

**ANALYSIS OF THE
AUDITOR GENERAL'S
REPORTS**

**ON THE FINANCIAL STATEMENTS
OF HOMA BAY COUNTY EXECUTIVE**

2015/16 - 2017/18

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The Office of the Auditor General (OAG) has done a tremendous job in the audit reports that were used as the primary documents for this analysis. I would also wish to thank Mr. Eddy Waichigo for his review and wonderful contribution in making the report.

Valentine Okoth,
Consultant

Introduction

The promulgation of the Kenyan constitution in 2010 saw the formation of County Governments across the republic of Kenya. The county governments are charged with providing essential services in their localities for the benefit of the citizens. Formation of the county governments has been a key achievement of the new constitution and has enhanced service delivery to the people of Kenya, mostly in the rural setting. It has also reduced political patronage witnessed before in the central administration and distribution of national resources.

Kenya has appropriate legislation to ensure that public funds entrusted in the hands of public entities are used effectively and efficiently for the benefit of the people of Kenya. The legislation that govern the use and management of public funds include:

- o The Constitution of Kenya, 2010
- o Public Finance Management Act, 2012
- o Public Audit Act, 2015
- o Public Procurement and Asset Disposal Act, 2015

The Office of the Auditor General was established as an independent body under Article 248(3) of the Constitution and Public Audit Act of 2015. The mandate of the Auditor General is to audit the accounts of all public entities and give an opinion based on the availability of information and material needed for an audit; maintenance of proper records in accordance to the Generally Accepted Accounting Practices (GAAP) and the reflection of a fair and accurate financial position of the audited entity. The Auditor General is required to perform an audit based on the International Standards of Supreme Audit Institutions (ISSAI).

1.1 Background of the Study

The existence of several laws to guide the use and management of public funds has not hindered public officials from blatant mismanagement and theft of funds! The analysis of the Auditor General's report by the Institute of Economic Affairs (IEA) revealed gross financial mismanagement and violation of legislation set to govern use of public resources in the National Government. The Office of the Auditor General (OAG) has done a remarkable job to examine the books of accounts and give an opinion that should guide other agencies and institutions in prosecution of culprits, recovery of public assets as well as a guide for future use of public funds.

The IEA in conjunction with Transformed Empowerment for Action Initiative (TEAM) has therefore taken a holistic approach in analysis of the Auditor General's Report on Homa Bay County Executive to train and create awareness about the functions of the Auditor General, use of public funds in the county, audit queries raised and how to tackle the rampant corruption and mismanagement of public funds. Further, the report seeks to enhance policy formulation, ethical behavior and accountability by public officers in use and management of tax payers' funds.

1.2 Significance of the Study

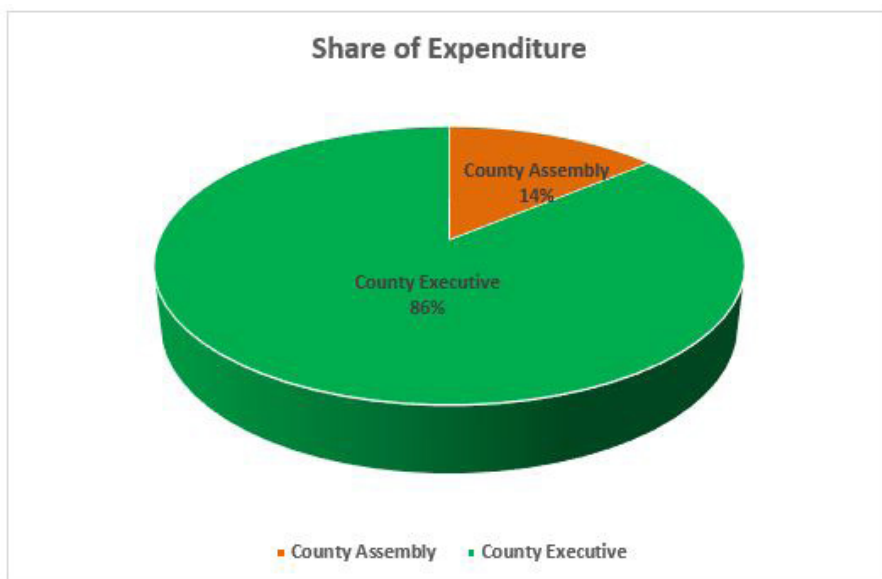
The analysis of the Auditor General’s report for the County Executive of Homa-Bay seeks to meet the following objectives:

- Establish the extent to which public resources were used lawfully and effectively
- The expenditure of the executive, siting major areas of spending, and the audit queries raised from those expensed
- Determine trends in the use and management of funds, including audit queries and corruption trends that need to be addressed
- Raise advocacy questions regarding the use and management of public resources
- Educate and sensitize the partners and the general public on economic losses to the members of the public caused by graft.

1.3 Methodology

The study analyses the expenditure of Homa- Bay County Executive, and subsequently the Auditor General’s Report for Homa Bay County Executive financial statements over the past three years. The years under review are FY 2015-2016, 2016-2017 and 2017-2018. Over the course of the three years, Homa Bay County received a total of Ksh. 20,471,010,375.00. The combined total spending by both the County Executive and the County Assembly was Ksh. 19,754,373,254.00. The County Executive incurred a total of 86% of the expenditure. Leaving the County Assembly with 14% of the total expenditure. Looking into the expenditure and the audit queries of the County Executive will therefore be representative of the financial management and use of public funds in the County. Figure 1 shows the share of the expenditure between the County Executive and the County Assembly over the course of the three years under review.

Figure 1: Share of expenditure between the County Executive and the county Assembly



2.0 Audit Findings

The analysis of the OAG reports over the three years revealed a number of issues that the auditor general used as a basis for his opinion. The issues have been classified and tabled as shown in table 1. It is worthy to note that some issues raised cut across more than one class of audit issues. The issues raised by the auditor general could be classified into seven major areas that consistently emerged over the periods under review. These issues were classified as, lack of supporting documents, failure to reconcile books of account, violation of financial regulations, long outstanding balances, pending bills, no value for money and others.

1. Lack of Supporting Documents

The county Government made significant payments without proper supporting documents as required by law.

Over the years surveyed, it was evident that the county government acquired several assets without proper documentation. In some cases, the documents presented were not complete and didn't warrant the expenditure. The audit revealed that the Executive spent over Ksh. 140,000,000.00 on car loans. The loans given out to members of the executive as well as county assembly members did not have records of beneficiaries available for audit, neither was there a repayment schedule. It is therefore likely that the people of Homa-Bay were deprived of essential services, moreover, the funds may never be recovered. The county has undertaken several construction projects for new infrastructure as well as a number of improvements on, roads, offices, health facilities and other buildings the audit revealed that these projects have perpetually raise several audit issues. The procurement and purchase of assets is another area where documents are lacking.

To improve efficiency and accountability of public funds, the county also needs to look into the management of local and foreign travels, officers who qualify for travel expenses must availing all necessary documents, failure to which, the culprits should be surcharged and stopped from future travels! The wage bill is quite huge and has been thoroughly mismanaged by the officials. Payment of other benefits like health insurance, membership contributions and pensions were not spared either. It is noble for the county to offer bursary and other education benefits like a research fund; however, a lack of documents exposes such to abuse and need to be rectified.

Table 1: Classification of Audit Findings from the OAG's Report - part I

Audit Issues	Particular Issues Raised
Lack of supporting documents	Acquisition of Assets Inaccuracies and Missing Documents
	Car loan and Mortgage not Supported
	Construction and Civil Works for Buildings and Roads
	Employee compensation without supporting documents
	Group Health Insurance Policy
	Other Grants and other Payments (Bursary, Relief)
	Pending Bills Lacking Proper Documentation

	Printing, Advertising, and Info Supplies and Services
	Procurement and Payment for Assets, Services and Supplies
	Renovations and Improvements without Supporting Documents
	Research Studies Fund
	Specialised Materials, Services and Other Operating Expenses
	Unsupported Payments and Transfers of Funds
Failure to reconcile books of accounts	Cash and cash Equivalent balances bot reconciled
	IFMIS balances differ with Financial Statements
	Inaccuracies in the Financial Statements
	Other Grants and Payments Unexplained differences
	Outstanding imprest balance
	Prior year adjustments not balanced
	Social security benefits for staff
	Unreconciled domestic travel and foreign travel documents

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2. Failure to Reconcile Books of Account

It was noted that in no single year were the bank balances reconciled with the cash book. The Integrated Financial Management System (IFMIS). That the system is the central financial management platform for all public institutions. The county government is required to use this platform as the primary accounting software. Its purpose is to ensure prudent management and accountability of public

funds. It was however not updated as regularly as is required. The inaccuracies present false financial position of the county which may result into financial strains unnecessarily. In the year ended June 30th 2018, the county failed to give a true figure of cash and cash equivalents. The central bank balance was understated; to add to that, amount of 12.99 million from the deposits and retention account was omitted from the statements presented. There is serious need to immediately reconcile and review all books to present the true financial position of the county as well as to solve the longstanding historical variations evident in every year's financial statement.

3. Violation of Financial Regulations

There is blatant violation of Financial Regulations while incurring expenditure. In the year 2015-2016, the County Executive failed to prepare a trial balance. It was observed that there are key expenditure areas where there was rampant violation across the three years. Management must endeavor to adhere to the rules and regulations governing the purchase and procurement of assets and services. Moreover, the Human Resources department must avail proper records for the staff of the county to inform payment of benefits. Most major construction projects did not only lack proper documentation or fail to follow the required rules and regulations but they did not meet the requirement for value for money. The county stands to lose huge moneys paid on stalled projects and those that were fully paid for but not completed.

Table 2: Classification of Audit Findings from the OAG's Report - Part II

Audit Issues	Particular Issues Raised
Violation of financial regulations	Acquisition of Assets
	Failure to prepare trial balance
	Failure to record transactions in IFMIS
	Foreign travel purchase of Ait ticket
	Group medical insurance without proper procurement
	Misallocation of expenditure under use of goods
	Other grants and other payments emergency relief
	Payment for unbudgeted pending bills
	Procurement, supply and payment for Assets and services
	Refurbishment and renovation of building payments
	Reported figure for accounts payable
	Research studies fund
	Transfer of funds to other Departments without Approval
	Long Outstanding Balances
Supply of Non Pharmaceutical supplies	
Amount owed to KEMSA	
Pending bills	Failure to settle pending bills
	Pending bills paid for without a budget
	Understatement of pending bills

No Value for Money	Construction of Rachuonyo District Hospital
	Delayed construction of Kadongo Gendia Road
	Extention, Alteration and Refurbishment of HB Hospital
	Market Upgrading in Various Centers
	Payment for construction of Pavilions
	Solar Flood Lights Project Implementation
	Specialised Materials, Services and Other Operating Expenses
Others	Domination of Staff by Local Community
	Lack of Proper Internal Controls
	Limitation of Audit Scope due to Burned Documents

4. Long Outstanding Balances

The county should spend just what they budget for during a year. It is unnecessary to put strain on future financial resources. The amounts owed to Kenya Medical Supplies Authority (KEMSA) have never been cleared.

5. Pending Bills

The county failed to settle pending bills even when they failed to exhaust all the funds remitted to them. This is an indication of poor financial management. In the year 2016-2017, the value of pending bills was understated for the funds owed to KEMSA and in the year that followed, 2017-2018, the pending bills lacked proper supporting documents. Further, the OAG's report revealed that a value of Ksh. 500,000.00 was not captured. This puts in to question, the amount presented as pending bills because of its accuracy and propriety.

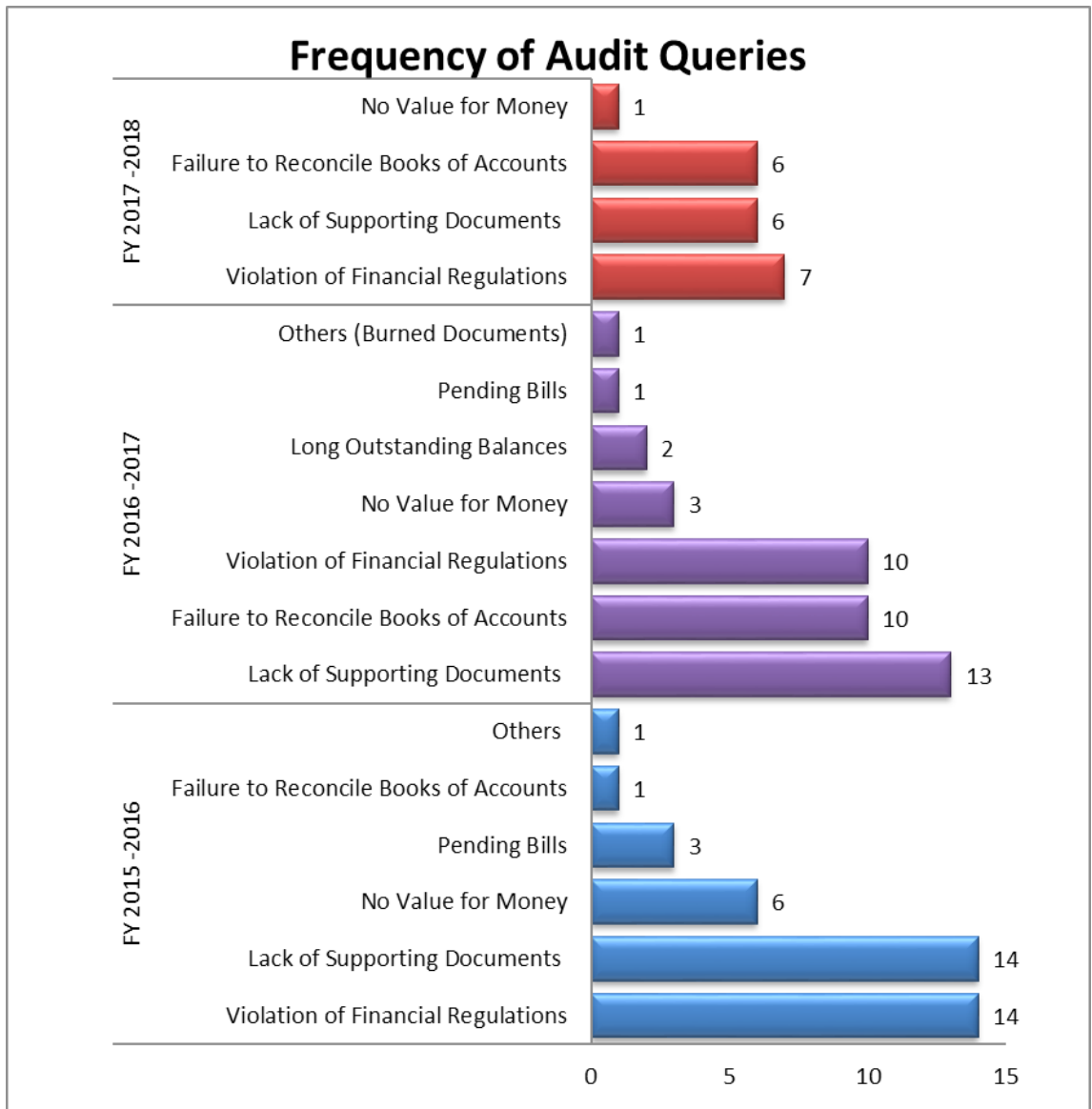
6. No Value for Money

It is the duty of the county government to ensure that the expenditure render value to the people they serve! Some of the expenses, as revealed by the auditor general, did not render value as they were supposed to. The quality of some projects like the Kadongo- Gendia road were questionable and apparently will not offer the desired services. The road in question is already damaged, while some section is not yet complete whereas the county already made payments to the contractors.

Other issues that emerged from the OAG's Report were, domination of the staff by the local community, Lack of proper internal controls and limitation of audit scope.

2.1 Frequency of Audit Issues Raised

Figure 2: Frequency of Audit queries raised by the OAG over the three years



The OAG’s report revealed that the audit issues classified in table 1 and 2 above occurred countable times. Figure 2 below shows the frequency of the issues raised by the OAG over the periods assed. Some of the issues raised fell under more than one class. It was apparent that issues that did not have supporting documents violated finance and procurement regulations. In the FY2015-2016, the OAG raised 39 issues, 14 of which were related to violation of financial regulations. Lack of supporting documents was also a major factor with 14 issues counted. The other issues combined had a total frequency of 11 Violation of financial regulations and lack of supporting documents make up a total of 72% of the audit issues. In FY 2016-2017, lack of supporting documents featured prominently with 13 queries. This was because of the burned office. The Finance department failed to reconcile

the books of accounts 10 times out of 40 possible issues. Violation of financial regulations still featured significantly with 10 issues counted by the OAG. The three top issues queried accounted for 83% of the audit queries.

In 2017-2018, the bulk of the issues raised were to do with violation of financial regulations⁷, lack of supporting documents for transactions ⁶, as well as failure to reconcile the books of account with ⁶ issues. These contributed a total of 95% of the audit queries. Figure 2 on page 11, shows that the audit queries are recurrent in nature and therefore can be handled by: strict adherence to the set financial regulations and standards by the accounting officers; making payments and contracts based on proper documentation. The payment documents and evidence also need to be kept properly; the accounting and finance department must take a keen interest in reconciliation of financial statements with actual balances and the values recorded in IFMIS. The figure also shows blatant disregard of the Audit findings as the issues are repetitive in nature and previous audit issues are never addressed as stated by the OAG in the 2017-2018 report.

2.2 Audit Opinions

The audit findings above guided the auditor general in giving the following opinions over the course of three years.

Table 3: Audit Opinions given by the OAG over the reviewed period

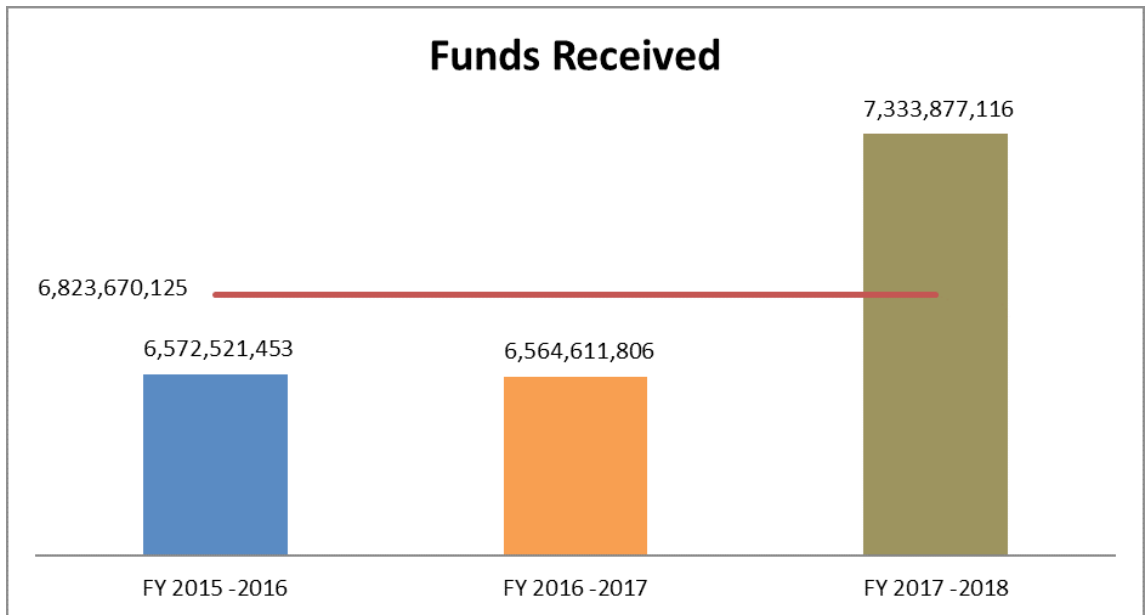
	2015/16	2016/17	2017/18
Opinion	Disclaimer	Disclaimer	Adverse

Over the course of the audited period, Homa Bay County has performed dismally. It got a Disclaimer of an opinion in 2015-2016 as well as 2016-2017. This is due to lack of material evidence that was necessary to give an opinion on the use of finances within the county. In 2017-2018, the county got an adverse audit opinion that shows material misstatement and failure to adhere to financial management regulations stipulated for the audit. An unexplained fire razzed down the finance office in the year 2016-2017 raising questions as to why the documents were not kept in fire proof safes. It is unfortunate the cause of the fire has not yet been established to date.

2.3 Total Expenditure for the County Executive

The County receives funds from the Central Government’s controller of budget as well as donor agencies. There were also funds generated locally by various revenue streams. The amounts received are in line with approved budgets and are meant to be used as prescribed. Out of a total of Ksh. 20.5B received in the three financial years, the county managed to spend a total of ksh. 19,754,373,254.00 in three years as shown in Figure 3.

Figure 3 Funds received by Homa-Bay County Executive



Failure to spend funds disbursed for county activities denies the residents important services. The county executive reported figures for pending bills that should have otherwise been settled or reduced by the surplus.

It was also noted that there were various transfers to different departments without approval. This is in violation of the Public Finance Management Act 2012.

The county received an average of Ksh. 6,823,670,125.00 for both recurrent and development expenditure. Between the FY 2015-2016 and 2016-2017, the county received Ksh. 6.5B for its operations from various sources. There was a significant improvement in the funds received in the FY 2017-2018 when Ksh 7.3 B was disbursed.

2.4 Annual Expenditure

the county managed to spend ksh. 6,469,799,074.00 in 2015-2016, the amount dropped slightly to Ksh. 6,439,282,770.00 in the financial year 2016-2017. In the year 2017-2018, the county spent 6,845,291,410.00 this makes the total expenditure 19.75 million as shown in table 4.

Table 3: Expenditure Summary for Homa-Bay County for the period under review

Total Expenditure Summary				
	2015/16	2016/17	2017/18	Total
Compensation of Employees	2,108,006,004	2,491,138,011	2,437,524,927	7,036,668,942
Use of Goods and Services	1556,772.451	992,473,945	1,405,813,058	3,955,059,454
Transfer to other Govt. Agencies	849,803,085	820,000,000	1,080,000,000	2,749,803,085
Other Grants and Transfers	63,000,000	34,500,000	165,546,000	263,046,000
Acquisition of Assets	1,837,217,534	2,008,537,814	1,691,926,934	5,537,682,282
Car Grants and Mortgages	55,000,000	92,633,000		147,633,000
Social Security Benefits			64,480,491	64,480,491
Surplus/Deficit	102,722,379	125,329,036	488,585,706	716,637,121
Funds Absorption Rate	98%	98%	93%	
Total Expenditure	6,469,799,074	6,439,282,770	6,845,291,410	19,754,373,254

The county did not manage to absorb all the disbursed funds for its operation in any given year. The funds absorption rate was 98% for the FY 2015-2016 and FY 2016-2017. Even though there were a more funds for the year 2017-2018, the absorption rate reduced to 93%. As shown in the table, funds are majorly spent in Compensation of Employees, Acquisition of Assets, use of goods and services and Transfer to County Assembly. The total expenditure for the county Executive was Ksh. 6.4B for both FY 2015-2016 and FY 2016-2017. In the year 2017-2018, the county spent a total of Ksh. 6.8B for its operations and purchases.

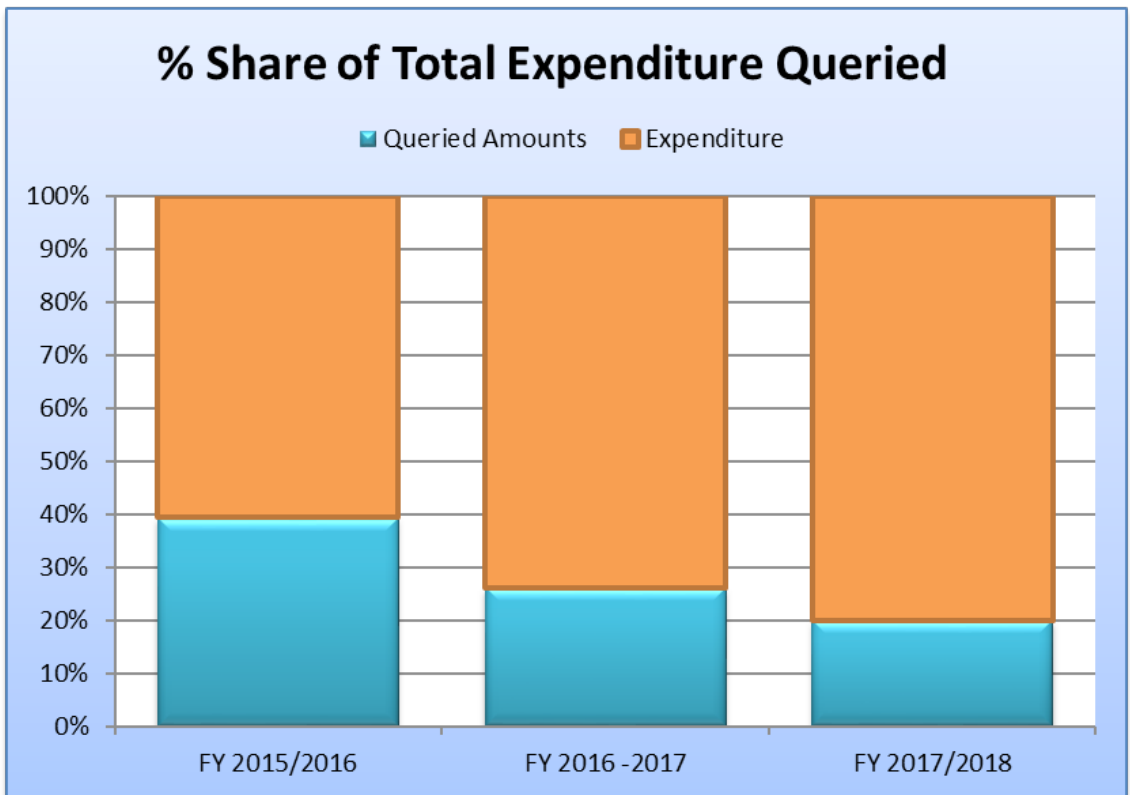
3.0 Queried Amounts

The expenditure amounts that relate to the audit queries are called Queried Amounts. The OAG values misstatements and misappropriations that deny citizens value for money and contravene the laid down audit standards. In the year 2015-2016, the total queried amount was ksh. 2.55B. the large amount in comparison to the preceding years is because the employee compensation value of 2.11B was without proper documents. The amount queried doesn't necessarily mean that money was lost or there was corruption. For instance, 2.1B paid to employees was queried. It is fair to say that the county employees received their wages and allowances despite the queries raised. The validity of this figure couldn't be verified because crucial documents were missing. It may mean part of the money wasn't used appropriately or was embezzled. In the year that followed, 2016-2017, a total amount of Ksh. 1.69B which is a remarkable improvement of 34% from the previous year. More improvement on the queried amount was witnessed in the year 2017-2018 where a total sum of Ksh. 1.37B was questioned.

3.1 Percentage Share of Total Expenditure Queried

In the first year under review, 39% of the expenditure amount was queried. There was a significant improvement the following year. Of the total amount expended in 2016-2017, 26% was queried. The 2017-2018 financial year also registered a slight improvement in the amount queried which was 20% of the total amount spent. The steady decline on the percentage of the total expenditure queried, presents a steady improvement of funds accountability. It was however evident that the nature of the audit queries over the years were similar to some extent and several issues recurred in the preceding years.

Figure 4: Share of Total Expenditure Queried by the OAG in each year



3.2 Recurring Issues

Financial Management is a going concern, for that matter unresolved issues raised in an audit cannot be wished away at the beginning of every financial year. The auditor general pointed out in his report for 2017-2018 that prior issues raised had not been addressed. As the frequency of audit issues revealed above in figure 2, the nature of audit issues were repetitive and hence form a general pattern about how the county finances are managed and accounted for. Below are some of the issues that recurred and that need to be looked into in the future to ensure proper financial management and accountability to the public.

Lack of Supporting Documents

- **Transfer of funds to the County Assembly and other Departments**

The county government transferred several funds to the county assembly and to other departments without supporting documents. In making these transfers, the accounting officers violated financial regulations that require approval from the county assembly for such transfers.

- **Compensation of Employees**

The audit reports revealed that the employees were compensated without proper documentation, raising queries on the expenditure of Ksh. 2.1 Billion in 2015-2016. The issues were never addressed in the following year as there was unbudgeted expenditure of 175 million shillings. The department also made unsupported remittances in statutory and loans deductions amounting to Ksh. 597.9 Million. The county further hired staff that couldn't be verified at a cost of 383 Million. Social security deposits had inaccuracies in the tune of 13.6 million in the year 2017-2018.

- **Acquisition of Assets**

The audit revealed a worrying trend that most of the time the county bought assets, there were serious audit issues raised. It was not clear how some expenditure were classified as acquisition of assets. In 2015-2016, the accounts reflect payment to KRA of 27.9 Million and a further payment of 28 Million for essential drugs. These figures distort the true position of assets and liabilities for the county. In 2016-2017 the county government couldn't explain or document acquisition of assets totaling to a figure of Ksh. 401 Million. The figure highlighted as unaccounted for in 2017-2018 stands at Ksh. 497.7 Million. The cases reported above, failed to adhere to procurement and finance management rules; the reports to support the purchases were either missing or scanty. Moreover, there was no register for acquisition of assets.

- **Group Medical Insurance Cover**

Homa-Bay County paid for a group medical insurance cover whose policy documents could not be availed for the audit. The propriety and accuracy of the amount totaling to 9.4 million couldn't be verified. In the financial year 2017-2018, the Public Service Board of Homa-Bay procured insurance services from AAR un-procedurally after another provider failed to agree to the payment terms; the contract therefore could not have been conformed as correct and it cost the county government Ksh. 8.5 million.

- **Domestic and Foreign Travels**

Traveling seems to be an avenue through which funds are embezzled. The audited accounts showed that the funds spent under this vote lacked propriety and supporting documents through the three years. In 2015-2016 there were queries raised on the purchase of air tickets totaling ksh. 10,962,410.00; in 2016-2017, the unreconciled figure for both domestic and foreign travel was Ksh. 32,900,000.00. The figure is increased even the more as OAG reported a figure of 54,900,660.00. The finance and line accountants must implement finance management rules with regards to travel. For instance, if an officer can't account for funds used in travel and accommodation, the amounts should be deducted from their salaries. These employees must also be made ineligible for any future travels.

Failure to Reconcile the Books of Account

- Over the course of the reviewed period, the statements were never reconciled appropriately. The financial statements had differing balances from verified and audited accounts compared to the opening balances of the proceeding years. The Finance and accounting department must adhere to the standards of GAAP in making the statements and financial reports. The reports consistently fail to explain differences in comparative figures and prior year adjustments, especially in the cash and cash equivalent accounts.
- The Integrated Financial Management System, the primary platform for public financial accounting registered different balances from those reported in the financial statements. This is a major inconsistency witnessed throughout. The county must endeavor to adhere to the set regulations as it will help curb loopholes through which finances are siphoned and improve the accounting and financial reporting standards of the county.
- The cash and cash equivalent balances did not reconcile, the balances varied from the verified and audited accounts throughout. Deposits and retentions figures were also not balanced it is an indication of poor financial reporting and negligence by the accounting officers.

Violation of Financial Regulations

There was widespread violation of financial regulations. Every transaction that was queried because of lack of Lack of Supporting Documents as listed above, violated financial regulations. Other violations witnessed were as follows:

- **Failure to Prepare Financial Statements**

In the first year reviewed, the financial statements didn't include a trial balance that made it difficult to assess the true and accurate financial position of the County Government. The finance department didn't avail a separate statement for various accounts that included car Loans and Mortgages, Bursary fund among others.

- **Car Loans and Mortgages**

Management of Homa Bay County spent Ksh. 113.5million in car loans for the year ended June 30 2016 and another 98.2 million on the same for the year 2016-2017. The loans lacked payment schedule, list of beneficiaries and regulation to govern the loan. This justifies that the county stands to lose the amount used to buy the cars. The loans were issued irregularly and there is need to make a follow-up in a bid to recover the funds. Future loans and similar benefits need to strictly adhere to the set laws and procedures.

- **Payment for Work not Done**

The audit revealed that the county government incurred expenditure for work not yet done as in the case for several construction and civil works. There were several payments for the refurbishment of Buildings, renovation of Sub County Hospital, solar lighting project and construction and upgrading of Homa Bay stadium. The actual assessment of these works revealed that the contractors had not completed the works paid for, while others had completely abandoned the sites.

- **Failure to spend 30% of Funds on Development**

The county did not meet the threshold for development budgets. The funds were diverted in to recurrent expenditure, leaving several projects abandoned or uncompleted. This has denied the residents of Homa Bay the delivery of essential services.

Pending Bills

The financial audit of 2015-2016 revealed that a total sum of Ksh.466.7 million was stated as pending bills but could not be supported by documents such as contracts and schedules for payment. In the years that followed the pending bills were under stated by 97.1 million and 39.2 Million respectively. The understatements will continually put a strain on following year's finances as they can't be budgeted for payments.

Value for Money

Several projects undertaken by the county government did not present meaningful value for the investments the county put. These were majorly capital-intensive projects in acquisition of assets or construction and civil works. Some of the projects where the OAG reported loses are Construction of Kadongo- Gendia Road, Rachuonyo District Hospital, extension, alteration and refurbishment of Homa Bay Referral Hospital, Market upgrading in various centers, specialized materials, services and other operating expenses. The county officials must always focus on delivering value and services in use of public funds.

Locally Generated Revenue

The county generates revenue from various sources according to their budgets and projections. The auditor general noted that there was no proper control mechanism to enhance revenue collection and also to report and account for the revenues collected. The health facilities revenue is the most misreported. The accounts did not include 10.1 million in the year 2015-2016. In the year that followed, the finance department failed to report 59.2 million for facilities improvement fund. The statements further didn't report 13.2 Million from the revenues of 2017-2018.

4.0 Estimate Opportunity Costs

Any misappropriated funds could have been put into meaningful use to give the people of Homa- Bay better services. The following are examples of funds that could have given the population better value

1. Department of Education and ICT

Education is critical to the growth and development of youths in the county. The government, in the year 2016-2017 starved off the ministry by spending only 86% of the budget. This made it impossible to meet a budgeted cost of 46.6 million.

2. Health Services

The County executive used 27% more than their budget in the year 2016/2017. This caused an adjustment in the funds available for the ministry of health that had a budget shortfall of ksh. 131,203,807. This was recorded as the greatest underspending in the year. Knowing the state of health

facilities in the county, and considering that there were pending bills from this ministry, the funds could have gone a long way in delivering better value for the people of Homa Bay

3. Payment for Work Not Done

In the year 2017-2018, the management made payments totaling to ksh. 578,500.00 for work not done. This payment was meant for the upgrading of a temporary market in Oyugis that would have facilitated trade and subsequent economic growth in the county. It was further evident that the construction of Kadongo Gendia Road was paid for while the contactor had not completed the works specified.

5.0 Conclusion

A review of the management team of Homa-Bay County revealed that they are seasoned professionals in management and accounting matters. It is therefore bewildering to witness the kind of misappropriations and disregard for the stipulated financial management rules and regulations. As highlighted in figure 4 above, most audit queries revolved around Lack of Supporting Documents, Violation of Financial Regulations, and Failure to Reconcile the Books of Account.

The accounting officers must take full responsibility in financial reporting and management. Proper supporting documents and accounting procedures must be followed to the later. The officials need to be trained thoroughly in the use of IFMIS to avoid errors in financial reporting. It was evident that there was no clear separation between development and recurrent expenditure votes, something that can be avoided by proper data entry into the system.

There were various instances where funds were transferred without approval of the County Assembly. There is need for sensitization of assembly members and members of the public to demand accountability and transparency in the affairs of the county. The County Executive must stick to the budget drawn in a bid to ensure prudence in expenditure.

The People of Homa-Bay must demand for financial accountability and lawful use public resources. The OAG has established that public resources were not used lawfully and effectively. These are grounds for criminal charges against those responsible. There is need for a collective effort between government agencies, civil societies and the public at large to ensure that corrupt government officials are brought to book, funds and assets embezzled from the county need to be recovered to serve the purpose for which they were meant

6.0 Recommendations

In order to properly and effectively manage the finances of Homa Bay County, we recommend the following

- i. Hold accounting officers responsible for their actions, we further recommend the prosecution of individuals culpable of embezzlement of public funds. This will ensure strict adherence to the available laws and regulations that govern public finance management
- ii. The accounting officers need proper training and development in the use of IFMIS. A scrutiny of the accounts revealed massive errors in entry into the books of account. It is possible that the officers in charge were not able to distinguish the right votes to charge the expenditure
- iii. The County management officers are charged with offering effective internal controls and risk management mechanisms. Poor book keeping was evident through the audit periods. The accounting officers must ensure that supporting documents for payment are properly signed and authorized. Further, these payments must never be in cash as is required. It is the responsibility of these officers to regularly update the books of accounts as, well as to update the IFMIS platform.
- iv. There is need to audit the staff of Homa Bay County. The payments to county staff account for a 36% of the total expenditure over the years reviewed. It is imperative that the county gets value for such a huge amount of expenditure. The public needs to know the staff of the county, their areas of deployment and their qualifications.
- v. The findings of this report and further developments from, it should be availed to the county assembly as well as the people of Homa Bay as a platform for public engagement in the management and use of county resources.

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