

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

**ON THE FINANCIAL STATEMENTS
OF SIAYA COUNTY EXECUTIVE
2015/16 - 2017/18**

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Acronyms and Abbreviation

CIDP	County Integrated Development Plan
COB	Controller of Budget
CSO	Civil Society Organization
ECD	Early Childhood Development
FY	Financial Year
IEA	Institute of Economic Affairs
IFMIS	Integrated Financial Management Information Systems
KES	Kenya Shillings
OAG	Office of the Auditor General
PFM	Public Finance Management
PPADA	Public Procurement and Asset Disposal Act

Executive Summary

An analysis of the Auditor General's report for Siaya County Executive for the years under review revealed that the Siaya County Executive's financial statements had a qualified opinion in 2015/16 and 2017/18, and an adverse opinion in 2016/17.

The basis for the aforementioned audit opinions have been largely categorised into;

- **Inaccuracies in the financial statements:** The figures in the financial statements do not tally with their equivalents in the Integrated Financial Management Information Systems (IFMIS) reports.
- **Failure to adhere to laws and regulations:** There was no adherence to Public Procurement and Asset Disposal Act 2015, PFM Act 2012 and PFM Regulations 2015 as was the case of single sourcing, 17 officers holding more than one imprest at a time and 27 officers holding imprests of over half a million not being accounted for, and names and positions of imprest holders missing.
- **Pending bills:** Bills incurred in the previous years were carried forward to the next financial year without an explanation. There were also unsupported pending bills.
- **Under-collection of receipts:** There was an unexplained dip in the revenue collected compared to the previous financial years.
- **Acquisition of assets:** Lack of due diligence, difference in IFMIS and acquisition of assets balance in statements, non-adherence to contractual obligations and abandoning of works by contractors despite being paid up front, and some contracts having no dates casting doubts on their genuineness were some queries raised.
- **Fixed Assets Register:** The executive doesn't update its fixed assets register despite acquiring new assets. Procured assets were not entered into stores records and assets are not tagged with unique identification numbers.
- **Compensation to employees:** There were unjustified increment of compensation to employees, payments without supporting documents and unbudgeted salary over-expenditure.
- **Budget performance analysis:** Over-expenditure without supplementary budget approval by the County Assembly and under-expenditure were reported.

The Siaya County Executive actual expenditure for the years under review were; KES 5.66 billion out of 4.93 billion (88.8% of the total County expenditure) in 2015/16; KES 6.33 billion out of 5.63 billion (90.4% of the total County expenditure) in 2016/17; and KES 5.23 billion out of 4.11 billion (85.4% of the total County expenditure) in 2017/18.

Recurring issues identified were; outstanding imprests, unjustified compensation to employees, inaccuracies in financial statements especially differing figures in IFMIS reports and financial statements, pending bills, lack of an up to date fixed assets register; and over and under-expenditure.

Most of the queries raised by the Auditor General are occasioned by non-compliance to laws and regulations on public audit. Adhering to the laws and regulations can help the county address more than half of the audit queries raised.

1.0 Introduction

As part of implementation of a project on the utilization of the Auditor General's reports by Civil Society Organizations (CSOs) for enhanced accountability, the Institute of Economic Affairs (IEA) contracted a consultant to lead its CSO partner in Siaya County, Tembea Youth Centre for Sustainable Development, in the synthesis and analysis of the Auditor General's reports for Siaya County Executive for Financial Years 2015/16, 2016/17 and 2017/18.

1.1 Background

The Office of the Auditor General is created as an independent institution by the Constitution of Kenya, 2010. The constitution mandates the Auditor General to examine the financial statements of national government, public institutions and county governments. The county governments are constituted of the County Executive and the County Assembly. This particular analysis is of the County Executive of Siaya.

Upon examining the financial statements and supporting documents of the public entity, the Auditor General is supposed to give his opinion if the statements are a true and fair financial position of the audited entity. The opinion is based on the evidence provided to him and is usually based on his professional judgement. The audit process is guided by the International Standards of Supreme Audit Institutions (ISSAI).

1.2 Legal basis for audit of public entities

The basis for audit of public entities is provided by the Constitution of Kenya 2010, Public Finance Management Act 2012 and Public Finance Management Regulations 2015; and Public Audit Act 2015. Article 229 (4) of the Constitution of Kenya, 2010 requires the Auditor-General, to within six months after the end of each financial year, audit and report, in respect of that financial year, on the accounts of the national and county governments.

According to Section 35 of the Public Audit Act 2015, the Auditor-General is mandated to conduct audits of financial statements under Article 229 of the Constitution for State Organs and public entities and report annually to Parliament and relevant County Assembly.

The Public Finance Management Act in section 116(7) (b) requires the administrator of a county public fund to, not later than three months after the end of each financial year, submit financial statements relating to those accounts to the Auditor-General. Section 155 of the Act mandates County government entities to maintain internal auditing arrangements. Section 163 (1) requires that at the end of each financial year, the County Treasury to, for the county government, consolidate the annual financial statements in respect of all the county government entities in formats to be prescribed by the Accounting Standards Board.

2.0 Audit findings for Siaya County Executive

The audit opinions for Siaya County Executive for the years under review were qualified for 2015/16 and 2017/18 and adverse for 2016/17.

Qualified opinion implies that there exist violations of the financial reporting which may be material but are not pervasive in nature.

An adverse opinion implies that financial records contain material misstatements, and thus, the statements do not present a true and fair view of the financial position of the County Executive.

The Auditor General queried 31, 36 and 18 issues in FYs 2015/16, 2016/17 and 2017/18 respectively. FY 2016/17 recorded the highest number of audit queries of the years under review. The adverse opinion is therefore justified. The audit issues are largely classified as failure to reconcile books of accounts; pending bills; nonadherence to regulations; no value for money and lack of supporting documents.

The table below shows the classification of audit issues

Classification of Audit Issues

Failure to reconcile books of accounts	<ul style="list-style-type: none"> • Varying figures between financial statements and IFMIS • No journal entries to support differing figures • Unexplained variances • Variance in cash and bank balances
Pending bills	<ul style="list-style-type: none"> • Pending bills register not maintained • Unsupported pending bills • Not paid in the year they relate
Nonadherence to regulations	<ul style="list-style-type: none"> • Unbudgeted expenditure • Over-expenditure • Under-expenditure • Flouting of regulations – outstanding imprests • Single sourcing • No proper revenue records • Unsupported expenditure
No value for money	<ul style="list-style-type: none"> • Nugatory expenditure • Work was poorly done
Lack of supporting documents	<ul style="list-style-type: none"> • No title deed for the pieces of land bought • No evidence of expenditure

3.0 The Total Expenditure for the County Executive in each year

The total actual expenditure for the County Executive for the financial years 2015/16, 2016/17, 2017/18 were KES 5.66 billion, KES 6.33 billion and KES 5.23 billion respectively.

The County Executive expenditure fluctuated in the period under review. It increased from KES 5.66 billion in 2015/16 to KES 6.33 billion in 2016/17, reflecting an increase of 11.8 %, then down to KES 5.23 billion 2017/18, reflecting a drop of 17.4 % from the 2016/17 expenditure. The reasons for these fluctuations are not provided by the County Executive.

The Department with the hugest expenditure was Health Services at KES 1.3 billion in 2015/16, KES 1.6 billion in 2016/17 and KES 1.4 billion in 2017/18; while the Department with the least expenditure was Trade Development at KES 65.4 million in 2015/16, Physical Planning, Survey and Housing in 2016/17 and 2017/18 at KES 56.9 million and KES 42.5 million respectively. The huge budgetary allocations could indicate health services remain the most vital for the County or more resources are required to run the Health Department.

4.0 Percentage share of total expenditure queried for years under review

Queried amount refers to the amount relating to the audit queries raised by the Auditor General during an investigation as having been transacted unlawfully with respect to International Public Sector Accounting Standards (IPSAS).

The Auditor General raised questions on transactions worth KES 708.37 million in 2015/16, KES 869.80 million in 2016/17, and KES 507.49 million in 2017/18. When compared to the actual expenditure for the Siaya County Executive for the period under review, the queried amounts represent 16.2%, 17.1 %, 14.4 % of actual County Executive expenditures respectively for the years under review.

That the queried amounts shot from KES 708 million in FY 2015/16 to KES 869 million in FY 2016/17 then drastically reduced to KES 507 million in FY 2017/18 indicate the County has a potential to obtain a clean opinion but is slackening.

Table 2: Summary of the queried amounts for the period under review.

2015/16			2016/17			2017/18		
Total CE expenditure Billion KES	Queried amount Million KES	% of queried amount as a proportion of total expenditure	Total CE expenditure Billion KES	Queried amount Million KES	% of queried amount as a proportion of total expenditure	Total CE expenditure Billion KES	Queried amount Million KES	% of queried amount as a proportion of total expenditure
5.66	708.37	12.5	6.33	869.80	13.7	5.23	507.49	9.7%

Source: Author's compilation from the Auditor General reports various issues

Financial Year 2016/17 had the highest number of queried expenditure and subsequently, the lion's share of the queried amounts of KES 869,795,480 followed by KES 708,369,292 queried in FY 2015/16 and lastly KES 507,486,074 queried in FY 2017/18.

The highest queried amount in FY 2015/16 was an unexplained over-expenditure of KES 349,653,702 on roads, KES 179,409,001 on unbudgeted salary expenditure (compensation of employees) in FY 2016/17 and compensation to employees amount of KES 351,151,632 in FY 2017/18. The lowest queried amounts were KES 400,000 on extra duty allowance in 2015/16, KES 649,113 on fish banda and two door latrines in FY 2016/17 and KES 1,400,000 raised on land for Akala Township ECD unit in FY 2017/18.

Figure 1: Queried expenditure in FY 2015/16

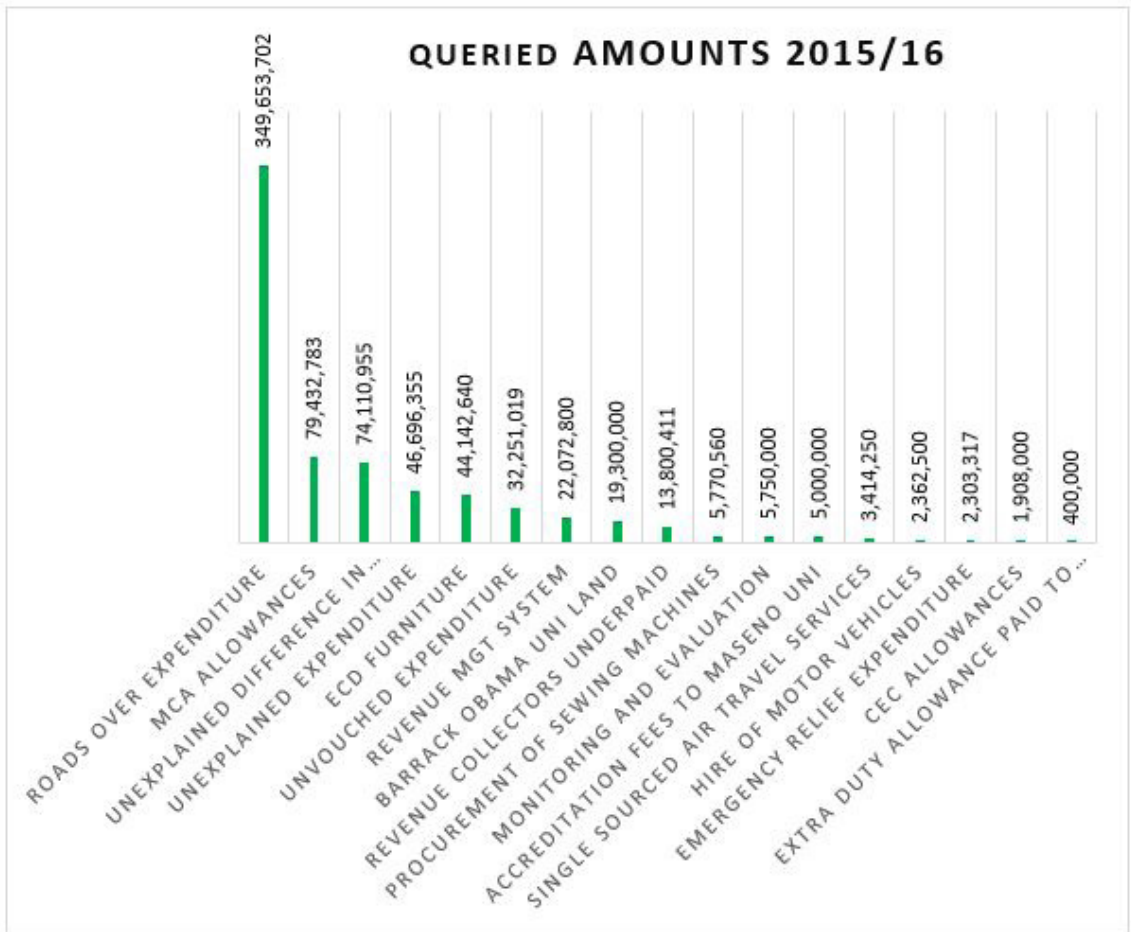


Figure 2: Queried expenditure in FY 2016/17

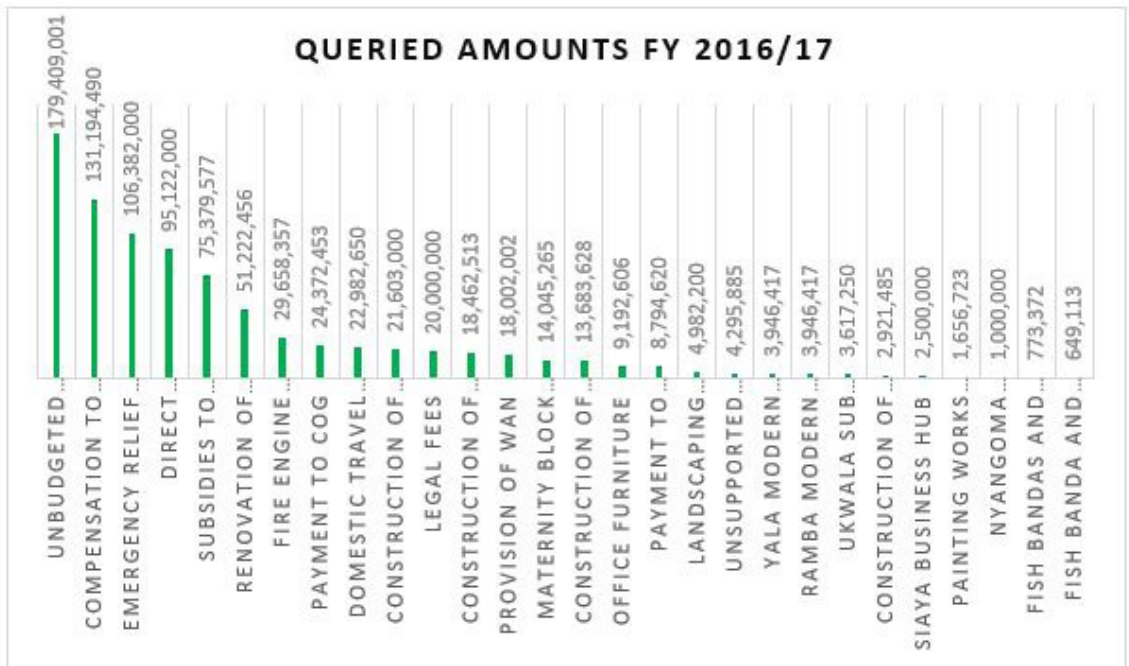
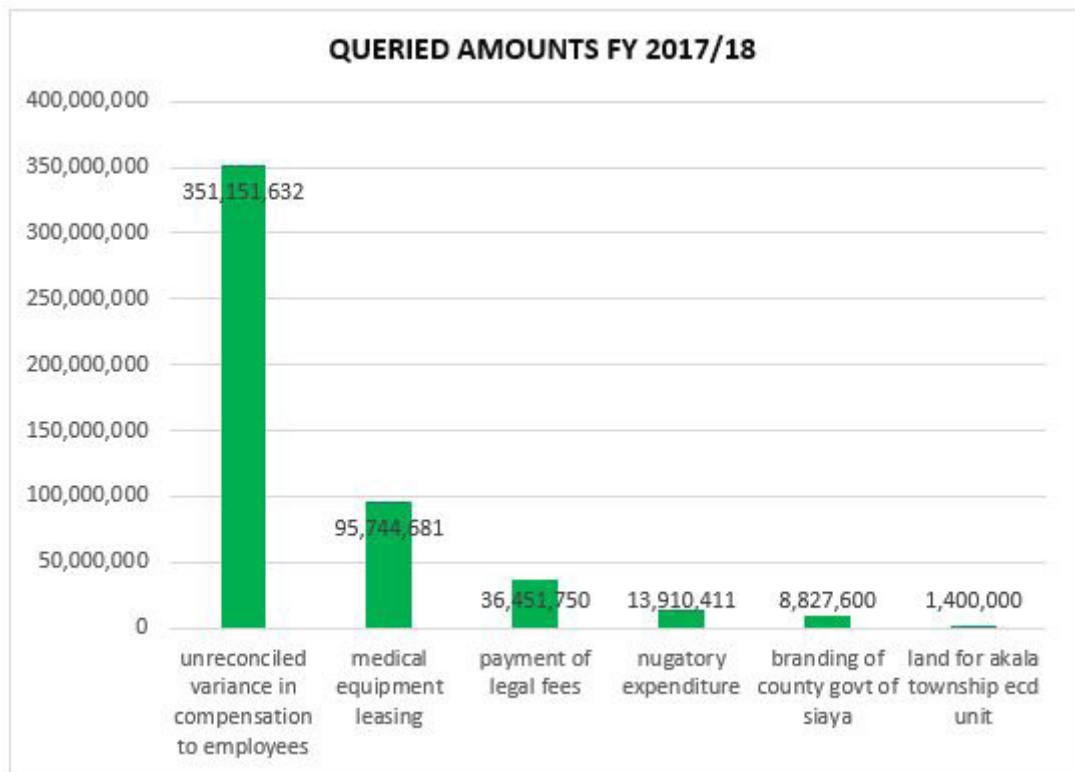


Figure 3: Queried expenditure in FY 2017/18



5.0 Recurrent issues over the years under review 2015/16, 2016/17, 2017/18

These are prior year unresolved issues. Whereas some issues recurred successively in the years under review, others recurred a year apart. The following were identified as recurrent issues in the Auditor General's reports over the three years under review.

- **Failure to reconcile financial statements**

This mostly pertains to difference in figures in financial statements and those in IFMIS reports. In FY 2015/16, balances reflected in the financial statements and identical account figures reflected in the IFMIS did not tally as shown in the table below. The management did not provide a plausible explanation for the discrepancies.

Table 3. Variance between financial statements and IFMIS figures

	Financial Statements KES	IFMIS Report KES	Variance KES
Revenue	5,369,409,927	256,414	5,369,153,513
Payments	5,659,702,260	4,651,080,849	1,008,621,411
Cash and bank	1,039,553,218	2,660,539,814	(1,620,986,596)
Receivables	31,121,261	299,899,410	(268,778,149)
Payables (pending bills and staff payables)	1,153,983,995	8,458,512,914	(7,304,528,919)

Source: Auditor General's Report for Siaya County Executive FY 2015/16

There were also unexplained variances between the balances in the summary statement of appropriation and the final budget summary.

Table 4: Unexplained variances between the balances in the summary statement of appropriation and the final budget summary

	Approved budget (KES)	Budge as per statement of appropriation (KES)	Variance (KES)
Recurrent	3,142,213,413	3,194,147,672	51,934,259
Development	3,148,190,122	3,752,779,640	604,589,518

Source: Auditor General's Report for Siaya County Executive FY 2015/16

In the circumstances the accuracy and validity of the financial statements for the year ended cannot be confirmed.

In FY 2017/18, the statement of receipts and payments reflects total receipts of KES 6,002,059,086 which differs with the IFMIS total receipts balance of KES 5,012,529,643 resulting to an unexplained and unreconciled difference of KES 989,529,443.

Further, the statement of receipts and payments reflects total payments of KES 5,231,535,440 which differs with the IFMIS total payments balance of KES 5,026,515,706 by an explained and unreconciled difference of KES 205,019,734.

- **Pending bills**

In FY 2015/16, there was an exclusion of a pending bill of KES 28,025,557 owed to Farm Machinery Distributors (East Africa) Ltd for agricultural tractors supplied in the previous Financial Year 2014/15. Failure to pay bills in the year they relate to distorts the financial statements of the year and affects budgetary provisions for the subsequent years they are charged to.

In FY 2017/18 issues raised under pending bills were; failure to maintain the pending bills register. Additionally, the county has pending bills worth KES 739,868,991 but they are not supported by a pending bills register. This casts doubts on the accuracy and validity of the reported pending bills. On unsupported pending bills, a total of KES 190,632,802 out of KES 739,868,991 were not supported by local purchase orders, invoices, deliver notes, engineers' works completion certificates nor inspection and acceptance certificates.

Further an amount of KES 247,544,681 of KES 739,868,991 under the Department of Agriculture differs with the list of pending bills submitted by the department of KES 24,651,047. The amount is also not supported by project files, local service orders, invoices, contract agreements, engineer's work completion certificates and inspection and acceptance reports to confirm the nature and status of works carried out by the listed contractors/suppliers.

Various departments were reported to have pending bills of different natures. Department of Education is reported to procured goods and services amounting to KES 13,726,727 during the year that had not been paid as at 30 June 2018. However, these were not reported as pending bills in the financial statements and there was no evidence that they had been rebudgeted in the year 2018/19.

Department of Trade had pending bills amounting to KES 64,177,717 to out of KES 739,868,991 reflected in the annex 1 to the financial statements of the had bills amounting to KES 13,423,863 supported to by local service orders, invoices, contract agreements, engineers certificates and inspection and acceptance reports leaving the balance of KES 50,753,854 unsupported.

Ministry of Lands had a pending bills amounting to KES 8,433,000 out of KES 739,868,991 in respect to a local creditor which no proof of documentation was provided to warrant it being termed as a pending bill.

- **Nonadherence to regulations**

The regulations touching on the following were not adhered to.

Imprests (PFM Act 2012 and PFM Regulations 2015)

Issues raised with regards to outstanding imprests in the years under review include; missing names and positions of imprest holders and record of dates of the KES 31,121,261 imprest advanced to staff, and seventeen officers holding more than one imprest at a time contrary to PFM Act 2012 and PFM Regulations 2015 in 2015/16; unexplained difference/unreconciled balance between figures in financial statements (KES 69,745,715) and IFMIS report (KES 595,186,369) to a tune of KES 525,440,654, imprest issued amounting to KES 11,528,100 not being supported with relevant supporting documents, 27 officers holding imprests above KES 500,000 not being accounted for in 2016/17; differing figures in statement of assets (KES 87,848,831) and financial statements (KES 87,618,898) of KES 259,933 and unexplained difference of KES 158,526,000 between KES 87,878,831 in the statement of assets and outstanding KES 246,404,831 imprest as at 30 June 2018 in the imprest register in 2017/18.

Under/over expenditure (PFM Act 2012 and PFM Regulations 2015)

In the FY 2015/16, the approved final budget for the Executive was KES 3,148,190,122 for development and KES 3,142,213,413 for recurrent while actual expenditure for development was KES 2,561,331,379 and recurrent expenditure was KES 3,098,370,881.

In 2016/17, expenditure under the component of use of good and services revealed some votes were overspent above the budgeted amount without a supplementary budget approval by the County Assembly as shown below.

Table 5: Over-expenditure above the budgeted amount in FY 2016/17

Vote	Actual expenditure as per the financial statement	Budgeted amount	Variance Over (under)	Variance %
	KES	KES	KES	
Training expenses	57,554,357	18,006,923	39,547,434	220
Hospitality supplies and services	26,337,327	36,894,348	(10,557,021)	-29
Routine maintenance of other assets	163,34,116	20,290,165	(3,956,049)	-19
Prefeasibility, feasibility and appraisal studies	23,829,100	26,535,099	(2,705,999)	-10
Other expenses	157,906,516	22,550,000	135,356,516	600
Subsidies	75,379,577	15,000,000	60,379,577	403

Acquisition of assets	2,105,940,073	2,862,974,602	(757,034,529)	-26
Other grants and transfers	256,761,177	236,850,000	19,911,177	8
Use of goods and services	1,024,732,787	1,200,556,642	(175,823,855)	-15
Total	3,744,775,030	4,439,657,779	(694,882,749)	-16

Source: Auditor General's report for County Executive of Siaya for year ended 30 June 2017.

In the FY 2015/16, there was an underpayment of revenue collectors by KES 13,800,411.

Fixed Assets Register (PFM Act 2012 and its regulations of 2015)

In FY 2016/17, the procured assets were not entered in the stores record and stores ledger cards, and equipment was not tagged with unique identification numbers. The Management does not maintain an asset register of assets that is updated and accurate as required by section 149 of PFM Act 2012 and its regulations of 2015.

The amount in the summary of fixed assets register in the FY 2017/18 financial statements reflected additions of KES 620,405,140 differs with that reflected in the acquisition of assets KES 1,059,472,235 resulting in an unexplained variance of KES 439,067,095. As the county does not maintain an updated asset register, it was impossible to ascertain the nature, number, physical location and fair value of County Executive fixed assets contrary to regulation 136(1) of PFM (County Government) Regulations.

Single Sourcing (Public Procurement and Asset Disposal Act 2015)

Recurring audit query under use of goods is direct procurement/single sourcing in 2015/16 contrary to Public Procurement and Asset Disposal Act 2015. E.g. purchase of furniture worth KES 44,142,640 for ECD centres and provision of air travel services worth KES 3,414,250.

In 2016/17 under use of goods and services, there was; payment to insurance providers KES 8794620 for an extension of contract without the due process, council of governors KES 24372453 against Section 19 of Intergovernmental Relations Act 2012 which directs that Council of Governors be funded by annual estimates of the revenue and expenditure of the national government.

Unbudgeted Expenditure

unbudgeted salary expenditure of KES 131,194,490, which was an over expenditure, without approval of the County Assembly in 2016/17; increment of compensation to employees from KES 2,108,786,987 in 2016/17 to KES 2,465,782,740 in 2017/18 which was not justified, besides, figures in the financial statement of KES 2,465,782,740 was higher than the payroll amount of KES 2,114,631,108 by an explained variance of KES 351,151,632 in 2017/18.

Under-banking of receipts

In FY 2017/18 under generation of own revenues, the county reported a collection of KES 127,729,540 against the amount collected in the previous year of KES 172,822,861 representing a drop in revenue collection by KES 45,093,141. Counties experiencing difficulties in collection of revenues to the County Government are required under sec 63(2) of the PFM regulations 2015 to report the circumstances to the County Executive. No explanation has been given by the respective departmental county heads. The FY 2015/16 the total revenue balance of KES 5,369,409,927 reflected in the statement of receipts and payments includes KES 135,409,824 being local receipts for the year under review. The balance depicts fall in collections by KES 7,993,616 in comparison with the previous year's local receipts of KES 143,403,440.

Further, out of the aggregate revenue of KES 135,409,824, only KES 128,110,717 was banked resulting to unexplained under-banking of KES 7,299,107. Therefore, the executive contravened provisions of the PFM Act 2012 by failing to bank the revenue receipts.

In 2015/16, CEC Members sitting allowance of KES 1,908,000 were not explained in the notes to the financial statements as required by Section 122 of the PFM (County Government) Regulations 2015.

- **No value for money**

Issues raised under acquisition of assets ranged from lack of due diligence to unaccounted for difference in costs registered IFMIS and acquisition of assets balance. For example, proposed Barack Obama University that had money to the amount of KES 19,300,000 spent to buy land, without consulting the Ministry of Education Science and Technology. On roads, it was not clear how an over-expenditure of KES 349,653,702 was funded as the requisitions for the road amounted to KES 365,541,761. The balance under acquisition of assets was KES 715,195,463. Purchase of revenue management system worth KES 22,072,800 cannot be confirmed as it was not yet commissioned despite being 90% complete.

In 2016/17, audit queries included; contracts not being dated, no title deed for the pieces of land bought, nonadherence to contractual agreements where contractors abandon works, certificates issued for work not done, work was poorly done, value for money cannot be confirmed, and bill of quantities specifications were ignored.

- **Lack of supporting documents**

In FY 2016/17, there were domestic travelling claims totalling KES 22,982,650 without proper documents e.g. attendance registers, acknowledge receipt of cash due to the officers; unsupported payments to suppliers such as cleaning services, event management and supply of uniforms totalling KES 4,295,885 and payment of legal fees KES 20,000,000 without documents that support how the fee was arrived at.

Other issues raised included allowances of KES 10,963,600 made to 49 MCAs in July and August 2015 and gross monthly pay of KES 68,469,183 from July 2015 to June 2016 totalling to KES 79,432,783 which was not supported by payment schedules.

6.0 The opportunity cost of the queried amounts

Sector/department	Misappropriation as reported by the Auditor General	Priority project on the same vote as per Siaya CIDP 2013-2017 as opportunity cost
Trade	Yala modern market at KES 3.9 m; Ramba modern market at KES 3.9 m.	Increase promotional campaigns/exhibitions to diversify source markets. Develop promotional materials. Hold/participate in expos and exhibitions at KES 4.2 m
Health	Payment of KES 24 m to Council of Governors. Renovation and refurbishment of Siaya Referral Hospital at KES 51 m but works at male and female doors, ceilings, asbestos roofs at the kitchen and amenity were not replaced. Walkways were not scraped to original form and wall tiles were falling in the outpatient lavatory and the project had not been completed. Ukwala sub county hospital at KES 3 m. Medical equipment leasing at KES 95.7 m.	60 Model health Centres 30 Strengthened Community units Establishment of a satellite blood transfusion centre. NHIF Mass recruitment for households. 24 hour maternity service at all rural health facilities. Building of incinerators. Construction of County, Teaching and referral hospital. These projects had no costs attached to them but the misappropriated money could have been used to actualize them.
Education	Barack Obama University land at KES 19.3 m without consulting the Ministry of Education, Science and Technology. Accreditation fees of KES 5 m paid to Maseno University.	Bursary scheme Program county wide at 100 m. the money used in procuring the Barack Obama University land could have been used in the bursary scheme.
Agriculture	Construction of irrigation projects at KES 13 m without a feasibility study. Construction of Usenge jetty at KES 2.9 m. Fish bandas and usenge jetty at KES 773,372; and fish banda and two door latrine at KES 649,113.	Irrigation development at KES 306 m. Fish Processing ice plants and Fish Land Bandas constructed at KES 80 m. The money misappropriated could have been used in realizing the objective of the fisheries department as per the CIDP.

7.0 Misappropriations Related To Youth Focussed Projects

The County Government of Siaya in its CIDP 2013-2017 recognizes the youth as a cross cutting issue. The youth can therefore benefit in all the departments of the county notably Agriculture, Trade, Health, and Education.

Youth priorities in the education, youth, gender, culture and sport were youth training, Establish youth sports centres, Establish a sports lottery fund, Initiate paraplegic sports in the county, Construction and equipping youth empowerment centres, Establish a county revolving fund for youth entrepreneurs, Train youth out of school on ICT and entrepreneurial skills.

Despite youth being the majority in terms of population, they are disproportionately affected by unemployment, access to quality health and education and lack of economic opportunities. The money misappropriated could have been used prudently to tackle challenges affecting the youth across the various sectors.

The misappropriations involving construction of Usenge jetty inhibit the youth from maximizing fishing activities which is a livelihood of the youth living near the lake. It also directly impacts achievement of food security, one of the Big 4 agendas.

Misappropriations on health limit access of youth to health services such as sexual and reproductive health. Rampant teenage motherhood, sexually transmitted infections and unplanned pregnancies are a direct consequence of lack of access to youth friendly healthcare services.

When money meant for construction of markets is misappropriated, the youth can't have spaces to air their commodities and access the buyers and thus make a livelihood.

The table below shows the amount of money misappropriated per sector.

Table 7: Misappropriations related to youth issues

Misappropriations related to youth issues		
Department	Misappropriation	Value in KES
Agriculture	Construction of Usenge Jetty	2,921,485
	Construction of Irrigation Projects	13,683,628
	Fish banda and two door latrine	649,113
Health	Medical equipment leasing	95,744,681
	Completion of Maternity Block at Bondo Sub-County Hospital	14,045,265
	Construction of Nyang'oma Maternity Wing	1,000,000
	Ukwala sub county hospital	3,617,250

Education	Land for Barack Obama University	19,300,000
	Accreditation fees to Maseno University	5,000,000
Health	Yala modern market	3,946,417
	Ramba modern market	3,946,417
	Siaya business hub	2,500,000
Others	Nugatory expenditure amount	13,910,411
	Unconfirmed expenditure on branding of the county government of Siaya	8,827,600
	Landscaping at the Governor's Office Compound	4,982,200

8.0 Conclusion and Recommendations

8.1 Conclusion

Notable audit query by the Auditor General was the failure to reconcile financial statements. There are huge variances of figures in financial statements and those in IFMIS reports. Concerted efforts should be made by the Executive to address this. That supporting evidence of certain expenditure were not available could make one easily conclude money was lost. Every expenditure should be accompanied by the relevant supporting document. The huge pending bills and non-adherence to rules on imprests are a source of concern. That the County Executive audited financial statements obtained a qualified, adverse and qualified for the years under review in that order is an indicator it has the potential to do better. The issues raised by the auditor can largely be addressed by the County Executive adhering to the legal provisions more so PFM Act 2012 and PFM Regulations of 2015.

8.2 Recommendation

Despite the Auditor General consistently raising queries on these items, they keep recurring. We recommend the County Executive addresses the following recurring issues.

a. Assets Register

The county should make deliberate steps to update an accurate assets register. This should include aging of asses for proper identification. All assets acquired should be entered into the stores records and stores ledger cards.

b. Adherence to regulations

The county has repeatedly flouted regulations. From not convening an Audit Committee, single sourcing and overspending without due authority from the County Assembly via a supplementary budget. We recommend the County Executive exercises fidelity to the law. Just by adhering to the laid down laws and regulations, the County Executive can avoid more than half he queries raised by the Auditor General.

c. Pending bills

The County Executive should maintain a pending bills register and endeavour to pay the pending bills in the financial years they are due. It should also ensure all pending bills are supported by supporting documents such as invoices, local purchase orders, delivery notes, project agreements et cetera.

d. Reconcile Accounts

The Auditor General has on many occasions queried the variances in financial statements and IFMIS reports, summary statement of appropriation and final budget summary, statements of receipts and payments and statements of assets and assets register. These should be reconciled to avoid such queries being raised in future.

e. Improve absorption of development

The County Executive should put in place adequate measures to ensure complete budget absorption. Failure to utilize funds set aside for various public services and goods have a huge implication on delivery of the services to the people who rely on them.

f. Outstanding imprests

To avoid queries raised on imprests, the County Executive should follow the regulations governing imprests i.e. PFM Act 2012 and PFM Regulations 2015. It should also reconcile imprest figures in the respective records e.g. between statement of assets and imprests register. Imprests should be supported with supporting documents.

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NOTES

A series of horizontal dotted lines for note-taking.

