Omission of the information for some of the CECMs; the missing information on the statement of performance against predetermined objectives and the name of the CECM – Finance and Economic Planning in the signing section of the foreword; and not specifying the name of the entity in the guidance notes. This will be remedied in subsequent reports.

Committee observations

The Committee noted that the financial statements did not fully comply with PSASB requirements, as they:

- Omitted key information for some County Executive Members, including biodata, education, and work experience.;

- Did not provide programme objectives and results in the performance statement;
 - Had missing names in the foreword and management responsibility statements;
 - Showed changes in assets and liabilities that did not match opening balances;
 - Used generic placeholders instead of the County's name in guidance notes; and
- These issues limit transparency, completeness, and stakeholder confidence in the financial statements.

Committee recommendations

- 1. The County Executive Committee Member for Finance is directed to ensure that future financial statements strictly comply with the reporting formats and disclosure requirements prescribed by the PSASB pursuant to Section 194 of the PFMA, 2012 and provide a status report to the Senate and Auditor General within 60 days of adoption of this report**
- 2. the Auditor General to monitor the matter in the subsequent audit cycle.**

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 8,170,325,023 and Kshs. 6,281,399,853 respectively resulting to an under -funding of Kshs. 1,888,925, 170 or 23% of the budget. Similarly, the County Executive spent an amount of Kshs. 6,082,274,646 against actual receipts of Kshs. 6,281,399,853 resulting to an under expenditure of Kshs.199,125,207.

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

Management Response

The management has noted the auditor's observation on Budgetary Control and Performance and responds as follows:

23% Underfunding of the Budget

The under-funding of the Budget is on account of conditional grants that were not received within the financial year and transfers from National Government that were

received after the closure of the financial year. The County, on its own and through the Council of Governors, has been lobbying for the timely disbursement of budgeted revenues.

Under-utilization of 3% of Actual Receipts

Various factors contributed to the under-utilization of the funds including delays in operationalization of the budget, IFMIS system challenges, delays in implementation of projects (procurement, actual works, and raising and paying certificates) and impact of conflicts in Bangale sub-county on the implementation of projects and program activities.

Committee observations

The Committee notes that the County Executive received Kshs. 6,281,399,853 against a budgeted Kshs. 8,170,325,023, resulting in an under-funding of Kshs. 1,888,925,170 (23%). Further, the County spent Kshs. 6,082,274,646, leaving an under-expenditure of Kshs. 199,125,207.

The Committee is concerned that under-funding and under-expenditure affected planned activities and service delivery, potentially limiting the impact of development programmes.

Committee Recommendations

The Committee recommends that; -

- 1. The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.**
- 2. the County Executive puts in place measures to enhance its own generated revenue in order to meet its revenue target and address revenue shortfalls.**
- 3. County Assemblies to exercise their powers as outlined in Article 201 of the Constitution to ensure budgets are realistic and espouse people's aspirations.**

Other Matter

Unresolved Prior Year Audit Matters

In the prior year's audit report several issues were noted in the Report on the Financial Statements, report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the County Executive revealed that numerous issues remain unresolved.

Management Response

The management has noted the auditor's observation on Unresolved Prior Year Audit Matters and responds as follows:

The County has resolved some of the issues raised in previous audits as well as by the Senate County Public Accounts Committee. On the issues that remain unresolved, the County, in its response to the Senate, has committed to actions to be pursued in the FY 2025/26.

Status report on the implementation of the resolutions of the Senate (including the forwarding letter) provided.

Committee observations

The Committee notes that several issues raised in the prior year audit reports, including the Report on the Financial Statements, Lawfulness and Effectiveness in the Use of Public Resources, and Internal Controls, Risk Management and Governance, remain unresolved. Review during the current audit revealed that numerous issues detailed in Appendix I have not been addressed.

Committee recommendations

- 1. the County Executive implements the recommendations of the Committee in its report on the Report of the Auditor General on Financial Statements for Tana River County Executive for the Financial Year 2023/2024 as adopted by the Senate and reports to the committee within sixty (60) days of the adoption of this report;**
- 2. the account officer complies with section 53 of the Public Audit Act by taking the relevant steps to implement the recommendations of the Senate on the report of the Auditor-General and submits a report to the Senate within sixty (60) days of the adoption of this report;**
- 3. the County Executive engages with the Office of the Auditor General to address and resolve any outstanding matters; and**

4. the Auditor General lists any unresolved audit issues in the report of the subsequent financial year.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

1. Long Outstanding Trade Payables

The statement of financial position reflects accounts payable balance of Kshs. 4,114,800,096 as disclosed in Note 23 to the financial statements. The County total revenue budget amounted to Kshs. 8,170,325,023 during the year under review translating to fifty percent (50%) public debt of the expected total revenue. This is in breach of Regulations 25(1)(d) of the Public Finance Management (County Government) Regulations 2015 which states that the County public debt shall never exceed twenty (20%) percent of the County Governments total revenue at any one time.

In the circumstances, Management was in breach of the law.

Management Response

The management has noted the auditor's observation on the Long Outstanding Trade Payable and responds as follows:

The County has disclosed as this as a risk in the County Fiscal Strategy Paper and has put in measures to limit the growth of pending bills. These include formulation of pending bills reduction action plan, resolution of ineligible pending bills and allocation towards the settlement of pending bills.

Committee observations

The Committee notes that the County's accounts payable balance of Kshs. 4,114,800,096 represents 50% of the total revenue, significantly exceeding the 20% limit prescribed under Regulation 25(1)(d) of the Public Finance Management (County Government) Regulations, 2015.

The Committee is concerned that excessive pending bills pose a risk to fiscal sustainability, violate statutory limits, and may undermine service delivery.

Committee Recommendation

1. that trade payables due for more than 365 days be considered indicative of poor financial management and that the County Executive provides actionable payment plans within sixty (60) days of the adoption of this report, failure to which the subsequent quarter budget releases will not be effected that all County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and

The Committee further recommends that—

- i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done;
- ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases;
- iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations;
- iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates;
- v. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects;
- vi. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets; and The Office of Controller of Budget and the Senate will monitor compliance and apply sanctions if payment plans are not honoured.

2. Irregular Payments of Pending Bills

The statement of financial position reflects trade and other payables balance of Kshs. 4,114,800,096 as disclosed in Note 23 to the financial statements. The amount is net off pending bills payments of Kshs. 662,012,881 made during the year under review. However, the payments amount of Kshs.662,012,881 were made to suppliers not listed in the approved payment plan. This was contrary to Regulation 52 of the Public Finance Management (County Governments) Regulations, 2015 which states that except as provided for in the Act and these Regulations, an Accounting Officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities and a public officer who makes such unauthorized payment commits an offence under the Act.

In the circumstances, Management was in breach of the law.

Management Response

The management has noted the auditor's observation on the Irregular Payments of Pending Bills and responds as follows:

The County Treasury draws plans for the settlement of pending bills, bills that are in the official record of the County Treasury. Priority is given to older pending bills, those required to secure the continuity of critical services and those to operationalize critical projects. The payment plans, and any revisions if any, are shared with the Office of the Controller of Budget.

Committee observations

The Committee notes that Kshs. 662,012,881 was paid to suppliers not listed in the approved payment plan, contrary to Regulation 52 of the Public Finance Management (County Governments) Regulations, 2015. This regulation stipulates that funds earmarked for specific activities cannot be used for other purposes, and unauthorized payments constitute an offence under the law.

Committee recommendations

The Accounting Officer to prepare a schedule of the paid bills not in the list of the payment plan with an explanation of the critical services that would have suffered had the bills not been paid. The list to be provided to OAG and the Senate for verification within 60 days of adoption of this report.

3. Budget Variations above Threshold

The statement of comparison of budget and actual amounts reflects final budget of Kshs. 8,170,325,023 net of adjustments of Kshs. 131,782,354. However, included in the adjustment amount of Kshs. 131,782,354 are sixteen (16) out of thirty-nine (39) vote heads that had budget variations in excess of ten (10%) percent limit on the original budget. This was in breach of Regulation 39(9) of the Public Finance Management (County Governments) Regulations, 2015 which states that in approving any estimates under Sections 135 and 154 of the Act, that County Assembly approval shall not exceed ten (10%) percent of the approved budget estimates of a program of Sub-Vote unless it is for an unforeseen and unavoidable need as defined in Section 112 of the Act.

In the circumstances, Management was in breach of the law.

Management Response

The management takes note of the auditor's observation on Budget Variations above threshold and responds as follows:

In revising the budget, the County considers the provisions of the PFM regulations regarding budget revision. This is to ensure that the variation is within 10% of the original budget at the Sub-Vote (Sub-programme) level. Revisions that exceed the 10% threshold are limited to those that provide for unforeseen and unavoidable needs as allowed in the same regulations.

Committee observations

The Committee notes that **sixteen (16) out of thirty-nine (39) vote heads had budget variations exceeding the 10% limit** on the original approved budget. This is contrary to **Regulation 39(9) of the Public Finance Management (County Governments) Regulations, 2015**, which allows budget revisions above 10% only for unforeseen and unavoidable needs.

The Committee is concerned that exceeding the statutory limit **breaches the law and undermines legislative oversight over budget implementation**

Committee recommendation

The Committee recommends that management institute robust budget controls to ensure all Sub-Vote revisions remain within the 10% threshold, provide full documentation and justification for any exceptions due to unforeseen and unavoidable needs, and strengthen internal oversight to guarantee compliance

with Regulation 39(9) of the Public Finance Management (County Governments) Regulations, 2015.

4. Unauthorized Advance Payment to Coast Water Development Authority

Management transferred an amount of Kshs. 15,000,000 to Coast Water Development Authority on 12 March, 2025 to undertake consultancy services for feasibility study for preparation and review of detailed designs, environmental social impact assessment for water infrastructure development in Hola Municipality with an estimated total cost of Kshs. 20,393,000. However, the expenditure was not budgeted for and although, the Memorandum of Understanding between the two (2) entities was signed on 19 September, 2024 and it indicated that the assignment would take a period of six (6) months, no service had been provided at the time of audit.

In addition, the County Executive has eight (8) ground water inspectors, one (1) Water Supply Operator and one (1) Senior Superintendent Water Engineer who would have rendered the services at no cost. This was in breach of Regulation 98(2) of the Public Finance Management (County Governments) Regulations 2012, which provides that no advance payment shall be paid to suppliers of goods and services unless provided for in the contractual terms and conditions contained in a valid contract signed between the procuring entity and the supplier.

In the circumstances, Management was in breach of the law.

Management Response

The management takes note of the auditor's observation on the unauthorised advance payment to Coast Water Works Development Authority (CWWDA). We respond as follows:

- a. The feasibility study was contracted to enable the County meet one of the conditions under the World Bank-funded Kenya Water Sanitation Hygiene (K-WASH) project.
- b. Indeed, the contracted services had not been rendered as at the time of the audit. The County paid on the strength of the MoU between the Department and the CWWDA. Unfortunately, CWWDA experienced leadership challenges including suspension of its senior management to pave way for investigations. These have adversely affected operations of the Agency and its ability to deliver

on contractual obligations. The County has since written to CWWDA to demand a refund of the paid amount.

- c. Although the Department has the officers as listed, these do not have the specific skills required to undertake environmental assessment and hydrological analyses. To manage the costs for the activity, the Department partnered with CWWDA, a government entity with vast experience in the subject of focus and one that has ongoing partnerships with the County. Further, knowledge and skills shall be transferred during the study as the officers from the Department shall participate in the study.

Committee Observations

The Committee noted that Kshs. 15,000,000 was advanced to CWWDA without a valid contract and for unbudgeted expenditure, in breach of **Regulation 98(2) of the PFM (County Governments) Regulations, 2015**, which prohibits advance payments unless provided for in a valid contract. No services had been rendered at the time of audit.

Committee Recommendations

1. **The DCI shall investigate the breach of Sections 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) and refer the matter to the DPP where criminality is established.**
2. **The EACC shall investigate the responsible officer(s) for violations of Regulation 210(k) of the PFM (County Governments) Regulations, 2015 and report to the Senate within 60 days.**

5. Failure to Transfer Funds to Hola Municipality

The vote book reflects a final recurrent budget for Hola Municipality of Kshs. 79,854,266 out of which an amount of Kshs. 35,991,524 released through exchequer issues were not transferred to the Municipality Bank Account. This was contrary to Section 43(3) of the Urban Areas and Cities Act, 2011 which states that no payment shall be made out of the funds of a Board or Town committee unless it has been provided for in the approved annual or revised or supplementary estimates of expenditure and authorized by the Board or Town committee.

In the circumstances, Management was in breach of the law.

Management Response

The management takes note of the auditor's observation on the failure to transfer funds to Hola Municipality and responds as follows:

- a. In the reporting period, the Hola Municipality lacked a strong governance and management structure with which to execute its mandate. With this in mind, the County Government prioritized the reconstitution of the Municipality Board and strengthening the Secretariat by seconding officers to Hola Municipality. As such, the budget for Hola Municipality was not transferred to the Municipality Bank account. However, none of the operations of the Hola Municipality were hindered.
- b. However, Management has taken the following measures to give the Municipality of Hola financial autonomy: Reconstitution of the Hola Municipal Board, Deployment of key staff to the Municipality, Transfer of all functions to the Municipality, Opening of Bank Accounts for the Municipality, Given the Municipality of Hola a charter for internal operations, and assigned the County audit committee to oversight the Municipality.

Committee Observations

The Committee noted that Kshs. 35,991,524 budgeted for Hola Municipality was not transferred to the Municipality Bank Account, contrary to **Section 43(3) of the Urban Areas and Cities Act, 2011**. The lack of a functional governance structure does not excuse non-compliance.

Committee Recommendations

Management shall ensure timely and authorized transfer of all budgeted funds to Hola Municipality in accordance with Section 43(3) of the Urban Areas and Cities Act, 2011, strengthen the Municipality's governance structures, and report to the Auditor-General and Senate within 60 days.

6. Irregular Construction of Tana River Aggregation and Industrial Park

The County Executive awarded a local contractor a contract for the proposed construction of the Tana River County Aggregation and Industrial Park (CAIP) in Chifiri at a contract sum of Kshs.489,957,899. However, according to the first schedule of the County Government Additional Allocations Act, 2023 the County Executive was not among the Counties selected to benefit from the Conditional Grant for Aggregated Industrial Parks Programme.

Further, a Memorandum of Understanding (MOU) between the two (2) levels of Government outlining their respective roles, funding obligations, and implementation

framework was not provided for audit review. Therefore, it was not possible to confirm the basis for Project initiation, the scope of responsibilities between the parties, and the funding assurance from the National Government. In addition, Management had already contributed to the Project a total expenditure of with an amount of paid in the 2023/2024 financial year and an amount of Kshs. 36,524,897 paid in the current financial year.

In addition, the architectural drawings and designs were not provided for audit review, there was no Project Implementation Committee in place to monitor the progress of the project and no evidence of how the contingency and Project Management Committee (PMC) funds provided for in the project were being utilized.

In the circumstances, Management was in breach of the law.

Management Response

The management takes note of the auditor's observation on the delayed implementation of the proposed Tana River CAIP in Chifiri. We are pleased to respond as follows:

- a. The County started implementation of the project following a commitment from the State Department of Industry after the County fulfilled all the requirements to participate in the programme. Later, the State Department opted to fund implementing counties in batches. The County is in the batch that shall be funded in the FY 2025/26.
- b. The MoU on the CAIPs was signed between the State Department and County under the auspices of the Council of Governors. A copy of the MoU is hereby availed for audit review.
- c. The architectural drawings and designs are hereby availed for audit review.
- d. A Project Implementation Committee is in place to oversee the implementation of the project.

Committee Observation

The committee observed that the County Executive initiated the construction of the Tana River County Aggregation and Industrial Park without confirming eligibility for the conditional grant, and prior to securing all required documentation and approvals. Key project governance elements, including a Project Implementation Committee, contingency fund utilization records, architectural designs, and a signed Memorandum of Understanding with clear roles and funding obligations, were initially unavailable for audit review. This lack of proper planning and documentation exposed the project to potential legal and financial risks.

Committee Recommendations

1. **The Committee recommends that, in order to achieve the primary objective of the County Agro-Industrial Project (CAIP) which is to foster growth in manufacturing and investments through agro-industries while sustainably enhancing the productivity of the agriculture sector, the National Government should actively engage with County Governments. This engagement should empower Counties to identify and prioritize initiatives that promote inclusive and decent job creation, as well as increase farmers' incomes through participatory approaches. Consequently, this will establish a collaborative platform enabling farmers, processors, exporters, research institutions, industrial bodies, and Government entities to engage effectively in agro-industrial development;**
2. **The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within sixty (60) days of the adoption of this report;**

7. Delayed Completion and Idle Projects

Physical inspection on various projects carried out on 3 June, 2025 revealed that projects with a contract cost of Kshs.915,104,965 were either stalled or completed but not in use as detailed below:

Project Name	Contract Sum	Amount Paid	Project Information and status
Construction of County Headquarters	495,268,750	269,854,274	The Project has stalled.
Construction of Deputy	39,836,215	59,818,069	Incomplete; Limit exceeded

Project Name	Contract Sum	Amount Paid	Project Information and status
Governor Residence			
Construction of Handampyia Road to Cabros standards at Mikinduni	380,000,000	380,000,000	Complete but not in use
Various development projects	776,766,870	623,239,029	Details not provided
Construction of residential and Non-residential buildings	322,175,455	309,827,618	Details not provided
Opening of Access Roads	287,687,922	85,344,359	Details not provided
Purchase of lighting Equipment	78,000,000	32,462,992	Details not provided
Total	2,379,735,212	1,760,546,341	

In the circumstances, value for money for the amount on these projects totalling to Kshs. 1,760,546,341 could not be confirmed.

Management Response

The management takes note of the auditor's observation on the delayed completion and idle projects. We are pleased to respond as follows:

a. Construction of County Headquarters

The County Government entered into a contract with Daeco Construction Ltd for a period of 75 weeks, this was if all conditions remained constant i.e

- The County Government's Contribution of Kshs. 148,580,625.00 equivalent to 30%. To date, 100% of this amount has been paid to the Contractor.
- The National Government through the State Department of Public Works was to contribute 70% of the contract sum, Kshs. 346,688,125.00. To date, the contractor has been paid Kshs. 117,312,669.71, an equivalent of 33.84%.

- Site conditions remained constant.

From the above, it may be observed that implementation of the project is being hampered by delays in the disbursement of the share of the project amounts from the National Government.

In addressing the delayed construction of the County Headquarter, we remain grateful to the Senate for the resolution to transfer the balance out of the 70% from the National government contribution to a special purpose account for the project being maintained by the County Government. Consequently, a Memorandum of understanding was signed between the State Department of Public Works and the County Government on 17th April, 2024 and facilitated by Counsel of Governors and Inter Governmental Technical Relations Committee. The County Government subsequently opened a special purpose Account and budgeted Kshs 95,045,250 as the grant from National Government in the financial year 2024/2025. However, no funds have been transferred from the National government since the memorandum. Nevertheless, the Contractor is currently on site at a completion status of 90%.

b. Construction of Deputy Governor Residence

Phase I of the project was contracted in 14th April, 2023 at an amount Kshs. 39,836,215.40 for a period of one year with the scope of works being structural works, electrical, plumbing, drainage and plastering. These works have been completed and the contractor has a pending payment of ksh 4,885,781.

Phase II of the project was advertised on 20th February, 2025 and is the currently on going works with the scope of works being erection of an elevated steel water tank, underground water tank, septic tank and soak away pit at an amount of Kshs 19,981,854. The status of the project is at 95%.

c. Construction of Handampya Road to Cabros standards at Mikinduni

The upgrading of the Handampya Road to cabro standard is to complement other efforts in opening up the area for development. Already, the Handampya Integrated Development Plan has been done to provide land for various services. The space reserved for human settlement (residential buildings) has been sub-divided into individual plots. Alongside this, individuals have been allocated the plots, some of whom have already settled.

d. Purchase of lighting Equipment

In the financial year 2024/2025, the department had a total budget of 78,000,000 for the installation of streetlights and highmast floodlights in different areas within the county. All the works as per itemized budget was completed within the contract period and projects amounting to kshs. 67,995,252.12 was paid.

Committee observations

The Committee notes that a review of various County projects revealed delays, incomplete works, and idle projects totaling Kshs. 1,760,546,341. Notable projects include the County Headquarters, Deputy Governor's Residence, Handampia Road, and various development works. Delays have been attributed to late disbursement of National Government funds, incomplete project phases, and pending operationalization of completed infrastructure. Consequently, the Committee is unable to confirm value for money for these projects, raising concerns over financial management, oversight, and the timely delivery of services to the public.

Committee recommendations

- 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within sixty (60) days of the adoption of this report; and**
- 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within (60) days of the adoption of this report.**

8. Irregular Grants to Tana River Water and Sanitation Company Ltd

Note 11 to the financial statement reflects transfers to other Government entities of Kshs. 734,205,021 out of which an amount of Kshs.35,000,000 are in respect of

transfers to Tana River Water and Sanitation Company. However, the transfers are meant to fund recurrent Company costs. This was in breach of Section 71 (4) of the Public Finance Management County Regulations, 2015 that disallows such grants. Further, an amount of Kshs. 35,000,000 differed with Controller of Budget report amount of Kshs. 50,000,000 resulting to unaccounted for amount of Kshs. 15,000,000.

In the circumstances, Management was in breach of the law.

Management Response

The management takes note of the auditor's observation on the grant to the Tana Water and Sanitation Company (TAWASCO) and responds as follows:

- a. In the FY 2024/25 Budget (in both the original and supplementary budget), the County granted TAWASCO Kshs. 35,000,000 for repair and maintenance of water supply distribution lines, an expenditure that is development in nature.

Extract of the FY 2024/25 Budget showing grant amount to TAWASCO provided ; Breakdown of the Grant to TAWASCO provided ; - Bank statements showing amounts transferred to TAWASCO provided ; Returns/reports on the utilization of the grant provided.

- b. TAWASCO utilized the grant for several development projects including drilling of a borehole at Emmaus, upgrading of Minjila pipeline, purchase of pipe fittings for repairs of water distribution pipelines, upgrading of Shemeji Hotel – TSC County Office pipeline and purchase of consumer smart meters and bulk master meters.
- c. The actual amount transferred to TAWASCO is Kshs. 35,000,000 and not Kshs. 50,000,000 as stated in the CoB report.

Committee observation

The Committee noted that the County transferred Kshs. 35,000,000 to Tana River Water and Sanitation Company Ltd (TAWASCO) to support repairs and maintenance of water supply infrastructure. The transfers were intended for recurrent costs, contrary to Section 71(4) of the Public Finance Management (County Governments) Regulations, 2015, which prohibits grants for recurrent expenditure. In addition, the amount

transferred differs from the Controller of Budget report, resulting in an unaccounted variance of Kshs. 15,000,000. While Management indicates that the grant was used for development-related activities, the irregularity exposes gaps in adherence to statutory provisions and financial oversight.

Committee recommendations

1. **The Committee further recommends that the Directorate of Criminal Investigations investigate the breach of sections 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) by the county public officers and, where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution; and**
2. **The Ethics and Anti-Corruption Commission (EACC) undertake an investigation into the responsible officer(s) with a view to recommending their prosecution for committing the offences stipulated under Section 62(1)(b) and (c) of the Public Audit Act, Cap. 412B, and for violations of the provisions of Regulation 210(k) of the Public Finance (County Governments) Regulations, 2015 and provides a status report to the Senate within sixty (60) days from the adoption of this report.**

9. Failure to Reserve Thirty Percent Procurement for the Special Groups

Review of the Procurement Plan for FY 2024/25 revealed that Management had planned to spend a total of Kshs. 2,344,295,754 on goods, works and services. However, an amount of Kshs. 337,115,375, equivalent to 14% of the total Procurement Plan was reserved for youth, women and persons with disability. This was contrary to Section 53(6) of the Public Procurement and Asset Disposal Act, 2015 (Revised Edition 2022) which states that all procurement and asset disposal planning shall reserve a minimum of thirty per cent (30%) of the budgetary allocations for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups

In the circumstances, Management was in breach of the law.

Management Response

The management takes note of the auditor's observation on the failure to reserve Thirty Percent Procurement for the Special Groups and responds as follows:

In drawing up the Annual Procurement Plan, the County intended to reserve 30% of its procurement to the special groups. However, the participation of these special groups in the implementation of the plan (advertised tenders) is limited due to the capacity of these special groups. In these circumstances, the County went ahead with the procurements while implementing measures to build the capacity of the special groups. This includes training of AGPO and improving the dissemination of information on procurement opportunities.

Committee Observation

The Committee noted that only 14% of the procurement budget was reserved for youth, women, and persons with disabilities, falling short of the mandatory 30% under **Section 53(6) of the Public Procurement and Asset Disposal Act, 2015**. This violates constitutional principles of inclusivity and affirmative action under **Article 54(2) of the Constitution**.

Committee Recommendation

The County Governor shall ensure that at least 30% of all procurement and asset disposal budgets are reserved for enterprises owned by youth, women, persons with disabilities, and other disadvantaged groups, in full compliance with Section 53(6) of the Public Procurement and Asset Disposal Act, 2015.

10. Implementation of Projects not in Annual Development Plan

The budget contains projects valued at Kshs. 600,656,435 that were not included in the County Annual Development Plan. This was contrary to Section 126(1)(a) of the Public Finance Management Act, 2012 which states that every County Government shall prepare a development plan in accordance with Article 220(2) of the Constitution, that includes programmes to be delivered with details for each programme of the strategic priorities to which the programme will contribute; the services or goods to be provided; measurable indicators of performance where feasible; and the budget allocated to the programme.

In the circumstances, Management was in breach of the law.

Management Response

The management takes note of the auditor's observation on the Implementation of Projects not in the Annual Development Plan although the details of the projects valued at Kshs. 600,656,435 as cited in the Management Letter is not provided for our review. This notwithstanding, we respond as follows:

In the preparation of the annual Budget Estimates, the County is conscious of the provisions of the law, and specifically that no budgetary resources should be appropriated outside a planning framework. With this in mind, budgets are allocated to only those projects that are in the Annual Development Plan.

Committee observations

The Committee noted that the County budgeted for projects valued at Kshs. 600,656,435 that were not included in the County Annual Development Plan (ADP). This is contrary to Section 126(1)(a) of the Public Finance Management Act, 2012, which requires that all County development programmes be included in the ADP with details of strategic priorities, services or goods to be provided, measurable performance indicators, and budget allocations. Consequently, management was in breach of the law, raising concerns over planning, oversight, and alignment of budgetary resources with strategic priorities.

Committee recommendations

- 1. The Accounting Officer to ensure that all projects funded in the County budget are included in the Annual Development Plan in full compliance with Section 126(1)(a) of the Public Finance Management Act, 2012; and**
- 2. the Auditor General to monitor the matter in the subsequent audit cycle.**

11. Excess Construction Cost on Deputy Governor's Residence

The statements of financial position reflects property, plant and equipment balance of Kshs. 3,381,969,160 as disclosed in Note 21 to the financial statements. The balance includes additions to buildings of Kshs. 368,303,914 out of which an amount of Kshs.19,981,854 was incurred on the construction of the Deputy Governor's residence. The accumulated payments for the house construction amounted to Kshs. 59,818,069 as at 30 June, 2025 and is therefore in excess of the Salaries and Remuneration Commission of Kshs. 40,000,000. The excess payment of Kshs.19,818,069 on this project was therefore irregular and in breach of Salaries and Remuneration Commission Circular Ref. No. SRC/TS/COG/6/61/48 Vol. II(64) of 20 May, 2019 under paragraph (d) which provides that the ceiling for the cost of construction for house of Deputy Governor to be Kshs. 40,000,000.

In addition, the Project file was not supported with Project Implementation Status Reports and Project Monitoring Committee Inspection Reports.

In the circumstances, Management was in breach of the Salaries and Remuneration Commission guidelines.

Management Response

The management takes note of the auditor's observation on the excess construction cost on the Deputy Governor's Residence and responds as follows:

- a. Phase I of the project was a stand-alone building without the amenities required and was subjected to the SRC ceiling. However, it was observed that, to make the residence habitable, additional components be added. Therefore, the County advertised for construction of the Deputy Governor's Residence phase II whose scope of works entailed erection of an elevated steel water tank, underground water tank, septic tank and soak away pit at an amount of kshs 19,981,854.
- b. The project file with the project implementation status reports and the inspection reports is hereby availed for audit review.

Committee Observation

The Committee notes that the construction of the Deputy Governor's residence incurred total payments of Kshs. 59,818,069, exceeding the Salaries and Remuneration Commission (SRC) approved ceiling of Kshs. 40,000,000 as per SRC Circular Ref. No. SRC/TS/COG/6/61/48 Vol. II(64) of 20 May, 2019. The excess payment of Kshs. 19,818,069 was irregular and in breach of the SRC guidelines. Additionally, the project file lacked supporting Project Implementation Status Reports and Project Monitoring Committee Inspection Reports at the time of audit, limiting oversight and accountability.

Committee Recommendations

- 1) **The County Executive to establish if there was negligence in the project management and if yes take administrative action on those culpable and a status report provided to the AOG and the Senate within 60 days of the adoption of this report; and**
- 2) **The Salaries and Remuneration Commission (SRC) to reconsider and review the 20 May 2019 circular considering the current market construction costs, economic conditions and the principles of devolution.**

12. Non-Compliance with the Law on Recruitment of Persons with Disabilities

Review of the payroll revealed that out of total staff population of two thousand two hundred forty-five (2,245) only seventeen (17) or (0.8%) were classified as persons with disability. This was contrary to Section 21 of the Persons with Disabilities Act, 2025 which states that every employer shall where an employer has at least twenty (20) employees, reserve at least five per cent (5%) direct employment opportunities for persons with disabilities to secure employment and paragraph B.23(2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016.

In the circumstances, Management was in breach of the law.

Management Response

The management has noted the auditor's observation on the non-compliance with the law on recruitment of Persons with Disabilities and responds as follows:

The County Public Service Board considers itself as an 'Equal Opportunity Employer' and has taken deliberate measures to comply with the Act. This is evident in the following actions:

- i. Issuance of a Circular to the public soliciting for information on the academic and professional qualifications of PWDs within the County. This information is crucial in the development of a database of PWDs that can be utilized for targeted recruitment of PWDs should they meet the requisite qualifications for advertised positions.
- ii. All job advertisements are shared with the National Council for Persons with Disabilities (NCPWD) for the Council to mobilize PWDs to apply for the advertised positions.

These actions demonstrate the commitment of the Board to promote equity in advancing employment opportunities to all and compliance to the applicable laws on the inclusion of PWDs.

Committee Observation

The Committee notes that out of a total staff population of 2,245, only seventeen (17) employees, representing 0.8%, were classified as persons with disabilities (PWDs). This

is below the statutory minimum of five percent (5%) direct employment opportunities required under Section 21 of the Persons with Disabilities Act, 2025, and paragraph B.23(2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016. The shortfall indicates non-compliance with the law on inclusion of PWDs in County employment.

Committee recommendations

The Committee recommends that

- 1. The County Public Service Board ensures the fulfilment of the 5% statutory quota for PWDs in compliance with Section 21(2)(a) of the Persons with Disabilities Act, 2025.**
- 2. The Board includes a report on the measures taken to implement employment equity for PWDs and the results achieved in its annual report, as part of its accountability under Article 10 of the Constitution**

13. Non-Compliance with the Law on One-Third Basic Salary Rule

Examination of the Integrated Personnel and Payroll Database revealed that two hundred and seventy-six (276) employees had salary deductions in excess of two thirds of their basic pay. This was contrary to Section 19(3) of the Employment Act, 2007 which prohibits such excessive deductions.

In the circumstances, Management was in breach of the law.

Management Response

The management has noted the auditor's observation on the non-compliance with the law on One-Third Basic Salary Rule and responds as follows:

The IPPD/HRIS payroll system is configured at IPPD Headquarters in Nairobi and System End users, the County's IPPD Manager included, don't have rights to alter salary scales. During the COVID-19 pandemic, the Government gave tax incentive measures which in turn lead to an increase in disposable income. With an enhanced net salary, staff took top up long-term loans without considering any changes that may be introduced by Government that have an impact on their gross salary/payroll deductions. The Government withdrew the tax incentive measures and over time has introduced new deductions or reviewed the amounts for the existing deductions. These include SHIF, new NSSF rates and Affordable Housing Levy. This results in the officers earning below the minimum wage.

Committee Observations

The Committee noted that 276 employees had salary deductions exceeding two-thirds of their basic pay, contrary to **Section 19(3) of the Employment Act, 2007**. This exposes staff to financial hardship and constitutes non-compliance with the law.

Committee Recommendations

1. **The County Public Service Board, in coordination with the County Treasury, shall fully implement the HRIS to automatically lock out loan commitments that would cause an employee's net pay to fall below the legal threshold, as required under Regulation 155 of the PFM (County Governments) Regulations, 2015.**
2. **The Public Service Commission, in coordination with County Public Service Boards, shall review Section C(3) of the Human Resource Policies and Procedures Manual and propose mechanisms to ensure compliance, reporting findings to the Senate within 60 days.**

14. Delay in Confirmation of Officers

Review of the payroll for the month of April, 2025 revealed that seventy-five (75) officers had been on probation for more than six (6) months. This was contrary to Section 42(2) of the Employment Act, 2007 which provides that a probationary period shall not be more than six months but it may be extended for a further period of time not more than six months with the agreement of the employee.

In the circumstances, Management was in breach of the law.

Management Response

The management has noted the auditor's observation on the Delay in Confirmation of Officers and responds as follows:

- a. The delay in issuance of confirmation letters to seventy-five (75) officers arose from administrative processing under delegated authority within the County Government structure. While formal confirmation letters were not issued immediately upon lapse of the six (6) months' probation period provided under Section 42(2) of the Employment Act, 2007, there was no unlawful extension of probation and no adverse communication to the affected officers.
- b. Upon satisfactory completion of probation and continued service, the officers were deemed confirmed in accordance with public service practice and applicable County human resource instruments. The officers did not suffer any

financial loss, prejudice to seniority, pensionable service, or other employment rights.

- c. The County Public Service Board has since strengthened internal controls and probation monitoring mechanisms pursuant to Sections 59 and 63 of the County Governments Act, 2012 to ensure strict adherence to statutory timelines and prevent recurrence.

Committee Observation

The Committee noted that 75 officers remained on probation for more than six months, contrary to **Section 42(2) of the Employment Act, 2007**. This indicates non-compliance with statutory timelines for confirmation.

Committee Recommendation

The Accounting Officer shall establish and implement a probation monitoring system to track all officers on probation, ensure confirmation letters are issued within statutory timelines under Section 42(2) of the Employment Act, 2007, and conduct quarterly reviews to prevent future delays, reporting to the Senate and Auditor-General within 60 days.

15. Irregular Payments to Council of Governors

The statement of financial performance reflects use of goods and services of Kshs. 1,898,155,201 out of which an amount of Kshs. 5,000,000 was paid on subscription to the Council of Governors. This was contrary to Section 37 of Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in this Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government to cater for the Summit; the Council of County Governors; the Technical Committee, Secretariat and the sectoral working group established by the Technical Committee; and the sectoral working groups established by the Council,

In the circumstances, Management was in breach of the law.

Management Response

The management has noted the auditor's observation on the irregular payments to the Council of Governors and responds as follows:

- a. The Constitution of Kenya (2010); the IGRTC and the Intergovernmental Relations Act 2012, The County Governments Act 2012 among other frameworks have provisions to enable and support County Governments to work together towards a common goal. Article 189 (2) of the Constitution provides:

“Government at each level, and different governments at the county level, shall co-operate in the performance of functions and exercise of powers and, for that purpose, may set up joint committees and joint authorities.”

The Article is given effect through the provisions of the Intergovernmental Relations Act 2012, which provides for inter- and intra-governmental structures for consultation and cooperation, while Section 6(3) of the County Government Act 2012 provides:

“A county government may enter into partnerships with any public or private organization in accordance with the provisions of any law relating to public or private partnerships for any work, service or function for which it is responsible within its area of jurisdiction.”

- b. In reference to a letter dated 18th of February 2025, which indicated that the CoG receives exchequer funding for running of its operations. However, the due to the inadequacy of the funds, the Council made numerous resolutions on the need for counties to make annual intergovernmental contribution. In addition, the Council had sought judicial intervention on matters of common interest to counties thus the creation of a legal fund to defend devolution.
- c. Of the Kshs. 5,000,000, Kshs. 2,000,000 was to cater for conference fees for delegates during the 2025 Devolution Conference in Homa Bay. Returns for this expenditure are hereby availed for audit review.

Committee Observation

The Committee noted that Kshs. 5,000,000 was paid to the Council of Governors contrary to **Section 37 of the Intergovernmental Relations Act, 2012**, which requires that operational expenses of the Council of Governors be provided for by the National Government. These payments constitute irregular use of county funds.

Committee Recommendations

- 1. The irregular payments to the Council of County Governors shall be stopped forthwith, failing which the County Governor shall be surcharged for the illegal payments; and**

2. The EACC shall investigate the irregular transfer of funds to the Council of County Governors with a view to recovery from the County Governor.

16. Irregular Payments to Jumuiya Economic Development Secretariat

The statement of financial performance reflects use of goods and services of Kshs. 1,898,155,201. The amount includes Kshs.253,4965,083 incurred on hospitality, supplies and service out of which Kshs. 3,000,000 as subscription to Jumuiya Economic Development Secretariat that were not supported by any law or policy guidelines.

In the circumstances, Management was in breach of the law.

Management Response

The management has noted the auditor's observation on the irregular payments to the Jumuiya Economic Development Secretariat and responds as follows:

- a. The Constitution of Kenya (2010); the IGRTC and the Intergovernmental Relations Act 2012, The County Governments Act 2012 among other frameworks have provisions to enable and support County Governments to work together towards a common goal. Article 189 (2) of the Constitution provides:

“Government at each level, and different governments at the county level, shall co-operate in the performance of functions and exercise of powers and, for that purpose, may set up joint committees and joint authorities.”

The Article is given effect through the provisions of the Intergovernmental Relations Act 2012, which provides for inter- and intra-governmental structures for consultation and cooperation, while Section 6(3) of the County Government Act 2012 provides:

“A county government may enter into partnerships with any public or private organization in accordance with the provisions of any law relating to public or private partnerships for any work, service or function for which it is responsible within its area of jurisdiction.”

Further, expenditure returns for the conference fee for the delegates who attended the JABEIC 2024 in Taita Taveta were availed for audit review and are also availed for your review.

Committee Observation

The Committee noted that Kshs. 3,000,000 to JEDS without a legal framework and These payments constitute irregular use of county funds.

Committee Recommendations

1. The irregular payments to JEDS shall be stopped forthwith, failing which the County Governor shall be surcharged for the illegal payments; and
2. The EACC shall investigate the irregular transfer of funds to JEDS with a view to recovery from the County Governor.

17. Non-Submission of Level Four Hospitals Financial Statements

The Management of the three (3) level four (4) Hospitals in Tana River County namely Hola, Ngao and Bura Hospitals failed to prepare and submit financial Statements for audit. This was contrary to the requirement of the Public Sector Accounting Standards Board requirement and Section 164 of the Public Finance Management Act 2012.

In the circumstances, Management was in breach of the law.

Management Response

The management has noted the auditor's observation on the above subject matter and responds as follows:

- a. Although the County Health Services Act 2022 and County Health Financing Act 2024 are both in place, the Department is in the process of developing regulations which will pave way for establishing governance structures for the health facilities. These governance structures are essential since the Boards are responsible for approving the financial statements and providing oversight on financial management of these entities.
- b. Public participation on the regulations is ongoing. This shall be followed by approval of the regulations by the CEC and the County Assembly. The Department is keen to have the process concluded in the FY 2025/26. Already, the budget for the FY 2025/26 has been restructured to allow for disbursements to the hospitals.

Committee observations

The Committee notes that the three Level Four Hospitals in Tana River County :Holo, Ngao, and Bura failed to prepare and submit financial statements for audit. This is contrary to Section 164 of the Public Finance Management Act, 2012, and the requirements of the Public Sector Accounting Standards Board, which mandate all public entities to maintain proper financial records and submit them for audit.

Committee recommendation

The Committee recommends that the County Executive Committee Member for Finance ensures that all future financial statements are prepared strictly in accordance with the formats and standards prescribed by the Public Sector Accounting Standards Board under Section 194 of the PFM Act, 2012. The Auditor-General is requested to specifically report on any non-compliance with reporting templates in future audits.

18. Failure to Form Cash to Accrual Project Steering Committee

The County Executive Management did not establish a steering committee to oversee the transition from cash to accrual accounting. This was contrary to The National Treasury Circular No.03/2025 dated 14 April, 2025 which provides for establishment of a project steering committee to oversee the transition from IPSAS Cash basis to IPSAS Accrual.

In the circumstances, Management was in breach of the Policy Guidelines.

Management Response

The management has noted the auditor's observation on the above subject matter and responds as follows:

- a. The delay arose due to competing statutory reporting deadlines, including preparation of annual financial statements and budget implementation reports; Reorganization within the County Treasury and changes in key finance personnel; and Capacity constraints and ongoing consultations with the Public Sector Accounting Standards Board (PSASB) regarding the accrual migration roadmap.
- b. Notwithstanding the above, Management acknowledges that establishment of a Steering Committee is a key governance requirement to provide strategic direction, coordination, and oversight of the transition process in line with IPSAS accrual framework and PSASB guidelines. To address this gap,

Management has prepared draft Terms of Reference (ToR) for the Steering Committee and developed a preliminary Cash-to-Accrual implementation roadmap. The Steering Committee will be formally constituted and operational by 1st March 2026, with quarterly progress reports to the Accounting Officer and County Executive Committee Member (Finance).

Committee observation

The Committee notes that the County Executive Management failed to establish a Project Steering Committee to oversee the transition from cash to accrual accounting. This is contrary to the requirements of National Treasury Circular No. 03/2025 dated 14 April 2025, which mandates the formation of a steering committee to guide the transition from IPSAS Cash Basis to IPSAS Accrual Basis

Committee Recommendations

The Committee recommends that:

- 1) The Office of the County Governor to operationalize the newly appointed Steering Committee and Project Manager to execute the transition roadmap within sixty (60) days of the adoption of this report; and**
- 2) The Auditor-General to verify the progress of the transition and provide a status report to the Senate within sixty (60) days from the date of adoption of this report**

19. Non submission of Financial Statements for Equalization Fund

The County Executive and Management of the Equalization Fund in Tana River County were required to prepare and submit financial Statements for audit in accordance with the Public Sector Accounting Standards Board requirement and Section 164 of the Public Finance Management Act 2012 which provides that at the end of each financial year, the accounting officer for a county government shall prepare financial statements in respect of that in a format to be prescribed by the Public Sector Accounting Standards Board. However, the financial statements were not prepared and submitted to the Office of the Auditor-General.

In addition, an amount of Kshs.143,331,449 that was disbursed by National Treasury towards implementation of equalization projects in the County during the financial year ended 30 June, 2025 have not been accounted by a detailed schedule indicating project description, location, contract value, payments made and project implementation status report.

In the circumstances, Management was in breach of the Law.

Management Response

The management has noted the auditor's observation on the above subject matter. Financial Statements for the Equalization Fund, Tana River County were prepared and submitted to the Office of the Auditor-General and to the Equalization Fund Board. Subsequently, an audit on the Financial Statements was performed in August, 2025.

Committee Observation

The Committee notes that the County Executive and Management of the Equalization Fund in Tana River County failed to prepare and submit financial statements for audit for the financial year ended 30 June 2025. This is contrary to the Public Finance Management Act, 2012, Section 164, and the requirements of the Public Sector Accounting Standards Board, which mandate that accounting officers prepare and submit financial statements in the prescribed format.

Committee Recommendation

The Committee recommends that the County Executive Committee Member for Finance ensures that all future financial statements are prepared strictly in accordance with the formats and standards prescribed by the Public Sector Accounting Standards Board under Section 194 of the PFM Act, 2012. The Auditor-General is requested to specifically report on any non-compliance with reporting templates in future audits.

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF TANA RIVER COUNTY REVENUE FUND FOR THE FINANCIAL YEAR 2024/2025

Qualified Opinion

Report on Financial Statement

1.0 Variances Between the Financial Statements and Supporting Schedules

The statement of financial performance reflects total own source revenue amounting to Kshs. 203,711,731 as disclosed in Notes 10 and 11 to the financial statements. However, four (4) revenue streams with amounts totaling Kshs. 10,193,270 differed with their corresponding supporting schedules amount of Kshs. 5,282,530 resulting to an unreconciled variance of Kshs. 4,910,740 as tabulated below:

Component	Financial Statements Amount (Kshs)	Supporting Schedule Amount (Kshs)	Variance (Kshs)
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Public Health Service Fees	2,072,677	0	2,072,677
Housing	5,406,780	5,282,530	124,250
Hospital Fees	2,276,063	0	2,276,063
Hire of County Assets	437,750	0	437,750
Total	10,193,270	5,282,530	4,910,740

Management Responses

The right supporting schedules for own source revenue as per the Receiver of Revenue Report are provided for your review.

Committee Observations

The Auditor General informed the Committee that the management provided supporting documentation to address the previously reported variance. The Committee observes that the Accounting Officer has successfully reconciled the initial variance of Kshs. 4,910,740. Consequently, the revised financial statements (Kshs. 10,193,270) now fully align with the supporting schedules provided.

Committee Recommendations

The Committee recommends that the matter be marked as satisfactorily addressed, and the Accounting Officer maintains accurate and consistent financial reporting to prevent recurrence.

2.0 Inaccuracies in the Financial Statements

The statement of financial performance reflects transfers to County Executive and County Assembly amounts of Kshs. 6,231,592,138 and Kshs. 896,862,157 respectively whereas the statement of comparison of budget and actual amounts reflects an amount of Kshs. 4,611,651,028 and Kshs. 866,080,189 respectively, resulting to an unreconciled variance of Kshs. 1,619,941,110 and Kshs. 30,781,968 respectively.

Description	Note 12 of CRF Financial Statements Amount (Kshs)	Note 6 of County Executive Financial Statements Amount (Kshs)	Variance Amount (Kshs)
Development Revenue	1,530,914,218	1,597,739,114	-66,824,896
Special Purpose Accounts	458,967,524	392,142,628	66,824,896

Management Responses

The statement of financial performance reflects transfers to County Executive and County Assembly amounts of Kshs. 6,231,592,138 and Kshs. 896,862,157 respectively whereas the statement of comparison of budget and actual amounts reflects an amount of Kshs. 4,611,651,028 and Kshs. 866,080,189 respectively, resulting to an unreconciled variance

Variances were noted between note 12 of the CRF account and note 6 of the county executive account.

Committee Observations

The Committee noted unreconciled variances between the Statement of Financial Performance and the Statement of Comparison of Budget and Actual Amounts. The Committee further observed inconsistencies between the CRF and County Executive reports, arising from misclassification of Disaster Risk Management funds amounting to Kshs. 66,824,896.

Committee Recommendations

The Committee recommends that:

- 1. The County Executive, within 60 days of adoption of this report, undertake a comprehensive reconciliation of the Kshs. 1,619,941,110 variances between the Statement of Financial Performance and the Statement of Comparison of Budget and Actual Amounts. A certified reconciliation report, signed by the Head of County Treasury, to submitted to the Senate and the Auditor-General confirming that all transfers to the County Executive and County Assembly are accurately reflected and consistent across all financial statements;**
- 2. The CECM to correct the inconsistencies between the CRF and County Executive reports by reclassifying Kshs. 66,824,896 for Disaster Risk Management from Development Funds to Special Purpose Account Funds, and submit a status report to the Senate and Auditor General within 60 days after the adoption of this report; and**
- 3. The County Treasury to establish a mandatory pre-audit internal review process to ensure consistency and accuracy of financial statements before approval. This shall include verification of alignment between primary statements and disclosure notes in compliance with PSASB requirements.**
- 4. The Auditor General to keep the matter in view in subsequent audit cycle.**

Emphasis of Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 9,177,723,692 and Kshs. 7,641,149,803 respectively resulting in underfunding of Kshs. 1,536,573,889, or 17% of the budget. Similarly, the Fund disbursed an amount of Kshs. 5,477,731,217 against actual receipts of Kshs. 7,641,149,803, resulting in under disbursement of Kshs. 2,163,418,586, or 28% of the receipts.

Management Response

Management did not provide response.

Committee Observations

The Committee notes underfunding of Kshs. 1,536,573,889 (17% of the budget) and under-disbursement of Kshs. 2,163,418,586 (28% of receipts). No response was provided, and the issue remains unresolved.

Committee Recommendations

The Committee recommends that:

1. The National Treasury strictly complies with its constitutional and statutory mandate by ensuring timely and predictable release of funds to county governments in line with the cash disbursement schedules approved by the Senate, as required under Article 219 of the Constitution and section 17(7) of the Public Finance Management Act, 2012; and
2. The County Executive puts in place measures to enhance its own-generated revenue in order to meet its revenue target and address revenue shortfalls, as contemplated under Article 209(3) of the Constitution, and reports to the Senate on such measures within 60 days of adoption of this report.

2.0 Unresolved Prior year Matters

In the prior year audit report, two issues were raised under the Report on Financial Statements. These were inaccurate fund balances and unsupported other grants. Review of the status during audit of the Fund in 2024/2025 revealed that the matters remained unresolved as at 30 June, 2025.

Management Response

Management did not respond.

Committee Observations

The Committee notes that prior year audit issues remained unresolved as at 30 June 2025, contrary to section 81(3) of the Public Finance Management Act, 2012 which

requires accounting officers to resolve issues arising from audit. Further, no response was provided by Management.

Committee Recommendations

The Committee recommends that:

1. The County Executive implements the Senate recommendations in the Auditor General's report for the Financial Year 2023/2024 adopted by the Senate, as required under Article 229(8) of the Constitution;
2. The County Executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adoption of this report; and
3. The County Executive engages with the Office of the Auditor-General to address and resolve any outstanding matters, and the Auditor-General lists any unresolved audit paragraphs in the report of the subsequent financial year as required under International Standards of Supreme Audit Institutions (ISSAI).

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE PUBLIC RESOURCES

1.0 Non-Compliance with Public Sector Accounting Standards Board Financial Reporting Requirements

The financial statements submitted for audit did not comply with the Public Sector Accounting Standards Board Financial Reporting Requirements as the statement of cash flows does not have corresponding disclosure Notes to the financial statements.

Management Response

The management did not respond.

Committee Observations

The Committee observed that the Financial Statements were incomplete and did not comply with the International Public Sector Accounting Standards (IPSAS) Cash Basis framework, which requires a direct link between the Statement of Cash Flows and disclosure Notes. The Committee further notes that no response was provided and the issue remains unresolved.

Committee Recommendations

The Committee recommends that:

- 1) The Accounting Officer to initiate disciplinary action against finance and accounting staff responsible for non-compliant financial statements. The matter to be reported to ICPAK for appropriate professional sanctions under the Accountants Act (CAP 531);
- 2) The County Executive establish and operationalize Audit Committees in accordance with Section 167(1) of the PFM (County Governments) Regulations, 2015 to strengthen oversight and follow-up on audit recommendations, and submit a report to the Senate and the Auditor General within 60 days of adoption of this report; and
- 3) The Auditor General to keep the matter in view in subsequent audit cycle.

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF TANA RIVER RECEIVER OF REVENUE FOR THE FINANCIAL YEAR 2024/2025

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Revenue and Disbursements

The statement of revenue and disbursements reflects balance due for disbursements and collection totalling Kshs.1,157,016 while the re-computation of the net amount gives a deficit of Kshs.515,059 resulting to unexplained variance of Kshs.1,672,075. In addition, the items included in the statement of revenue and disbursements including balances brought forward at the beginning of the year, balance due for disbursement (collected amounts), balance due for disbursement (uncollected amounts) and balance due for disbursement and collection are not in line with the reporting requirements by Public Sector Accounting Standards Board (PSASB).

Management Response

The financial statements for Tana River County Receiver of Revenue for the year ended 30 June 2025 are hereby amended to correct the errors.

Committee Observation

The Auditor General observed an unexplained variance of Kshs. 1,672,075 arising from the statement of revenue and disbursements, which reflected a balance due of Kshs. 1,157,016, yet re-computation of the net amount yielded a deficit of Kshs. 515,059. This constitutes a fundamental breach of the principle of accurate and transparent financial reporting, as required by Article 201(d) of the Constitution, which mandates that public money be used in a prudent and responsible manner.

Committee Recommendation

Committee recommends the following: -

1. **The County Executive Committee Member for Finance, as the head of the County Treasury, and the relevant accounting officers must ensure that the opening balances in future financial statements are fully reconciled with the prior year's audited closing balances, providing a clear audit trail for any adjustments. This is in line with the accounting standards prescribed by the Public Sector Accounting Standards Board (PSASB) under Section 194 of the Public Finance Management Act; and**
2. **Directs the Management to facilitate comprehensive training for all accounting staff on the Public Sector Accounting Standards Board (PSASB) reporting templates. Additionally, quality control mechanisms in the preparation of financial statements should be enhanced to safeguard the completeness and accuracy of future submissions.**

2. Unsupported County Own Source Revenue

The statement of revenue and disbursements reflects total County own source revenue amounting to Kshs.203,225,065. The amount is composed of revenue from non-exchange transactions of Kshs.187,957,931 and revenue from exchange transactions of Kshs.15,267,134. However, the revenue was not supported as follows:

2.1. Cess Revenue Amount

Included in the total County own source revenue is an amount of Kshs.29,001,916 in respect of cess revenue. The Tana River County Finance Act, 2024 require cess charges to be paid by all vehicles carrying goods entering and offloading in Tana River County. However, the County's two (2) weigh bridges were not functional and therefore it was not clear how the cess was assessed and measured.

Management Response

Currently, the County charges cess on the basis of the capacity of the vehicle as stipulated in the Finance Act 2024 as the County awaits clearance from KeNHA on the operationalization of the weighbridges.

Committee Observation

The Committee observed that the County reported Kshs.29,001,916 as cess revenue under the Tana River County Finance Act, 2024, yet the two weigh bridges required for

assessing and measuring the cess were not functional. This rendered the reported revenue unverifiable and constituted a breach of the principles of accountability and transparency in public financial management as enshrined under Article 201 of the Constitution.

Committee Recommendation

Committee recommends the following:-

1. **The County Government of Tana River ensures strict compliance with the provisions of the Tana River County Finance Act, 2024, by restoring the functionality of the two weigh bridges as a prerequisite for cess assessment and collection;**
2. **County Government should establish a verifiable revenue collection mechanism that includes proper documentation, weighing records, and audit trails to support all cess receipts; and**
3. **Management is directed to undertake a comprehensive review of the Kshs. 29,001,916 cess revenue reported during the period under review and provide evidence of assessment and collection, failing which the amount should be surcharged against the responsible officers in accordance with the Public Finance Management Act.**

2.2. Land Rates

The statement of revenue and disbursements reflects land rates revenue amount of Kshs.20,675,727 as disclosed in Note 7 to the revenue statements. However, the County does not have a valuation register and therefore the basis of revenue assessment could not be confirmed.

Management Response

Currently, the 2024 Finance Act section 14 provides for the collection of land rates on the basis of acreage

Committee Observation

The Committee observed that the County reported land rates revenue of Kshs.20,675,727, yet the County does not have a valuation register, making it impossible to confirm the basis of revenue assessment and rendering the reported amount unverifiable.

Committee Recommendations

1. The Committee recommends that the County Government urgently develops and maintains a comprehensive valuation register in accordance with the Valuation for Rating Act and the Public Finance Management Act. The valuation register shall serve as the primary tool for assessing, billing, and collecting land rates revenue; and
2. The Committee further directs management to conduct a complete reconciliation of the reported land rates revenue of Kshs. 20,675,727 against the actual rates payable based on property valuations, and to submit a detailed report to the Committee within sixty (60) days.

2.3. Single Business Permit

The statement of revenue and disbursements reflects single business permits amount of Kshs. 24,046,400 as disclosed in Note 8 to the revenue statements. However, the revenue was not supported with formal applications for single business permits and detailed analysis of revenue collected daily showing date, mode of payment and payees.

In addition, sources of revenue from the single business permit stream could not be confirmed since the ledger provided for audit was not categorized as business permit application fees, annual business permit fees, business permit penalties and interest, business permit fees arrears as required by the reporting template.

Management Response

The County uses Invoices to request business permit fees. A detailed data of the permit fees collected are hereby attached

Committee Observation

The Committee observed that the reported single business permit revenue of Kshs. 24,046,400 was in non-compliance with the Public Finance Management Act and PSASB reporting requirements due to the absence of formal applications, daily collection analyses, and proper categorization into the prescribed revenue streams.

Committee Recommendation

The Committee recommends that the Department of Trade develops and maintains a comprehensive database of all traders within the County. This database shall be utilized to generate accurate billings, which should thereafter be

shared with the Receiver of Revenue to facilitate effective enforcement of collection and proper accounting of all revenues due.

2.4. Natural Resources Exploitation

The statement of revenue and disbursements reflects County Natural resources exploitation revenue amount of Kshs.101,225,201 and as disclosed in Note 9 to the revenue statements. However, quantity of mined minerals, basis of revenue assessment, collection and accounting records in respect of natural resource revenue were not provided for audit.

Management Response

The quantity of minerals extracted and transported is determined by the tonnage as prescribed in the Finance Act 2024.

Committee Observation

The Committee observed that the County reported natural resources exploitation revenue of Kshs. 101,225,201, yet critical records including the quantity of mined minerals, the basis of revenue assessment, and the collection and accounting records were not provided for audit. This lack of supporting documentation rendered the reported revenue unverifiable and constituted a breach of the principles of accountability and transparency as enshrined under Article 201 of the Constitution.

Committee Recommendation

The Committee recommends that the County Government complies with the Public Finance Management Act and the Finance Act 2024 by establishing a verifiable framework for natural resources revenue management, including a comprehensive database detailing quantities of minerals extracted, assessment basis, and collection records, and further directs that a report be submitted to the Senate and the Office of Auditor General within sixty (60) days, failure of which may result in disallowance of the revenue and surcharge of the responsible officers.

2.5. Administration Control Fees and Charges

The statement of revenue and disbursements reflects administration control fees and charges amount of Kshs.4,428,250. However, detailed schedule indicating the revenue assessment criteria, applicants' details, receipt number and amount payable by each was not provided for audit.

Management Response

Management takes note of the audit observation. This was occasioned by delays and gaps in the submission of supporting documentation from the respective sub-counties and departments during the consolidation of revenue records.

Committee Observation

The Committee observed that administration control fees and charges amounting to Kshs. 4,428,250 were not supported by a detailed schedule showing revenue assessment criteria, applicant details, receipt numbers, and amounts payable, rendering the revenue unverifiable. Management attributed the lapse to delays and gaps in submission of documentation from sub-counties. This constitutes non-compliance with the principles of accountability and transparency in public financial management as required under Article 201 of the Constitution and the Public Finance Management Act.

Committee Recommendations

- 1. The Committee recommends that the County Government strictly adheres to the provisions of Section 162 of the Public Finance Management Act which mandates that all revenue collected be accurately recorded and supported by appropriate documentation, including assessment criteria, applicant details, and official receipts. Further, management should implement a centralized revenue management system that requires all sub-counties and departments to submit complete and timely documentation before consolidation; and**
- 2. Committee further recommends the Department of Finance should ensure that no revenue is recognized in the financial statements without verifiable supporting schedules, in line with the Public Sector Accounting Standards Board (PSASB) reporting requirements. Failure to comply shall attract sanctions under Section 184 of the Public Finance Management Act which provides for the surcharge of officers responsible for financial mismanagement or loss of public funds.**

2.6. Public Health Service Fees

The statement of revenue and disbursements reflects public health services fees amount of Kshs.2,072,677 which was not supported by basis of revenue assessments, applicants' details, inspection reports, number of facilities and serial numbers of licenses issued as disclosed in Note 11 of the revenue statements.

Management Response

Management acknowledges the observation. The noted issue arose due to incomplete documentation from sub-county public health offices and delays in forwarding supporting schedules to the Revenue Directorate during the consolidation of financial statements.

Committee Observation

The Committee observed that public health service fees amounting to Kshs. 2,072,677 were not supported by verifiable documentation, including applicants' details, inspection reports, and serial numbers of licenses issued. Management acknowledged the observation, attributing it to incomplete documentation and delays from sub-county offices. The Committee notes that this reflects systemic weaknesses in revenue collection and reporting, undermining accountability and transparency as required under Article 201 of the Constitution.

Committee Recommendation

- 1. The Committee recommends that the Department of Health, in collaboration with the Revenue Directorate, strengthens revenue collection and reporting processes by ensuring that all public health service fees are supported by complete documentation, including applicants' details, inspection reports, facility records, and serial numbers of licenses issued; and**
- 2. Committee recommends the management to establish clear timelines for sub-county offices to submit supporting schedules to the Revenue Directorate to prevent delays during consolidation of financial statements. A status report on the implementation of these measures shall be submitted to the Senate and Office of Auditor General within sixty (60) days.**

2.7. Physical Planning and Development Fees

The statement of revenue and disbursements reflects physical planning and development fees amount of Kshs.6,507,760 which was not supported by basis of revenue assessments, applicants' details, inspection reports, classification of approvals as commercial or residential buildings and approvals issued together with their cost as disclosed in Note 12 of the revenue statements.

Management Response

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Management concurs with the Auditor's observation. The unsupported amount arose mainly due to delays in the submission and consolidation of documentation from sub-county physical planning offices during the preparation of the revenue statements.

Corrective measures have since been instituted to forestall a recurrence of similar weaknesses in future financial periods

Committee Observation

The Committee observes that the accounting officer failed in their statutory duty under Section 149(2)(a) and (d) of the PFM Act, 2012, by not providing critical enforcement documents to the Auditor-General. This lack of documentation prevents the verification of internal controls and constitutes a failure to ensure that revenue collection processes are lawful and effective.

Committee Recommendations

- 1. The Office of the County Governor undertakes administrative actions against the responsible officer(s) who failed to provide documents to the auditors at the time of audit, in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report; and**
- 2. The Committee recommends that the County executives should expedite updating of valuation roll in accordance with Section 3 of the Valuation for Rating Act CAP 266 so as to reflect current market values for optimal revenue collection and comply with the guidelines of the Public Sector Accounting Sector Boards of reporting in the FY 2023/2024.**

2.8. Property Rent

The statement of revenue and disbursements reflects property rent amount of Kshs.5,406,780 and as disclosed in Note 14 to revenue statements. However, list of rented properties, occupancy rates and rent chargeable were not provided for audit review. Further, the balance includes plot rent of Kshs.124,250 not supported by plot register, names of tenants, monthly rate and rent payment schedules.

Management Response

During the year under review, some vendors did not pay for some months due to the tough economic situation during that time hence leading to low collection on the property rent

Committee Observation

The Committee observed that the reported revenue from land rates and plot rent could not be confirmed due to an unexplained variance and a lack of supporting records such as plot register, names of tenants, monthly rate and rent payment schedules. This failure contravenes Section 68(2)(b) of the Public Finance Management Act, 2012, which mandates the Accounting Officer to ensure the entity keeps financial and accounting records that comply with the Act.

Committee Recommendation

The Committee recommends that the Governor ensures compliance with Regulation 83(2)(f) of the Public Finance Management (County Government) Regulations, 2015. The Accounting Officer must ensure adequate books of accounts are kept relating to revenue collection and management, including maintaining accurate tenant rolls and ledgers for all revenue streams, and report to the Senate on the implementation of these measures within sixty (60) days after the adoption of this report.

2.9. Parking Fees

The statement of revenue and disbursements reflects parking fees of Kshs.4,536,548 and as disclosed in Note 15 of the revenue statements. However, this amount was not supported with a register of all designated parking slots/bays within the County and the serial numbers of revenue machines issued to each collector of revenue.

Management Response

In the provided schedule, The County has identified parking areas in the urban areas. However, collection of parking fees is yet to commence pending defining the parking slots, deployment of parking attendants, and the deployment of the system to manage revenues from parking.

Committee Observation

The Committee observed that the County reported parking fees revenue of Kshs. 4,536,548, yet management admitted that collection of parking fees had not commenced pending the definition of parking slots, deployment of attendants, and installation of a revenue management system. This contradiction renders the reported amount

unsupported and unverifiable, constituting a breach of financial accountability under the Public Finance Management Act.

Committee Recommendation

The Committee recommends that the County Government complies with the Public Finance Management Act and the County Finance Act by establishing a verifiable revenue collection framework. This includes developing a register of all parking slots, deploying a functional revenue management system with serialized collection receipts, and commencing collection only after these mechanisms are operational. The County Government shall submit a progress report to the Senate and the Office of the Auditor General within sixty (60) days.

2.10. Market Fees

The statement of revenue and disbursements reflects market fees amounting to Kshs.2,609,993 and as disclosed in Note 16 to the revenue statements. However, receipts books, revenue collection control sheets and deposits deposit slips were not provided for audit review.

Management Response

Market fees are paid using mobile money payments (Mpesa paybill) or deposited to the designated bank accounts as shown in the provide schedule.

Committee Observation

The Committee observed that the reported market fees of Kshs. 2,609,993 could not be verified due to the absence of receipts books, collection control sheets, and deposit slips, contrary to Section 81 of the Public Finance Management Act, 2012 and the principles of transparency and accountability enshrined in Article 201(a) and (d) of the Constitution.

Committee Recommendations

1. The Committee recommends that the County Government ensures full compliance with Section 81 of the Public Finance Management Act, 2012, by maintaining proper records and supporting documentation for all revenue transactions, including receipts books, revenue collection control sheets, and deposit slips. Management shall implement a robust documentation

- framework that integrates mobile money and bank deposit platforms with a verifiable audit trail to facilitate accurate reconciliation and audit review; and
2. Committee further direct the Accounting Officer to provide all outstanding supporting documents for the reported market fees of Kshs. 2,609,993 to the Auditor General within thirty (60) days, failure of which the amount shall be disallowed and recovery proceedings initiated against the responsible officers in accordance with Section 68 of the Public Finance Management Act which provides for surcharge for loss of public funds arising from negligence or failure to account.

2.11. Hospital Fees

The statement of revenue and disbursements reflects Hospital fees amount of Kshs.2,276,063 and as disclosed in Note 17 to the revenue statements. However, the detailed schedule of all Hospital facilities revenue matched against expenses was not provided for audit. Further, the amount excludes SHA/SHIF claims paid of Kshs.43,472,809 during the period under review and applied at source as reflected in the Controller of Budget County Governments Budget Implementation Review Report issued in August, 2025.

In the circumstances, the accuracy and completeness of County own source revenue of Kshs.203,225,065 could not be confirmed.

Management Response

The variance and lack of supporting schedules arose due to delays in consolidating hospital revenue returns and the application of SHA/SHIF reimbursements at source, which were not reflected in the County Revenue statements at the time of reporting.

Committee Observation

The Committee observed that hospital fees of Kshs.2,276,063 were reported without supporting schedules, and SHA/SHIF claims of Kshs. 43,472,809 were excluded from the revenue statements. This contravenes Section 81 of the Public Finance Management Act which requires that financial statements be prepared in accordance with applicable accounting standards and present a true and fair view of the entity's revenue. Additionally, the failure to provide verifiable records undermines the constitutional principle under Article 201(d) that public money be used in a prudent, accountable, and transparent manner.

Committee Recommendation

Committee recommends the following: -

1. That management complies with Section 81 of the Public Finance Management Act by ensuring that all hospital revenue, including SHA/SHIF claims, is fully and accurately reflected in the County revenue statements;
2. Further, management shall maintain comprehensive schedules of all hospital facility revenues matched against expenses to facilitate audit verification. In accordance with Article 201(d) of the Constitution; and
3. Management is directed to ensure that all public revenue is accounted for transparently and prudently. A complete reconciliation of the reported hospital fees and SHA/SHIF claims shall be submitted to the Committee within sixty (60) days, failing which the responsible officers shall be held personally liable in accordance with Section 155 of the Public Finance Management Act.

3. Accurate Statement of Financial Position

The statement of arrears of revenue reflects a balance of Kshs. 222,438,360. The total arrears as at the end of the year should be the total of receivables from exchange and non- exchange transactions in the statement of financial position. However, the statement of financial position omitted the disclosure of the balance of arrears of revenue.

In the circumstances, the accuracy of the statement of financial position could not be confirmed.

Management Response

The financial statements for Tana River County Receiver of Revenue for the year ended 30 June 2025 are hereby amended to correct the errors.

Committee Observation

The Committee observed that the Statement of Financial Position was inaccurate as it omitted disclosure of arrears of revenue from both exchange and non-exchange transactions. Although the financial statements were amended after issuance of the audit certificate, this reflected weaknesses in the initial preparation and review process.

The Committee further observed that there was no evidence that training needs assessment results within the Finance Department were systematically implemented to address identified capacity gaps.

Committee Recommendations

The Committee recommends that;

1. The Institute of Certified Public Accountants (ICPAK) takes action(s) against responsible for misrepresentation of financial statements which constitutes professional misconduct pursuant to Section 8 (a) and 30 of the Accountants Act CAPS 531 and reports to the Committee and the Auditor General within 60 days of adoption of this report; and
2. The County Governor, in conjunction with the National Treasury, should identify the training needs of staff serving in the Finance Department and initiate capacity-building programmes to prevent future misclassification and reporting errors, as recommended under Regulation 5 of the PFM (County Governments) Regulations, 2015. This should be completed within 60 days of the adoption of this report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Revenue Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Receiver of Revenue in 2024/2025 revealed that the following eight (8) issues remained unresolved:

No	Financial Year	Audit Issue
1.	2023/2024	Inaccuracies in the revenue statements
2.	2023/2024	Unsupported county own source revenue
3.	2023/2024	Uncollected Land Rates
4.	2023/2024	Collection of revenue without a Finance Act
5.	2023/2024	Delayed transfer of own source revenue to County Revenue Fund
6.	2023/2024	Non-automation of revenue collection
7.	2023/2024	Irregular use of revenue at source

Management Response

Management acknowledges the observations and has initiated comprehensive corrective actions to address each of the identified issues. Progress has been made in strengthening internal controls, improving documentation, automating revenue processes, and ensuring adherence to statutory financial reporting requirements.

Committee Observations

- 1) The Committee observed that eight (8) prior year audit issues remained unresolved following the audit of the Receiver of Revenue for the 2024/2025 financial year.
- 2) The Committee further observed that while Management indicates that corrective actions have been initiated, there was insufficient evidence of completion, closure, or effective resolution of the outstanding audit issues.
- 3) The Committee also observed that weaknesses persist in the follow-up, monitoring, and evaluation of audit recommendations, thereby allowing recurrent audit issues and undermining accountability and internal control systems.

Committee Recommendations

The Committee recommends that;

1. **The County Executive implements the Senate recommendations in the Auditor General's report for the Financial Year 2023/2024 adopted by the Senate, as required under Article 229(8) of the Constitution;**
2. **The County Executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adoption of this report; and**
3. **The County Executive engages with the Office of the Auditor-General to address and resolve any outstanding matters, and the Auditor-General lists any unresolved audit paragraphs in the report of the subsequent financial year as required under International Standards of Supreme Audit Institutions (ISSAI).**

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

Basis for Conclusion

4. Uncollected Revenue

The statement of arrears of revenue reflects outstanding balance of Kshs. 222,438,360. As previously reported, the amount included Kshs. 184,646,253 is in respect of land rates owed by three (3) parastatals as detailed below:

Particulars	Arrears Amount (Kshs)
National Irrigation Authority	176,820,000
KETRACO	867,830
ADC Galana Ranch	6,958,423
Total	184,646,253

However, no evidence of efforts to collect the revenue arrears was provided by Management. This was contrary to Section 157(2) of the Public Finance Management Act, 2012 which provides that the Receiver of County Government Revenue is responsible to the County Executive Member for Finance for ensuring that the revenue for which the receiver is responsible is collected or recovered and accounted for.

In the circumstances, Management was in breach of the law.

Management Response

Management notes the audit observation on the statement of land rate arrears and responds as follows:

Considering the substantial amount of land rate arrears, the County took measures to recover the outstanding land rates arrears by writing demand notices to the various landowners, a sample of which is provided for audit review

Committee Observations

The Committee noted that Kshs. 184,646,253 remains uncollected from NIA, KETRACO, and ADC Galana Ranch, contrary to **Section 157(2) of the PFMA, 2012**, which requires the Receiver of Revenue to ensure collection of all revenue due.

Committee Recommendations

1. The County Receiver of Revenue shall escalate recovery by invoking the Rating Act (Cap. 267) and Valuation for Rating Act (Cap. 266), including placing caveats and instituting legal proceedings, and report to the Senate and Auditor-General within 60 days;

2. ICPAK shall initiate disciplinary actions against any certified professionals involved in overseeing financial controls for professional negligence, pursuant to Sections 32 and 33 of the Accountants Act (Cap. 531); and
3. The Auditor-General shall conduct a follow-up audit on the internal control framework for revenue in the next financial year.

5. Non-Compliance with the Public Sector Accounting Standards Board Reporting Framework

The annual report and revenue statements presented for audit did not disclose the names of receiver of revenue and the head of revenue reporting under entity information on page iv under Key Management Team. This contrary to the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows:

In the circumstances, Management did not adhere with the PSASB guidelines.

Management Response

The financial statements for Tana River County Receiver of Revenue for the year ended 30 June 2025 are hereby amended to correct the errors.

Committee Observations

The Committee observed that trite he Tana River County Receiver of Revenue failed to comply with Section 81 of the PFM Act, which requires financial statements to follow the prescribed PSASB format, including full disclosure of key officers responsible for financial management.

Committee Recommendations

The Committee recommends that the County Executive Committee Member for Finance ensures that all future financial statements are prepared strictly in accordance with the formats and standards prescribed by the Public Sector Accounting Standards Board under Section 194 of the PFM Act, 2012. The Auditor-General to specifically report on any non-compliance with reporting templates in future audits

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

Basis for Conclusion

6. Failure to Automate Revenue Collection

Review of records revealed that the County Receiver of Revenue does not have a revenue collection system, instead revenue was collected manually using miscellaneous receipts. The Management did not automate their revenue collection system to minimize revenue leakages.

In the circumstances, the existence of effective internal controls on revenue could not be confirmed.

Management Response

The County is in the process of automating revenue collection in the financial year 2025/2026 as provided in the 2025/2026 County Budget.

Committee Observations

The Committee noted that revenue collection is done manually using miscellaneous receipts, lacking an audit trail and exposing the County to revenue leakages. This violates **Regulation 63 of the PFM (County Governments) Regulations, 2015**, which requires proper books of accounts for revenue collection.

Committee Recommendations

- 1. The Accounting Officer shall develop and submit to the Senate, and the County Assembly a Revenue Automation Roadmap within 60 days, detailing phased implementation, integration with IFMIS as per Section 160 of the PFMA, 2012, required infrastructure, and staff capacity building.**
- 2. Pending full automation, the County Receiver of Revenue shall enforce interim controls, including pre-numbered official receipts, daily reconciliation, and banking of all revenues within 24 hours, in line with Regulation 63 of the PFM (County Governments) Regulations, 2015.**

CHAPTER THREE

Nairobi County Executive

Committee Observations

The Committee observed that the County Governor did not appear before the Committee despite several invitations and summons issued by the Committee. The Committee gave the County Executive an opportunity to be heard by evidence under oath, which opportunity the County Government declined to utilize.

The Committee notes that it went further to compel the arrest and production of the County Governor before it pursuant to Article 125(2)(a) of the Constitution and section 19(3) of the Parliamentary Powers and Privileges Act (Cap. 6) but the Inspector General of Police was unable to produce the Governor.

The Committee also notes that due to the timelines stipulated under Article 229(8) of the Constitution, the Committee is timebound to report on the Auditor-General's reports by the 31st of March, 2026 and will have to proceed to report without evidence from the County Executive.

Committee Recommendations

The Committee recommends that—

- 1) the Senate adopts the reports of the Auditor-General on the County Executive, Receiver of Revenue and County Revenue Fund of the County Executive for the Financial Year 2024/25;
- 2) the County Executive submits a report on the steps it has taken to address the issues raised in the Auditor-General's reports to the Senate and the Office of the Auditor-General within thirty (30) days of the adoption of this report; and
- 3) in the event that the County Executive fails to submit a report as provided under recommendation (2) above—
 - i) the Directorate of Criminal Investigations investigates the issues raised by Auditor-General to determine whether there was breach of law and in the event that a breach of law is established, refer the matter to the Director of Public Prosecutions for prosecution;
 - ii) the Ethics and Anti-corruption Commission investigates the issues raised by Auditor-General to determine whether there was loss of funds and in the event that loss of funds is established, refer the specific issues to the Director of Public Prosecutions for prosecution;
 - iii) the Ethics and Anti-corruption Commission and the Directorate of Criminal Investigations investigate the breach of sections 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) by the county public

officers and, where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution;

- iv) the Senate resolves that the Director of Public Prosecutions prosecutes the Nairobi City County Governor, Hon. Sakaja Arthur Johnson, CBS, EGH for breach of section 27 (1) (a) (i) of the Parliamentary Powers and Privileges Act (Cap. 6); and
- v) that upon conviction, the Senate resolves that the Nairobi City County Governor, Hon. Sakaja Arthur Johnson, CBS, EGH is unfit to hold office for breach of the Constitution and the Parliamentary Powers and Privileges Act (Cap. 6).

CHAPTER FOUR

Samburu County Executive

Committee Observations

The Committee observed that the County Governor did not appear before the Committee despite several invitations and summons issued by the Committee. The Committee gave the County Executive an opportunity to be heard by evidence under oath, which opportunity the County Government declined to utilize.

The Committee notes that it went further to compel the arrest and production of the County Governor before it pursuant to Article 125(2)(a) of the Constitution and section 19(3) of the Parliamentary Powers and Privileges Act (Cap. 6) but the Inspector General of Police was unable to produce the Governor.

The Committee also notes that due to the timelines stipulated under Article 229(8) of the Constitution, the Committee is timebound to report on the Auditor-General's reports by the 31st of March, 2026 and will have to proceed to report without evidence from the County Executive.

Committee Recommendations

The Committee recommends that—

- 1) the Senate adopts the reports of the Auditor-General on the County Executive, Receiver of Revenue and County Revenue Fund of the County Executive for the Financial Year 2024/25;
- 2) the County Executive submits a report on the steps it has taken to address the issues raised in the Auditor-General's reports to the Senate and the Office of the Auditor-General within thirty (30) days of the adoption of this report; and
- 3) in the event that the County Executive fails to submit to submit a report as provided under recommendation (2) above—
 - i) the Directorate of Criminal Investigations investigates the issues raised by Auditor-General to determine whether there was breach of law and in the event that a breach of law is established, refer the matter to the Director of Public Prosecutions for prosecution;
 - ii) the Ethics and Anti-corruption Commission investigates the issues raised by Auditor-General to determine whether there was loss of funds and in the event that loss of funds is established, refer the specific issues to the Director of Public Prosecutions for prosecution;
 - iii) the Ethics and Anti-corruption Commission and the Directorate of Criminal Investigations investigate the breach of sections 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) by the county public

officers and, where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution;

- iv) the Senate resolves that the Director of Public Prosecutions prosecutes the Samburu County Governor, Hon. Jonathan Lelelit Lati, EGH for breach of section 27 (1) (a) (i) of the Parliamentary Powers and Privileges Act (Cap. 6); and
- v) that upon conviction, the Senate resolves that the Samburu County Governor, Hon. Jonathan Lelelit Lati, EGH is unfit to hold office for breach of the Constitution and the Parliamentary Powers and Privileges Act (Cap. 6).

CHAPTER FIVE

Kericho County Executive

Adverse Opinion

Committee Observations

The Committee observed that the County Governor of Kericho did not appear before the Committee despite several invitations and summons issued by the Committee. The Committee gave the County Executive an opportunity to be heard by evidence under oath, which opportunity the County Government declined to utilize.

The Committee also notes that due to the timelines stipulated under Article 229(8) of the Constitution, the Committee is timebound to report on the Auditor-General's reports by the 31st of March, 2026 and will have to proceed to report without evidence from the County Executive.

Committee Recommendations

The Committee recommends that—

- 1) the Senate adopts the reports of the Auditor-General on the County Executive, Receiver of Revenue and County Revenue Fund of the County Executive for the Financial Year 2024/25;
- 2) the County Governor, pursuant to section 19 of the Parliamentary Powers and Privileges Act, Cap. 6 of the Laws of Kenya, pays a fine of five hundred thousand shillings (Kshs. 500,000/=) in their personal capacity by way of a banker's cheque, issued in favour of "Senate" and submitted to the Office of the Clerk of the Senate, First Floor, Main Parliament Buildings, Nairobi, on or before 20th April, 2026;
- 3) the County Executive appears before the Committee and presents a written report on the steps it has taken to address the issues raised in the Auditor-General's reports to the Senate and the Office of the Auditor-General within thirty (30) days of the adoption of this report, failure to which section 19(3) of the Parliamentary Powers and Privileges Act, (Cap 6) shall apply. Furthermore, the provisions of section 23(2) of Cap 6 shall be applied against the Governor, and the Senate shall make a resolution pursuant to section 23(3) of Cap 6, Laws of Kenya.
- 4) in the event that the County Executive fails to submit a report as provided under recommendation (3) above—
 - i) the Directorate of Criminal Investigations investigates the issues raised by Auditor-General to determine whether there was breach of law and in the event that a breach of law is established, refer the matter to the Director of Public Prosecutions for prosecution;
 - ii) the Ethics and Anti-corruption Commission investigates the issues raised by Auditor-General to determine whether there was loss of

- funds and in the event that loss of funds is established, refer the specific issues to the Director of Public Prosecutions for prosecution;
- iii) the Directorate of Criminal Investigations investigate the breach of sections 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) by the county public officers and, where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution;
 - iv) the relevant professional bodies including, the Institute of Certified Public Accountants of Kenya (ICPAK), the Law Society of Kenya (LSK), the Institute of Human Resource Management (IHRM), and the Kenya Institute of Supplies Management (KISM), take appropriate disciplinary action against members found culpable of professional negligence in the discharge of their duties, which resulted in the stated lapses, and submit a report to the Senate within sixty (60) days of adoption of this Report; and
 - v) the Senate urges the Cabinet Secretary for Finance and Economic Planning, pursuant to Article 225 of the Constitution and sections 96 and 97 of the Public Finance Management Act, immediately stops the transfer of funds to Kericho County Executive due to the adverse opinion of the Auditor-General.

CHAPTER SIX

REPORT FOR COUNTY EXECUTIVES THAT SENT LETTER REQUESTING FOR RESCHEDULING

QUALIFIED OPINION

Committee Observations

The Committee observed that the County Governors of **Murang'a, Marsabit, Wajir, Kiambu, Lamu, Nyamira, Uasin-Gishu, Busia, Kisii, Kajiado, Kakamega, Siaya and Taita Taveta Executives** did not appear before the Committee despite several invitations and summons issued by the Committee. The Committee gave the County Executive an opportunity to be heard by evidence under oath, which opportunity the County Government declined to utilize.

The Committee also notes that due to the timelines stipulated under Article 229(8) of the Constitution, the Committee is timebound to report on the Auditor-General's reports by the 31st of March, 2026 and will have to proceed to report without evidence from the County Executive.

Committee Recommendations

The Committee recommends that—

- 1) the Senate adopts the reports of the Auditor-General on the County Executive, Receiver of Revenue and County Revenue Fund of the County Executive for the Financial Year 2024/25;
- 2) the County Executive appears before the Committee and presents a written report on the steps it has taken to address the issues raised in the Auditor-General's reports to the Senate and the Office of the Auditor-General within sixty (60) days of the adoption of this report, failure to which section 19(3) of the Parliamentary Powers and Privileges Act, (Cap 6) shall apply, and further, the Inspector-General of the National Police Service will produce the Governor before the Committee at a date of its choosing.
- 3) in the event that the County Executive fails to submit a report as provided under recommendation (3) above—
 - i) the Directorate of Criminal Investigations investigates the issues raised by Auditor-General to determine whether there was breach of law and in the event that a breach of law is established, refer the matter to the Director of Public Prosecutions for prosecution;
 - ii) the Ethics and Anti-corruption Commission investigates the issues raised by Auditor-General to determine whether there was loss of funds and in the event that loss of funds is established, refer the specific issues to the Director of Public Prosecutions for prosecution;

- iii) the Directorate of Criminal Investigations investigate the breach of sections 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) by the county public officers and, where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution; and
- iv) the relevant professional bodies including, the Institute of Certified Public Accountants of Kenya (ICPAK), the Law Society of Kenya (LSK), the Institute of Human Resource Management (IHRM), and the Kenya Institute of Supplies Management (KISM), take appropriate disciplinary action against members found culpable of professional negligence in the discharge of their duties, which resulted in the stated lapses, and submit a report to the Senate within sixty (60) days of adoption of this Report.

CHAPTER SEVEN

REPORT FOR COUNTY EXECUTIVES DID NOT SEND MANAGEMENT RESPONSES TO SENATE AND OFFICE OF THE AUDITOR GENERAL

QUALIFIED OPINION

Committee Observations

The Committee observed that the County Governors of **Kisumu and Kirinyaga** did not appear before the Committee despite several invitations and summons issued by the Committee. The Committee gave the County Executive an opportunity to be heard by evidence under oath, which opportunity the County Government declined to utilize.

The Committee also notes that due to the timelines stipulated under Article 229(8) of the Constitution, the Committee is timebound to report on the Auditor-General's reports by the 31st of March, 2026 and will have to proceed to report without evidence from the County Executive.

Committee Recommendations

The Committee recommends that—

- 1) the Senate adopts the reports of the Auditor-General on the County Executive, Receiver of Revenue and County Revenue Fund of the County Executive for the Financial Year 2024/25;
- 2) the County Governor, pursuant to section 19 of the Parliamentary Powers and Privileges Act, Cap. 6 of the Laws of Kenya, pays a fine of five hundred thousand shillings (Kshs. 500,000/=) in their personal capacity by way of a banker's cheque, issued in favour of "Senate" and submitted to the Office of the Clerk of the Senate, First Floor, Main Parliament Buildings, Nairobi, on or before 20th April, 2026;
- 3) the County Executive appears before the Committee and presents a written report on the steps it has taken to address the issues raised in the Auditor-General's reports to the Senate and the Office of the Auditor-General within thirty (30) days of the adoption of this report, failure to which section 19(3) of the Parliamentary Powers and Privileges Act, (Cap 6) shall apply, and further, the Inspector-General of the National Police Service will produce the Governor before the Committee at a date of its choosing.
- 4) in the event that the County Executive fails to submit to submit a report as provided under recommendation (3) above—
 - i) the Directorate of Criminal Investigations investigates the issues raised by Auditor-General to determine whether there was breach of law and in the event that a breach of law is established, refer the matter to the Director of Public Prosecutions for prosecution;
 - ii) the Ethics and Anti-corruption Commission investigates the issues raised by Auditor-General to determine whether there was loss of

- funds and in the event that loss of funds is established, refer the specific issues to the Director of Public Prosecutions for prosecution;
- iii) the Directorate of Criminal Investigations investigate the breach of sections 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) by the county public officers and, where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution; and
 - iv) the relevant professional bodies including, the Institute of Certified Public Accountants of Kenya (ICPAK), the Law Society of Kenya (LSK), the Institute of Human Resource Management (IHRM), and the Kenya Institute of Supplies Management (KISM), take appropriate disciplinary action against members found culpable of professional negligence in the discharge of their duties, which resulted in the stated lapses, and submit a report to the Senate within sixty (60) days of adoption of this Report.

CHAPTER EIGHT

CHAPTER EIGHT

REPORT FOR COUNTY EXECUTIVES THAT DID NOT RESPOND TO THE SENATE SUMMONS

QUALIFIED OPINION

Committee Observations

The Committee observed that the County Governors of **Isiolo, Garissa, Tharaka-Nithi, Nandi, Nakuru, Homabay, Migori, Baringo, Kilifi and Mombasa**, did not appear before the Committee despite several invitations and summons issued by the Committee. The Committee gave the County Executive an opportunity to be heard by evidence under oath, which opportunity the County Government declined to utilize.

The Committee also notes that due to the timelines stipulated under Article 229(8) of the Constitution, the Committee is timebound to report on the Auditor-General's reports by the 31st of March, 2026 and will have to proceed to report without evidence from the County Executive.

Committee Recommendations

The Committee recommends that—

- 1) the Senate adopts the reports of the Auditor-General on the County Executive, Receiver of Revenue and County Revenue Fund of the County Executive for the Financial Year 2024/25;
- 2) the County Governor, pursuant to section 19 of the Parliamentary Powers and Privileges Act, Cap. 6 of the Laws of Kenya, pays a fine of five hundred thousand shillings (Kshs. 500,000/=) in their personal capacity by way of a banker's cheque, issued in favour of "Senate" and submitted to the Office of the Clerk of the Senate, First Floor, Main Parliament Buildings, Nairobi, on or before 20th April, 2026;
- 3) the County Executive appears before the Committee and presents a written report on the steps it has taken to address the issues raised in the Auditor-General's reports to the Senate and the Office of the Auditor-General within thirty (30) days of the adoption of this report, failure to which section 19(3) of the Parliamentary Powers and Privileges Act, (Cap 6) shall apply, and further, the Inspector-General of the National Police Service will produce the Governor before the Committee at a date of its choosing.
- 4) in the event that the County Executive fails to submit to submit a report as provided under recommendation (3) above—
 - i) the Directorate of Criminal Investigations investigates the issues raised by Auditor-General to determine whether there was breach of law and

ways
At its meeting held on Tuesday, 28/4/2026, the CPAC committee resolved to correct the technical error in this chapter, as per the attached memo. The current chapter is hereby replaced with this.

Kawata
28/4/2026

in the event that a breach of law is established, refer the matter to the Director of Public Prosecutions for prosecution;

- ii) the Ethics and Anti-corruption Commission investigates the issues raised by Auditor-General to determine whether there was loss of funds and in the event that loss of funds is established, refer the specific issues to the Director of Public Prosecutions for prosecution;
- iii) the Directorate of Criminal Investigations investigate the breach of sections 62(1)(b) and (c) of the Public Audit Act (Cap. 412B) by the county public officers and, where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution; and
- iv) the relevant professional bodies including, the Institute of Certified Public Accountants of Kenya (ICPAK), the Law Society of Kenya (LSK), the Institute of Human Resource Management (IHRM), and the Kenya Institute of Supplies Management (KISM), take appropriate disciplinary action against members found culpable of professional negligence in the discharge of their duties, which resulted in the stated lapses, and submit a report to the Senate within sixty (60) days of adoption of this Report.

CHAPTER NINE

REPORT FOR COUNTY EXECUTIVE THAT HAD UNQUALIFIED OPINION

Committee Observations

The Committee observed that the County Executive of Makueni had an unqualified opinion therefore, the Committee did not invite him to appear before the Committee. The Committee adopted the report of the Office of the Auditor General as is.

The Committee also notes that due to the timelines stipulated under Article 229(8) of the Constitution, the Committee is timebound to report on the Auditor-General's reports by the 31st of March, 2026 and will have to proceed to report without evidence from the County Executive.

Committee Recommendations

The Committee recommends that—

- 1) the Senate adopts the reports of the Auditor-General on the County Executive, Receiver of Revenue and County Revenue Fund of the County Executive for the Financial Year 2024/25;
- 2) the County Executive appears before the Committee and presents a written report on the steps it has taken to address the issues raised in the Auditor-General's reports to the Senate and the Office of the Auditor-General within ninety (90) days of the adoption of this report, failure to which section 19(3) of the Parliamentary Powers and Privileges Act, (Cap 6) shall apply, and further, the Inspector-General of the National Police Service will produce the Governor before the Committee at a date of its choosing.



MINUTES OF THE FORTIETH (40TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AND ADOPT MINUTES HELD ON TUESDAY, 31ST MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 11:00 A.M.

PRESENT

1. Sen. Moses Otieno Kajwang', CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Samson Kiprotich Cherarkey, MP - Member
4. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
5. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member
6. Sen. Enoch Kiiio Wambua, CBS, MP - Member
7. Sen. Okong'o Mogeni, CBS, SC, MP - Member
8. Sen. Sifuna Edwine Watanya, MP - Member

ABSENT WITH APOLOGY

9. Sen. Fatuma Adan Dullo, CBS, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. Patrick Muriuki - Parliamentary Liaison Officer

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga

- Parliamentary Liaison Officer

SENATE SECRETARIAT

- | | |
|------------------------|-----------------------------|
| 1. Mr. George Otieno | - Principal Clerk Assistant |
| 2. Mr. Kevin Kibet | - Clerk Assistant II |
| 3. Mr. Malcolm Ngugi | - Legal Counsel |
| 4. Mr. Mitchell Otoro | - Legal Counsel |
| 5. Ms. Annette Khayela | - Research Officer III |
| 6. Mr. Osman Hire | - Research Officer III |
| 7. Ms. Joan Njeri | - Research Officer III |
| 8. Mr. John Chege | - Serjeant-at Arms |
| 9. Mr. Ibrahim Oruko | - Media Relations Officer |
| 10. Ms. Shirley Milimu | - Audio Officer |
| 11. Ms. Joy Were | - Intern |

MIN/SEN/CPAC/240/2026

PRAYERS

The Chairperson called the meeting to order at 11:05 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/241/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Johnes Mwashushe Mwaruma, MP and seconded by Sen. Okong'o Mogeni, CBS, SC, MP as follows;

1. Preliminaries
 - a. Prayer
2. Adoption of Agenda
3. **Consideration and adoption of and Minutes; and**
4. Any Other Business.
5. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/242/2026

CONFIRMATION OF MINUTES

Minutes of the fortieth Sitting of the County Public Accounts Committee to consider and adopts Minutes for the in-house meeting to held on Tuesday, 31st March, 2026 at 11.00

a.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. Johnes Mwashushe Mwaruma, MP and Seconded by Sen. Samson Kiprotich Cherarkey, MP.

MIN/SEN/CPAC/243/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 11:15 a.m. The next meeting will be held on notice.

SIGNATURE.....



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(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE 39TH (THIRTY NINTH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AND ADOPT REPORTS AND MINUTES HELD ON TUESDAY, 31ST MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 9:00 A.M.

PRESENT

1. Sen. Moses Otieno Kajwang', CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Samson Kiprotich Cherarkey, MP - Member
4. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
5. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member
6. Sen. Enoch Kiiro Wambua, CBS, MP - Member
7. Sen. Okong'o Mogeni, CBS, SC, MP - Member
8. Sen. Sifuna Edwine Watanya, MP - Member

ABSENT WITH APOLOGY

9. Sen. Fatuma Adan Dullo, CBS, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. Patrick Muriuki - Parliamentary Liaison Officer

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno - Principal Clerk Assistant
2. Mr. Kevin Kibet - Clerk Assistant II
3. Mr. Malcolm Ngugi - Legal Counsel
4. Mr. Mitchell Otoro - Legal Counsel
5. Ms. Annette Khayela - Research Officer III
6. Mr. Osman Hire - Research Officer III
7. Ms. Joan Njeri - Research Officer III
8. Mr. John Chege - Serjeant-at Arms
9. Mr. Ibrahim Oruko - Media Relations Officer
10. Ms. Shirley Milimu - Audio Officer
11. Ms. Joy Were - Intern
12. Ms. Shanice Akala - Intern

MIN/SEN/CPAC/233/2026

PRAYERS

The Chairperson called the meeting to order at 9:07 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/234/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Enoch Kiio Wambua, CBS, MP and seconded by Sen. Okong'o Mogeni, CBS, SC, MP as follows;

1. Preliminaries
 - a. Prayer
2. Adoption of Agenda
3. Consideration and adoption of Reports and Minutes; and

4. Any Other Business.
5. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/235/2026

PRELIMINARIES

- 1) The Committee noted that a significant number of County Executives had failed to honour invitations and summons issued pursuant to Article 125 of the Constitution and the Parliamentary Powers and Privileges Act.
- 2) The Committee further noted that only a limited number of Governors had appeared, and among those who appeared, levels of cooperation varied significantly.
- 3) The Committee was informed that the Office of the Auditor-General had confirmed that audit reports could be adopted by the Committee even in the absence of oral submissions by the audited entities.
- 4) The Chairperson emphasized the need to consolidate multiple reports into structured volumes and motions to facilitate efficient tabling and debate in the Senate.

MIN/SEN/CPAC/236/2026

**CONSIDERATION AND ADOPTION OF
REPORTS; STRUCTURING AND
CONSOLIDATION OF REPORTS**

- 1) The Committee considered the categorisation of reports relating to County Executives and resolved to structure them into distinct categories, namely: counties that failed to respond to the Auditor-General; counties that failed to honour Senate summons; counties that requested postponement; and counties with unqualified audit opinions.
- 2) The Committee similarly structured reports relating to County Assemblies into categories comprising assemblies that appeared before the Committee, assemblies whose written submissions were relied upon, assemblies with unqualified audit opinions and assemblies that did not appear.
- 3) The Committee resolved that all reports would be consolidated into a single omnibus motion for tabling in the Senate in order to enhance efficiency, avoid fragmentation of Committee business and align with the scheduling of other Committee reports.
- 4) The Committee further observed that written submissions, while useful, could not substitute oral examination under oath, which is essential for effective oversight. The Committee underscored the need to assert Parliament's authority under Article 125 of the Constitution and to ensure compliance with its directives.
- 5) The Committee noted with appreciation that County Assemblies generally demonstrated higher levels of compliance and institutional respect compared to County Executives.

MIN/SEN/CPAC/237/2026

**COMMITTEE RESOLUTION ON NON-
COMPLIANCE, ARREST AND
UNSUITABILITY TO HOLD PUBLIC**

OFFICE: GOVERNORS OF NAIROBI
CITY COUNTY AND
SAMBURU COUNTY

- 1) The Committee noted that pursuant to Article 125 of the Constitution and the provisions of the Parliamentary Powers and Privileges Act, it issued summons requiring the Governors of Nairobi City County and Samburu County to appear before it to respond to audit queries arising from the Auditor-General's reports for the Financial Year 2024/2025.
- 2) The Committee further noted that despite several invitations and duly issued summons, the said Governors persistently failed, neglected, and/or refused to appear before the Committee.
- 3) The Committee recalled that, in an effort to enforce compliance, it invoked its constitutional powers and directed the Inspector General of Police to arrest and produce the said Governors before the Committee.
- 4) The Committee observed that the Inspector General of Police undertook steps towards execution of the said directives; however, the Governors were not produced before the Committee within the scheduled timelines.
- 5) The Committee noted that the warrants of arrest issued pursuant to its directives remain valid and have not been withdrawn, and that the said Governors continue to evade lawful process.
- 6) The Committee finds that the Governors of Nairobi City County and Samburu County have willfully failed to honour lawful summons issued by the Senate, thereby acting in contempt of Parliament.
- 7) The Committee further finds that the said conduct constitutes a deliberate and sustained violation of the Constitution, particularly the principles of accountability, transparency, and respect for institutions established under the Constitution.
- 8) The Committee observes that all reasonable and lawful avenues available to secure the attendance of the said Governors have been exhausted, including:
 - Issuance of invitations;
 - Issuance of summons;
 - Grant of opportunity to be heard; and
 - Invocation of enforcement mechanisms through the National Police Service.
- 9) The Committee further observes that the failure by the Governors to appear before the Committee amounts to a waiver of their right to be heard and undermines the Senate's constitutional oversight mandate under Article 229.

Determination on Contempt

- a) The Committee determines that the Governors of Nairobi City County and Samburu County are in contempt of Parliament for failure to comply with lawful summons.
- b) The Committee further determines that such contempt is aggravated by the persistent and deliberate nature of the non-compliance, despite clear notice of the legal consequences.

Determination on Violation of the Constitution

- a) The Committee finds that the conduct of the said Governors amounts to gross violation of the Constitution, including:
 - Disregard of constitutional oversight mechanisms;
 - Undermining of the authority of Parliament; and
 - Failure to uphold the principles of leadership and integrity under Chapter Six of the Constitution.
- b) The Committee notes that acceptance of public office carries with it a corresponding obligation to submit to lawful accountability processes.

Determination on Suitability to Hold Public Office

In light of the foregoing findings, and having exhausted all available enforcement mechanisms, the Committee resolves to recommend that the Senate finds that:

- The Governors of Nairobi City County and Samburu County have demonstrated conduct inconsistent with the Constitution;
- The said conduct reflects a lack of regard for the rule of law and institutional accountability; and
- The said Governors are unfit to hold public office, subject to any judicial process or challenge as may be instituted.

The Committee further notes that this determination shall form part of the official record of the Senate and may be relied upon in any future vetting, appointment, or integrity assessment processes.

Status of Warrants of Arrest

The Committee affirms that the warrants of arrest issued against the Governors of Nairobi City County and Samburu County remain in force.

The Committee directs that:

- The Inspector General of Police shall continue to take all necessary steps to arrest and produce the said Governors before the Committee; and

- Upon arrest, the Governors shall be presented before the Committee for purposes of addressing contempt proceedings, which shall be treated as distinct from the substantive audit matters.

The Committee resolves that upon production of the Governors:

- The Committee shall reconvene at the earliest opportunity to hear and determine matters relating to contempt of Parliament;
- The issue of non-compliance with summons shall be addressed independently of the audit queries.

The Committee further recommends that:

- The Senate considers strengthening enforcement mechanisms under the Parliamentary Powers and Privileges Act to ensure effective compliance with its directives.

MIN/SEN/CPAC/237/2026

**ENFORCEMENT FRAMEWORK ON
NON-APPEARANCE AND
FAILURE TO HONOUR SUMMONS**

- a) The Committee resolved that for counties that failed to appear and did not submit responses, the Auditor-General's reports would be adopted as submitted, the respective Governors would be fined Ksh.500,000 in their personal capacity, and the County Executives would be required to submit implementation reports within 30 days.
- b) The Committee further resolved that failure to comply within the stipulated period would result in referral of the matters to the Directorate of Criminal Investigations (DCI), the Ethics and Anti-Corruption Commission (EACC), and the Director of Public Prosecutions (DPP) for investigation and possible prosecution.
- c) The Committee resolved that counties that formally requested postponement would not be subjected to fines but would be granted 60 days to submit implementation reports, failing which the same enforcement measures would apply.
- d) The Committee resolved that in cases of adverse audit opinions, the Auditor-General's reports would be adopted as submitted, fines imposed, and implementation reports required within 30 days, with an additional recommendation urging the Cabinet Secretary for Finance to consider measures under Article 225 of the Constitution.
- e) The Committee further resolved that in the special cases of Nairobi City County and Samburu County, where all enforcement mechanisms had been exhausted, the Senate should make a finding that the respective Governors were in gross violation of the Constitution and unfit to hold public office, subject to legal challenge.
- f) The Committee resolved that matters indicating professional negligence be referred to relevant professional bodies, including ICPAK, the Law Society of Kenya, the Institute

of Human Resource Management, and relevant supply chain professional bodies for disciplinary action.

- g) The Committee further resolved to recommend strengthening of enforcement mechanisms under the Parliamentary Powers and Privileges Act to enhance compliance with Senate directives.

MIN/SEN/CPAC/238/2026

COUNTY ASSEMBLIES' REPORTS

- a) The Committee resolved that County Assemblies that appeared before the Committee be granted 90 days to implement recommendations. The Committee further resolved that assemblies that did not appear be granted 60 days to submit implementation reports.
- b) The Committee noted that assemblies with unqualified audit opinions would be subject to standard compliance monitoring within the statutory framework.
- c) The Committee observed that County Assemblies demonstrated commendable cooperation and resolved to adopt a moderated enforcement approach in their case.
- d) The Committee resolved that contributions to CAF and SOCATT are irregular due to lack of enabling legislation and should therefore cease immediately. The Committee further resolved to allow a window of 30 days for stakeholders to engage the Senate with a view to developing a legislative framework to regularise such contributions.

MIN/SEN/CPAC/238/2026

CONFIRMATION OF MINUTES

1. Minutes of the twenty-eighth Sitting of the County Public Accounts Committee to consider Report of the Auditor General on the Financial Statements for the County Assembly of Makueni for Financial Year 2024/2025 held on Friday, 13th March, 2026 at 1.00 p.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. Enoch Kiiio Wambua, CBS, MP and Seconded by Sen. Okong'o Mogeni, CBS, SC, MP.
2. Minutes of the thirty fourth Sitting of the County Public Accounts Committee to consider Reports of the Auditor General on the Financial Statements for the County Executive of Siaya for Financial Year 2024/2025, the Receiver of Revenue and County Revenue Fund Statements for Financial Year 2024/2025, held on Monday, 30th March, 2026 at 11.00 a.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. Mwenda Gataya Mo Fire, CBS, MP and Seconded by Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP.
3. Minutes of the thirty fifth Sitting of the County Public Accounts Committee to consider Reports of the Auditor General on the Financial Statements for the County Executive of Turkana for Financial Year 2024/2025, the Receiver of Revenue and County Revenue Fund Statements for Financial Year 2024/2025, held on Monday, 30th March, 2026 at 12.00 p.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed

having been proposed by Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP and Seconded by Sen. Johnes Mwashushe Mwaruma, MP.

4. Minutes of the thirty sixth Sitting of the County Public Accounts Committee to engage with the Office of the Auditor General on the status of audit reports across regional hubs at held on Monday, 30th March, 2026 at 1:00 p.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP and Seconded by Sen. Johnes Mwashushe Mwaruma, MP.
5. Minutes of the thirty seventh Sitting of the County Public Accounts Committee to deliberate on the failure by the Inspector General of Police to arrest and produce the Governors of Samburu and Nairobi City County respectively held on Monday, 30th March, 2026 at 2:30 p.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. Samson Kiprotich Cherarkey, MP and Seconded by Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP.
6. Minutes of the thirty eighth Sitting of the County Public Accounts Committee to consider Reports of the Auditor General on the Financial Statements for the County Executive of Tana River for Financial Year 2024/2025, the Receiver of Revenue and County Revenue Fund Statements for Financial Year 2024/2025, held on Monday, 30th March, 2026 at 11.00 a.m. at Committee Room 9, Second Floor, Bunge Tower were confirmed having been proposed by Sen. Johnes Mwashushe Mwaruma, MP and Seconded by Sen. Mwenda Gataya Mo Fire, CBS, MP.

MIN/SEN/CPAC/239/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 11:02 a.m. The next meeting will be by notice.

SIGNATURE.....



.....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE 38TH (THIRTY EIGHTH) SITTING, MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER A STATUS REPORT ON THE ACTIONS TAKEN BY THE ISIOLO COUNTY EXECUTIVE MANAGEMENT TO CONSIDER THE AUDITOR-GENERAL'S REPORT ON THE FINANCIAL STATEMENTS OF THE COUNTY EXECUTIVE OF TANA RIVER, THE RECEIVER OF REVENUE REPORT AND THE COUNTY REVENUE FUND FOR FINANCIAL YEAR 2024/2025 HELD ON MONDAY, 30TH MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 2:30 P.M.

PRESENT

1. Sen. Moses Otieno Kajwang', CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Fatuma Adan Dullo, CBS, MP - Member
4. Sen. Samson Kiprotich Cherarkey, MP - Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
6. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member

ABSENT WITH APOLOGY

7. Sen. Enoch Kii Wambua, CBS, MP - Member
8. Sen. Okong'o Mogeni, CBS, SC, MP - Member
9. Sen. Sifuna Edwine Watanya, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

- 1) Mr. Patrick Muriuki - Parliamentary Liaison Officer
- 2) Mr. David Munyaka - Director of Audit
- 3) Mr. Morris Otieno - Deputy Director of Audit

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno - Principal Clerk Assistant

- | | |
|-------------------------|----------------------------|
| 2. Mr. Kevin Kibet | - Clerk Assistant II |
| 3. Mr. Crispus Tima | - Senior Clerk Assistant |
| 4. Ms. Annette Kwamboka | - Legal Counsel |
| 5. Ms. Annette Khayela | - Research Officer III |
| 6. Mr. Osman Hire | - Research Officer III |
| 7. Ms. Joan Njeri | - Research Officer III |
| 8. Ms. Kanze Charity | - Research Officer III |
| 9. Mr. John Chege | - Serjeant-at Arms |
| 10. Ms. Lydia Kagumba | - Public Relations Officer |
| 11. Mr. Ibrahim Oruko | - Media Relations Officer |
| 12. Ms. Shirley Milimu | - Audio Officer |
| 13. Ms. Joy Were | - Intern |
| 14. Ms. Shanice Akala | - Intern |

IN ATTENDANCE

TANA RIVER COUNTY EXECUTIVE

- | | |
|------------------------|--------------------------|
| 1) Hon. Dhadho Godhana | - Governor |
| 2) Ms. Brenda Mokaya | - CECM Finance |
| 3) Mr. Sango Maewa | - County legal advisor |
| 4) Ms. Maria Bunu | - CO Finance |
| 5) Ms. Salma Omara | - CO, Office of governor |
| 6) Mr. Tolah Yonnah | - Director, Finance |
| 7) Mr. Kase Daddo | - Director, Revenue |

MIN/SEN/CPAC/229/2026

PRAYERS

The Chairperson called the meeting to order at 2:35 p.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/230/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Johnes Mwashushe Mwaruma, MP and seconded by Sen. Samson Kiprotich Cherarkey, MP as follows;

1. Preliminaries
 - a. Prayer
 - b. Introductions
2. Adoption of Agenda
3. Administration of Oath
4. **Consideration of a status report on the actions taken by the Tana River County Executive Management to address the Auditor-General's Report on the Financial Statements of the County Executive of Tana River, the County Revenue Fund and the Report of the Auditor General on Receiver of Revenue Statements for Financial Year 2024/2025 (Committee Paper No. 57); and**
5. Any Other Business.
6. Date of the Next Meeting and Adjournment.

- 1) The Committee was taken through the summons issued to the Governor of Tana River pursuant to Article 125 of the Constitution and relevant provisions of the Parliamentary Powers and Privileges Act. The summons outlined prior invitations, requests for rescheduling, and the requirement for the Governor to appear before the Committee and submit written responses to audit queries.
- 2) The Committee confirmed that:
 - The Governor appeared before the Committee in compliance with the summons;
 - The Governor took oath as required; and
 - Written responses and supporting documentation had been submitted and circulated to the Office of the Auditor-General.
- 3) The Governor tabled written management responses and supporting documentation to the Auditor-General's reports. The Office of the Auditor-General confirmed that the submissions had been received and reviewed.
- 4) The Committee was informed that:
 - A total of 42 audit issues had been identified;
 - Only one issue had been fully resolved;
 - Several issues remained unresolved, partially addressed, or kept in view.

The Committee noted that key concerns included unsupported balances, stalled projects, and weaknesses in financial reporting systems.

- 5) The Governor attributed the adverse audit opinion to:
 - Capacity gaps in financial management;
 - Weak institutional systems; and
 - Technical challenges, including IFMIS-related issues.

The Governor outlined corrective measures, including recruitment of key staff, capacity building, and engagement with the National Treasury.

- 6) The Governor attributed the adverse audit opinion to:
 - Capacity gaps in financial management;
 - Weak institutional systems; and
 - Technical challenges, including IFMIS-related issues.

The Governor outlined corrective measures, including recruitment of key staff, capacity building, and engagement with the National Treasury.

- 7) The Committee resolved that:

- Written submissions be adopted as the basis for analysis of the Auditor-General's reports;
- Detailed interrogation of audit issues be deferred;
- The County Executive of Tana River submit an implementation framework within 30 days;
- The Committee conduct a follow-up visit to verify projects and assess value for money; and
- The Secretariat prepare a report for tabling before the Senate within the statutory deadline.

MIN/SEN/CPAC/232/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 3:08 p.m. The next meeting will be held on Tuesday, 31st March, 2026 at 10:00 a.m.

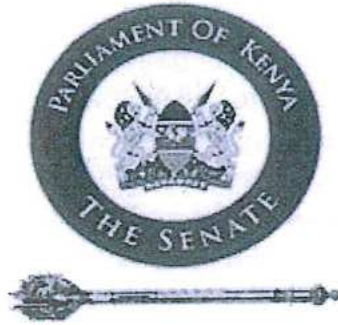
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(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE 37TH (THIRTY SEVENTH) SITTING, MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO DELIBERATE ON THE FAILURE BY THE INSPECTOR GENERAL OF POLICE TO ARREST AND PRODUCE THE GOVERNOR OF SAMBURU COUNTY AND THE GOVERNOR OF NAIROBI CITY COUNTY HELD ON MONDAY, 30TH MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 2:00 P.M.

PRESENT

1. Sen. Moses Otieno Kajwang', CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Fatuma Adan Dullo, CBS, MP - Member
4. Sen. Samson Kiprotich Cherarkey, MP - Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
6. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member

ABSENT WITH APOLOGY

7. Sen. Enoch Kiio Wambua, CBS, MP - Member
8. Sen. Okong'o Mogeni, CBS, SC, MP - Member
9. Sen. Sifuna Edwine Watenya, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

- 1) Mr. Patrick Muriuki - Parliamentary Liaison Officer
- 2) Mr. Joseph Karanja - Deputy Director of Audit
- 3) Mr. Dennis Kariuki - Director of Audit
- 4) Mr. David Munyaka - Director of Audit
- 5) Mr. Herrie Njoroge - Director of Audit
- 6) Mr. Henry Nyandwaku - Director of Audit
- 7) Mr. Leonard Opara - Director of Audit
- 8) Ms. Pamela Mugalisi - Director of Audit
- 9) Mr. Daniel Nduga - Principal Auditor
- 10) Ms. Judith Oluoch - Principal Auditor
- 11) Mr. Ruben Kamuruchi - Deputy Director of Audit
- 12) Mr. George Onkundi - Deputy Director of Audit
- 13) Mr. Joseph Mwangi - Principal Auditor
- 14) Mr. Bonface Ong'wen - Deputy Director of Audit DDA
- 15) Ms. Ruth Irungu - Auditor

- | | |
|------------------------|----------------------------|
| 16)Mr. Muigai Ikame | - Deputy Director of Audit |
| 17)Mr. Samuel Obonyo | - Deputy Director of Audit |
| 18)Mr. David Cherono | - Director of Audit |
| 19)Mr. Antony Mwangi | - Principal Auditor |
| 20)Mr. Peter Gitonga | - Director of Audit |
| 21)Mr. Laban Ondara | - Deputy Director of Audit |
| 22)Dr. Charles Mwitari | - Director of Audit |
| 23)Mr. Morris Otieno | - Deputy Director of Audit |

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga - Parliamentary Liaison Officer

SENATE SECRETARIAT

- | | |
|-------------------------|-----------------------------|
| 1. Mr. George Otieno | - Principal Clerk Assistant |
| 2. Mr. Kevin Kibet | - Clerk Assistant II |
| 3. Mr. Crispus Tima | - Senior Clerk Assistant |
| 4. Ms. Annette Kwamboka | - Legal Counsel |
| 5. Ms. Annette Khayela | - Research Officer III |
| 6. Mr. Osman Hire | - Research Officer III |
| 7. Ms. Joan Njeri | - Research Officer III |
| 8. Ms. Kanze Charity | - Research Officer III |
| 9. Mr. John Chege | - Serjeant-at Arms |
| 10. Ms. Lydia Kagumba | - Public Relations Officer |
| 11. Mr. Ibrahim Oruko | - Media Relations Officer |
| 12. Ms. Shirley Milimu | - Audio Officer |
| 13. Ms. Joy Were | - Intern |
| 14. Ms. Shanice Akala | - Intern |

MIN/SEN/CPAC/225/2026

The Chairperson called the meeting to order at 2:00 p.m. followed by a word of prayer. Thereafter introductions followed.

PRAYERS

MIN/SEN/CPAC/226/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Mwenda Gataya Mo Fire, CBS, MP and seconded by Sen. Fatuma Adan Dullo, CBS, MP as follows;

1. Preliminaries
 - a. Prayer
 - b. Introductions
2. Adoption of Agenda
3. **Deliberation on the failure by the Inspector General of Police to arrest and produce the Governor of Samburu County and the Governor of Nairobi City County; and**

4. Any Other Business.
5. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/227/2026

PRELIMINARIES

1) The Committee recalled that:

- It had issued directions to the Inspector General of Police to arrest and produce;
 - H.E. Jonathan Lati Lelelit, Governor of Samburu County, at 10:00 a.m.; and
 - H.E. Johnson Sakaja, Governor of Nairobi City County, at 1:00 p.m.
- These directions were issued pursuant to the Committee's constitutional mandate and powers equivalent to those of the High Court under Article 125 of the Constitution.
- A formal letter communicating the resolution had been on the arrest of H.E. Jonathan Lati Lelelit, Governor of Samburu County:
 - Written on 19th March 2026;
 - Received and acknowledged by the Inspector General's office on 23rd March 2026.

2) The Secretariat confirmed that:

- No formal response had been received from the Inspector General of Police regarding execution of the Committee's directive;
- The Governor of Samburu had not been sighted within Parliament precincts;
- The Governor of Nairobi had not been presented before the Committee;
- The Inspector General of Police had not appeared nor communicated any inability to comply with the directive.

3) The Committee deliberated on the matter and observed that:

- The Inspector General of Police had previously appeared before the Committee and publicly committed to produce any person summoned by the Senate upon request;
- Failure to comply with the Committee's directive, without communication or justification, raised serious concerns regarding; Respect for parliamentary authority, Enforcement of accountability mechanisms; and Commitment to constitutional obligations under Article 245(4) and related provisions;
- Non-compliance undermines the Senate's oversight mandate and risks creating a precedent of impunity among public officers.

4) Members further emphasized that:

- The National Police Service has a constitutional obligation to support accountability and combat corruption;
- Failure to act on lawful directives of Parliament constitutes potential contempt of Parliament;

- The continued non-appearance of Governors before Senate Committees signals broader systemic non-compliance across institutions.

5) The Committee resolved as follows:

a) **Summoning of the Inspector General of Police**

The Inspector General of Police to be summoned to appear before the Committee to explain failure to comply with the directive to arrest and produce the Governors of Samburu and Nairobi.

b) **Scope of Explanation Required**

The Inspector General shall be required to;

- Explain reasons for non-compliance with the Committee's directive;
- Indicate actions taken, if any, to effect the arrests;
- Identify officers assigned responsibility for executing the directive;
- Provide a timeline for compliance.

c) **Status of Warrants**

The Committee affirmed that:

- The directives (warrants) for arrest and production of the two Governors remain in force;
- There is no suspension or withdrawal of the Committee's earlier orders.

d) **Escalation to the Senate**

The Committee shall consider escalating the matter for broader deliberation, including possible appearance of the Inspector General before the Whole House of the Senate.

e) **Institutional Accountability**

The Committee emphasized the need to safeguard the authority of Parliament and ensure compliance with its resolutions by all state agencies.

MIN/SEN/CPAC/228/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 2:17 p.m. The next meeting will be by notice.

SIGNATURE.....



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(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE 36TH (THIRTY SIXTH) SITTING, MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO ENGAGE WITH THE OFFICE OF THE AUDITOR-GENERAL ON THE STATUS OF AUDIT REPORTS ACROSS REGIONAL HUBS HELD ON MONDAY, 30TH MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 1:00 P.M.

PRESENT

1. Sen. Moses Otieno Kajwang', CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Fatuma Adan Dullo, CBS, MP - Member
4. Sen. Samson Kiprotich Cherarkey, MP - Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
6. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member

ABSENT WITH APOLOGY

7. Sen. Enoch Kiiro Wambua, CBS, MP - Member
8. Sen. Okong'o Mogeni, CBS, SC, MP - Member
9. Sen. Sifuna Edwine Watanya, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

- 1) Mr. Patrick Muriuki - Parliamentary Liaison Officer
- 2) Mr. Joseph Karanja - Deputy Director of Audit
- 3) Mr. Dennis Kariuki - Director of Audit
- 4) Mr. David Munyaka - Director of Audit
- 5) Mr. Herrie Njoroge - Director of Audit
- 6) Mr. Henry Nyandwaku - Director of Audit
- 7) Mr. Leonard Opara - Director of Audit
- 8) Ms. Pamela Mugalisi - Director of Audit
- 9) Mr. Daniel Nduga - Principal Auditor
- 10) Ms. Judith Oluoch - Principal Auditor
- 11) Mr. Ruben Kamuruchi - Deputy Director of Audit
- 12) Mr. George Onkundi - Deputy Director of Audit
- 13) Mr. Joseph Mwangi - Principal Auditor
- 14) Mr. Bonface Ong'wen - Deputy Director of Audit DDA
- 15) Ms. Ruth Irungu - Auditor
- 16) Mr. Muigai Ikame - Deputy Director of Audit

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| 17)Mr. Samuel Obonyo | - Deputy Director of Audit |
| 18)Mr. David Cherono | - Director of Audit |
| 19)Mr. Antony Mwangi | - Principal Auditor |
| 20)Mr. Peter Gitonga | - Director of Audit |
| 21)Mr. Laban Ondara | - Deputy Director of Audit |
| 22)Dr. Charles Mwitari | - Director of Audit |
| 23)Mr. Morris Otieno | - Deputy Director of Audit |

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga - Parliamentary Liaison Officer

SENATE SECRETARIAT

- | | |
|-------------------------|-----------------------------|
| 1. Mr. George Otieno | - Principal Clerk Assistant |
| 2. Mr. Kevin Kibet | - Clerk Assistant II |
| 3. Mr. Crispus Tima | - Senior Clerk Assistant |
| 4. Ms. Annette Kwamboka | - Legal Counsel |
| 5. Ms. Annette Khayela | - Research Officer III |
| 6. Mr. Osman Hire | - Research Officer III |
| 7. Ms. Joan Njeri | - Research Officer III |
| 8. Ms. Kanze Charity | - Research Officer III |
| 9. Mr. John Chege | - Serjeant-at Arms |
| 10. Ms. Lydia Kagumba | - Public Relations Officer |
| 11. Mr. Ibrahim Oruko | - Media Relations Officer |
| 12. Ms. Shirley Milimu | - Audio Officer |
| 13. Ms. Joy Were | - Intern |
| 14. Ms. Shanice Akala | - Intern |

MIN/SEN/CPAC/221/2026

PRAYERS

The Chairperson called the meeting to order at 1:00 p.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/222/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Mwenda Gataya Mo Fire, CBS, MP and seconded by Sen. Fatuma Adan Dullo, CBS, MP as follows;

1. Preliminaries
 - a. Prayer
 - b. Introductions
2. Adoption of Agenda
3. **Engagement with the Office of the Auditor-General on the status of audit reports across regional hubs; and**
4. Any Other Business.
5. Date of the Next Meeting and Adjournment.

- 1) The Chairperson informed the meeting that:
 - a. The Committee had summoned 29 County Governors to appear before it; Only two Governors (Siaya and Turkana) had appeared;
 - b. The Committee was required to table its report before the Senate by 31st March 2026.
- 2) The purpose of the meeting was therefore to:
 - a. Assess the status of audit reports across regions;
 - b. Determine the feasibility of completing Committee reports within the statutory deadline;
 - c. Agree on a uniform approach for handling non-compliant counties.
- 3) The Secretariat reported that:
 - a. A total of 29 counties had been summoned; Only two counties had appeared; Nine counties had submitted requests for rescheduling;
 - b. Approximately 20 counties had neither appeared nor provided valid explanations.
- 4) The Office of the Auditor-General reported that:
 - a. Some counties had submitted written responses to audit queries;
 - b. Several counties had not submitted any responses at all, including: Kirinyaga, Samburu, Kisumu and Kericho.

The Committee noted that failure to respond to audit queries constituted a serious breach of accountability requirements.
- 5) The Committee deliberated extensively and observed that:
 - i. Non-appearance before the Committee, despite summons, amounts to a waiver of the right to be heard;
 - ii. Written submissions not tabled under oath lack evidentiary weight;
 - iii. Allowing entities to dispute audit findings without appearing undermines the authority of the Auditor-General;
 - iv. The Committee has a constitutional obligation under Article 229 to consider and act on audit reports within prescribed timelines;
 - v. The continued failure by County Executives to appear signals systemic resistance to oversight.
- 6) The Committee further emphasized:
 - a. The need to protect the independence and authority of the Office of the Auditor-General;
 - b. The importance of coordinated action with oversight and investigative agencies;
 - c. The necessity of timely enforcement to deter impunity.
- 7) The Legal Counsel advised that:

- i. Consideration of audit reports can proceed with or without the appearance of the audited entity;
- ii. Failure to appear constitutes waiver of the opportunity to make oral representations;
- iii. However, where written submissions exist, the Committee must consider them unless properly excluded.

8) The Committee noted that:

- i. A few County Assemblies (including Kakamega, Lamu, Kajiado, and Siaya) had considered and adopted audit reports for their respective county executives;
- ii. However, the Senate retains an independent and concurrent oversight mandate and thus the Committee would proceed with its own determination while acknowledging the work of County Assemblies.

9) The Committee resolved that:

➤ **Adoption of Audit Reports for Non-Compliant Counties**

Auditor-General's reports for counties that failed to appear or respond shall be adopted as submitted, without further consideration of additional responses.

➤ **Shortened Implementation Timeline**

Non-compliant counties shall be required to submit an implementation framework within 30 days, instead of the standard 90 days.

➤ **Referral to Investigative Agencies**

Where implementation frameworks are not submitted within the stipulated timeline, matters shall be referred to EACC, DCI and DPP for appropriate action.

➤ **Sanctions for Non-Compliance**

The Committee shall consider recommending:

- a) Fines for failure to honour summons;
- b) Further legal and administrative sanctions, including possible stoppage of funds in extreme cases.

➤ **Forensic Audits**

Counties with adverse audit opinions and no responses shall be considered for forensic audit investigations.

➤ **Strengthening Oversight Framework**

The Committee shall uphold the independence of the Office of the Auditor-General and resist legislative proposals that undermine its mandate.

MIN/SEN/CPAC/224/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 1:54 p.m. The next meeting will be by notice.

SIGNATURE..... 

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....

- 1) The Committee was taken through the summons issued to H.E. the Governor of Turkana pursuant to Article 125 of the Constitution and relevant provisions of the Parliamentary Powers and Privileges Act.

The summons outlined previous invitations, requests for rescheduling, and the requirement for the Governor to appear before the Committee and submit written responses to audit queries.

- 2) The Committee confirmed that:

- a) The Governor appeared before the Committee in compliance with the summons;
- b) The Governor took oath as required; and
- c) Written responses and supporting documentation had been submitted in advance and received by both the Committee and the Office of the Auditor-General.

- 3) The Governor explained that previous non-attendance was due to other prior planned engagements and not deliberate non-compliance. He reaffirmed respect for the Senate and its oversight mandate. The Governor further indicated that he had recently been unwell but was available to proceed with the session.

- 4) The Committee noted that:

- a) The Governor had complied with the summons and participated in the proceedings;
- b) The written submissions provided were comprehensive and had been reviewed by the Office of the Auditor-General; and
- c) Time constraints limited the Committee's ability to undertake detailed oral interrogation of audit matters.

- 5) The Committee resolved that:

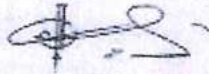
- a) The written submissions be adopted as the basis for analysis of the Auditor-General's reports;
- b) Detailed oral interrogation be deferred;
- c) The Secretariat, in consultation with the Office of the Auditor-General, prepare a report for consideration and tabling before the Senate;
- d) The County Executive of Turkana be subjected to a follow-up review on implementation of recommendations within a shortened timeline of 30 to 60 days; and
- e) Compliance with summons be recorded accordingly.

MIN/SEN/CPAC/220/2026

- ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 12:43 p.m. The next meeting will be by notice.

SIGNATURE.....



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(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....



MINUTES OF THE 34TH (THIRTY FOURTH) SITTING. MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER A STATUS REPORT ON THE ACTIONS TAKEN BY THE SIAYA COUNTY EXECUTIVE MANAGEMENT TO CONSIDER THE AUDITOR-GENERAL'S REPORT ON THE FINANCIAL STATEMENTS OF THE COUNTY EXECUTIVE OF SIAYA. THE RECEIVER OF REVENUE REPORT AND THE COUNTY REVENUE FUND FOR FINANCIAL YEAR 2024/2025 HELD ON MONDAY, 30TH MARCH, 2026 AT THE COMMITTEE ROOM 9, 2ND FLOOR, BUNGE TOWER FROM 11:00 A.M.

PRESENT

1. Sen. Moses Otieno Kajwang', CBS, MP - Chairperson
2. Sen. Johnes Mwashushe Mwaruma, MP - Vice Chairperson
3. Sen. Fatuma Adan Dullo, CBS, MP - Member
4. Sen. Samson Kiprotich Cherarkey, MP - Member
5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP - Member
6. Sen. Mwenda Gataya Mo Fire, CBS, MP - Member

ABSENT WITH APOLOGY

7. Sen. Enoch Kiiro Wambua, CBS, MP - Member
8. Sen. Okong'o Mogeni, CBS, SC, MP - Member
9. Sen. Sifuna Edwine Watanya, MP - Member

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL (OAG)

- 1) Mr. Patrick Muriuki - Parliamentary Liaison Officer
- 2) Mr. Joseph Karanja - Deputy Director of Audit
- 3) Mr. Dennis Kariuki - Director of Audit

ETHICS AND ANTICORRUPTION COMMISSION

Ms. Christine Mweu - Parliamentary Liaison Officer

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

Mr. Charles Tunga - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno - Principal Clerk Assistant
2. Mr. Kevin Kibet - Clerk Assistant II

- | | |
|-------------------------|----------------------------|
| 3. Mr. Crispus Tima | - Senior Clerk Assistant |
| 4. Ms. Annette Kwamboka | - Legal Counsel |
| 5. Ms. Annette Khayela | - Research Officer III |
| 6. Mr. Osman Hire | - Research Officer III |
| 7. Ms. Joan Njeri | - Research Officer III |
| 8. Ms. Kanze Charity | - Research Officer III |
| 9. Mr. John Chege | - Serjeant-at Arms |
| 10. Ms. Lydia Kagumba | - Public Relations Officer |
| 11. Mr. Ibrahim Oruko | - Media Relations Officer |
| 12. Ms. Shirley Milimu | - Audio Officer |
| 13. Ms. Joy Were | - Intern |
| 14. Ms. Shanice Akala | - Intern |

IN ATTENDANCE

SIAYA COUNTY EXECUTIVE

- | | |
|-----------------------------|--------------------------|
| 1) Hon. James Aggrey Orengo | - Governor |
| 2) Mr. Joseph Ogutu | - County Secretary |
| 3) Mr. George Nyingiro | - CEC Finance |
| 4) Mr. Mathews Orwa | - Liaison Officer |
| 5) Mr. Martin Okwath | - Director, Supply Chain |
| 6) Mr. Cyrus Oguna | - Chief of Staff |
| 7) Mr. Keya Moses | - Director revenue |
| 8) Mr. Bethwell Omondi | - Accountant |
| 9) Mr. Jared Oluoch | - Director public works |
| 10) Mr. P. Okoth | - Director finance |
| 11) Mr. Odinga Jacton | - Chief officer, Finance |
| 12) Mr. Leonard Okunda | - County solicitor |

SIAYA COUNTY PUBLIC ACCOUNTS COMMITTEE

- | | |
|--------------------------|--------------------|
| 1. Hon. William Kinyanyi | - Chairperson |
| 2. Hon. David Ragen | - Vice Chairperson |
| 3. Ms. Regina Akoth | - Clerk assistant |

MIN/SEN/CPAC/212/2026

PRAYERS

The Chairperson called the meeting to order at 11:30 a.m. followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/213/2026

ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Mwenda Gataya Mo Fire, CBS, MP and seconded by Sen. Fatuma Adan Dullo, CBS, MP as follows;

1. Preliminaries
 - a. Prayer
 - b. Introductions
2. Adoption of Agenda

3. Administration of Oath
4. Consideration of a status report on the actions taken by the Siaya County Executive Management to address the Auditor-General's Report on the Financial Statements of the County Executive of Siaya, the County Revenue Fund and the Report of the Auditor General on Receiver of Revenue Statements for Financial Year 2024/2025 (*Committee Paper No. 55*); and
5. Any Other Business.
6. Date of the Next Meeting and Adjournment.

MIN/SEN/CPAC/214/2026

PRELIMINARIES

- 1) The Committee was taken through the summons issued to H.E. the Governor of Siaya pursuant to Article 125 of the Constitution and relevant provisions of the Parliamentary Powers and Privileges Act.
The summons outlined prior invitations, postponements, and the requirement for the Governor to appear before the Committee and submit written responses to audit queries.
- 2) The Committee confirmed that:
 - a) The Governor had appeared before the Committee as required by the summons; and
 - b) Relevant documents had been submitted and received by the Office of the Auditor-General.
- 3) The Governor acknowledged the summons and confirmed attendance. He clarified that previous non-attendance was occasioned by scheduling conflicts with other Senate Committees and not by intention to defy the authority of the Senate.

However, the Governor informed the Committee of an existing stalemate between the Council of Governors and the Senate regarding appearances before the Committee. Consequently, he declined to proceed with the substantive session, including taking oath and responding to audit queries.

- 4) The Committee noted that:
 - (i) The Governor had complied with the summons by appearing before the Committee, thereby purging contempt;
 - (ii) The refusal to take oath and participate in proceedings impeded the Committee from discharging its constitutional mandate under Article 229; and
 - (iii) Compliance with parliamentary summons is a constitutional obligation and integral to the rule of law.

MIN/SEN/CPAC/215/2026

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 12:11 p.m. The next meeting will be by notice.

SIGNATURE.....



(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....31st March, 2026.....

The Commission has received a request from the Government of Kenya for the appointment of a Special Representative to investigate the alleged human rights violations in the region of the former British Somaliland Protectorate. The Commission is pleased to accept the request and has appointed Mr. [Name] as the Special Representative. The Special Representative will be based in Nairobi and will report to the Commission on a regular basis.

The Commission is also pleased to announce that it has received a request from the Government of Kenya for the appointment of a Special Representative to investigate the alleged human rights violations in the region of the former British Somaliland Protectorate. The Commission is pleased to accept the request and has appointed Mr. [Name] as the Special Representative. The Special Representative will be based in Nairobi and will report to the Commission on a regular basis.

The Commission is also pleased to announce that it has received a request from the Government of Kenya for the appointment of a Special Representative to investigate the alleged human rights violations in the region of the former British Somaliland Protectorate. The Commission is pleased to accept the request and has appointed Mr. [Name] as the Special Representative. The Special Representative will be based in Nairobi and will report to the Commission on a regular basis.

FOR THE CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP