



# COUNTY GOVERNMENT OF LAIKIPIA

**REPOSSES TO THE:**

**SPECIAL AUDIT REPORT OF THE AUDITOR-  
GENERAL ON UTILIZATION OF COVID-19  
FUNDS BY COUNTY GOVERNMENTS**

December 2020



## 3.3.20 COUNTY GOVERNMENT OF LAIKIPIA

### AUDIT QUERY

#### Absence of approved work plans specific to COVID-19 funds received from National Government

- 3.3.20.1** Section 107(2) of the County Governments Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County. In addition, section 53(2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires County Governments to have in place Procurement and Asset Disposal Plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. Further, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.
- 3.3.20.2** The County Government of Laikipia had four sources of funds for COVID-19 prevention and mitigation. This included conditional Grants from National Government, Health Workers Allowances from the Ministry of Health, DANIDA funding, and Laikipia County Own Source Funds. Pursuant to section 107(2) of the County Government Act, 2012 and sections 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015, the County Government ought to have in place an approved work plan, budget and procurement plan that indicate how each of the funds were to be used for prevention and mitigation of COVID-19 risks.
- 3.3.20.3** It was established that, Laikipia County Government had in place the County Health Covid-19 Contingency (Readiness & Early Response) Plan developed on 5 March 2020 under the department of Medical Services & Public Health and the County Emergency Fund Work Plan dated 09 May, 2020 and approved through Minutes 3/EFC/05/2020/ AOB of the Emergency Fund Committee on 8 May 2020.
- 3.3.20.4** The Laikipia County Government Emergency Fund Work Plan dated 09 May, 2020, targeted to implement the training component from 1 July to 31 July, 2020. However, the Plan did not provide the estimated costs of the activities and number of Enforcement and Revenue Officers to be trained on COVID 19 preventive measure. Further, the County Government did not have in place approved Work Plans for utilization of Conditional Grants and DANIDA funds contrary to section 107(2) of the County Government Act, 2012. The County Government explained that recipient health facilities were to develop work plans for utilization of DANIDA funds upon receiving the funds.

## MANAGEMENT RESPONSE

The work plan availed for review during audit was dated March 2020, however this plan was updated after receipt of the Covid-19 conditional grants in June 2020, and has since been attached.

Annex 3:3:20:4 (Updated Work plan)

## Approved Budgets specific to COVID-19 funds

- 3.3.20.5** Sections 104 and 107 (2) of the County Government Act, 2012, provides that a County Government shall plan for the County and no public funds shall be appropriated outside a planning framework developed by the County Executive Committee and approved by the County Assembly. Further, Section 107 of the County Government Act, 2012 provides that the County Plans shall be basis for all Budgeting and Spending in the County.
- 3.3.20.6** It was established that the Conditional Grant of Kshs. 54,654,000 being Ministry of health covid-19 Grant was budgeted for in the Laikipia County Supplementary budget II approved on 23 June 2020. The same Grant was traced in the Annual Estimates and Development Expenditure for the year ending 30 June 2021. In addition, the Allowances for Frontline Health Workers of Kshs. 36,690,00 and DANIDA funds comprising of Kshs 4,585,000 were also budgeted for in the Estimates of Recurrent and Development Expenditure for the year ending 30 June 2021. As earlier noted, there was no approved work plans on how the conditional Grants were to be utilized.
- 3.3.20.7** The County Government of Laikipia had also allocated, through a supplementary budget, an amount of Kshs. 138,675,463 from Own County initiative as Emergency Fund for the year ending 30 June 2020 under the Finance, Planning and County Development Vote. In the previous budget, the County Government had allocated Kshs. 10,000 under the Emergency Fund Vote. The additional Kshs. 128,675,463 would be realized from various reallocations. The budget was approved by the County Assembly on 30 April, 2020.

## AUDIT QUERY

### Absence of approved procurement plan for conditional Grants received from National Government

**3.3.20.8** Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 requires, that, an accounting officer, shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process. Laikipia County Government had an approved Procurement Plan number 16497 for the financial year 2019/20. The Procurement Plan had its Covid-19 activities spread out to various County Departments focusing mainly on own source revenue. There was however no evidence of existence of an approved procurement plan for conditional Grants received from National Government contrary to section 53(2) of the Public Procurement and Asset Disposal Act, 2015.

## MANAGEMENT RESPONSE

The Conditional grants received from the National government had an approved procurement plan No. 16490 FY2019/20 contrary to the procurement plan 16497 which is quoted in this report.

Annex 3:3:20:8 (Approved procurement plan)

## Amount of funds received for COVID-19 prevention and mitigation

**3.3.20.9** The County Government of Laikipia received a total of Kshs. 240,188,859 from various sources for COVID-19 related activities as follows:

**Table 167: Amount of funds received by Laikipia County Government**

	Source	Date Received	Amount (Kshs)	Bank and Branch	Account number
1.	GOK Conditional Grant	23 June 2020	54,654,000	Laikipia County Emergency Fund- CBK	1000451181
2.	DANIDA Funds	10 July 2020	4,585,000	Laikipia County Health Services- CBK	1000285858
3.	GOK Health Workers Allowances	06 July 2020	36,690,000	Laikipia County Emergency Fund-CBK	1000451181
4.	County Own Source Revenue	Various	132,770,213	Laikipia County Emergency Fund-CBK	1000451181
5.	Donation	Various	11,489,646	ABSA Bank – Nanyuki Branch	2042569251
	<b>Total</b>		<b>240,188,859</b>		

**3.3.20.10** However, it was established that, while the County Government of Laikipia had budgeted an amount of Kshs. 138,675,463 under own source revenue, only Kshs. 132,770,213 was disbursed resulting in a variance of Kshs. 5,905,250 between approved budgets and actual disbursements. The variance represents the expenditures incurred by the County on COVID activities from other votes prior to opening the Laikipia County Emergency fund account number 1000451181 on 05 June, 2020. The budget was approved vide a letter referenced CGL/CA/CS/08/VOL.6/163 dated 5 May, 2020 from the County Assembly of Laikipia to the County Executive Committee Member, Finance and County Planning.

## Accountability and valuation of Donations received

**3.3.20.11** Section 71 (1) of the Public Finance Management Act Regulation (County Government) of 2015, provides that, upon approval by the County Executive Committee Member, an Accounting Officer may receive any Grant, donation, or sponsorship made in favor of the County Government entity irrespective of whether such sponsorship or Grant or donations is in cash or in kind.

**3.3.20.12** In addition, Section 74 (4) of the Public Finance Management (County Government Regulations) of 2015, requires that, where Grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimate and reflected as expenditure in the financial year. Further, Section, 71(5) of the Public Finance Management (County Government Regulations), 2015 requires gifts, or donation or sponsorship received during the year to be disclosed in annual and quarterly financial statements.

**3.3.20.13** The County Government of Laikipia received donations both in Cash and in Kind. Cash donations amounting to Kshs. 11,489,649 were received through the County ABSA Bank account number, 2042569251, Nanyuki Branch. The County Government of Laikipia also received in kind donations from KEMSA which were valued at Kshs. 11,256,732 and were disclosed in the County Government executive annual report. All donation dispatched from KEMSA were received in three receiving points, Beyond Zero store, Nanyuki Teaching and Referral Hospital Nanyuki Teaching and Nyahururu Teaching and Referral Hospital.

**3.3.20.14** The special audit established that, as at 31 July, 2020, the County Government of Laikipia had utilized COVID-19 funds as follows:

**Table 168: Utilization of COVID-19 funds by County Government of Laikipia**

	Source	Amount Received	Amount utilized	Account number
1.	GOK Conditional Grant	54,654,000	54,619,456	1000451181
2.	Danida Funds	4,585,000	4,585,000	1000285858
3.	GOK Health Workers Allowances	36,690,000	36,868,893	1000451181
4.	County own Source Revenue	132,770,213	120,623,343	1000451181
5.	Donation	11,489,646	10,609,410	2042569251
	<b>Total</b>	<b>240,188,859</b>	<b>227,306,102</b>	

## GOK Conditional Grant

**3.3.20.15** On 23 June 2020, the Laikipia County Government, received a conditional Grant amounting to Kshs. 54,654,000 from the Ministry of Health through the Laikipia County Emergency Fund, Account Number 1000451181. According to the framework for Management of the conditional Grant for Covid 19 emergency, the purpose of the Grant was to strengthen County capacity for the response to Covid 19 pandemic specifically geared to enhancing the capacity for isolation and quarantine centers and build the capacity of the health workers to respond to Covid-19 through trainings as per the guidelines. The framework also indicated that it was the responsibility of the County Government Accounting Officer to ensure the funds were utilized for the intended purpose.

**3.3.20.16** The special audit reviewed utilization of the conditional Grant and identified the following irregularities:

## AUDIT QUERY

### Utilization of funds without approved work plan - Kshs. 54,619,456

**3.3.20.17** Sections 104 and 107 (2) of the County Government Act, 2012, provides that a County Government shall plan for the County and no public funds shall be appropriated outside a planning framework developed by the County Executive Committee and approved by the County Assembly. Further, Section 107 of the County Government Act, 2012 provides that the County Plans shall be basis for all Budgeting and Spending in the County.

**3.3.20.18** The conditional Grant was budgeted for in the Laikipia County Supplementary budget II approved on 23 June 2020 and in the budgets for financial year 2020/2021 under Grants. However, it was established that, the County Government of Laikipia, spend an amount of Kshs. 54,619,456 for expenditure that was incurred before 23 June 2020 (before approval of supplementary budget). However, the supplementary budget was approved on 23 June, 2020 thereby regularizing the expenditure.

**3.3.20.19** There was however no evidence of an approved work plan contrary to sections 104 and 107 (2) of the County Government Act, 2012. The expenditure was incurred as follows:

**Table 169: Utilization of funds without an approved work plan**

<b>Category</b>		<b>Amount</b>
1.	Pharmaceuticals	32,979,180
2	Non Pharmaceuticals	12,424,000
3	Hardware Items	2,841,515
4	Electrical Items	1,507,310
5	Catering Services	2,634,500
6	Security Services	324,000
7	Other (Stationary, Ads, Alkaline Battery Service & Repair Serviette& Tissue)	1,908,951
<b>Total</b>		<b>54,619,456</b>

## MANAGEMENT RESPONSE

The work plan availed for review during audit was dated March 2020, however this plan was updated after receipt of the Covid-19 conditional grants in June 2020, and has since been attached.

**Annex 3:3:20:4 (Updated work plan)**

## AUDIT QUERY

### Failure to open a Special Purpose Account for Covid 19 Conditional Grant

**3.3.20.20** The framework for Management of the conditional Grant for the Covid 19 emergency response, required County Governments to establish, a Special Purpose Account in which the funds were to be disbursed to from the County Revenue Fund within 15 days. It was established that, the County Government of Laikipia did not open a Special Purpose Account for the Covid 19 Grant. Instead, the funds were disbursed to Laikipia County Emergency Fund, Account Number - 1000451181. This account is also used for banking the County Own Emergency Funds thereby commingling public funds that may result in accountability risks.

## MANAGEMENT RESPONSE

The Emergency Fund bank account is meant cater for County Emergency needs, and all funds relating to each emergency can be well identified and fully accounted for. However, we stand guided on the importance of having special purpose account for the covid-19 activities.

## AUDIT QUERY

### Irregular expenditures contrary to the Ministry of Health Guidelines

**3.3.20.21** A review of the expenditure of the conditional Grant incurred by the Laikipia County Government, established that, an amount of Kshs. 1,759,654 was paid out of this funds yet the requisitions for the expenditures were done before COVID-19 was declared in Kenya as follows:



**Table 170: Irregular expenditures contrary to the Ministry of Health Guidelines**

Particulars	Amount (Kshs)	MANAGEMENT RESPONSE
1	A review of PV no. NTRH45/3070001 payable to PELT security ltd showed that a payment of 324,000 was done on 2 June 2020, being payment of security services for the month of May 2020 for Nanyuki teaching and referral hospital the LSO attached was dated 20 June 2018 date of the invoice was 8 May 2020. It is not clear why services that were requisition in the financial year 2017/18 were being paid for in June 2020 using funds that had been allocated for Covid 19 emergency response. There was also no evidence of a contact framework to justify the same	<p>324,000</p> <p>NTRH managed a COVID19 Quarantine and Isolation Centre at the Nanyuki ASK Show Ground. There were also security deployments at the roadblocks. We used an ongoing contract with Pelt Security Services Ltd tendered at a fixed price per guard to deploy extra security officers in these areas controlled by the hospital. Requisition for the services was done when the services were being contracted (20th June 2018). The LSO for the Kshs 324,000 is dated 4th May 2020 and approved on 5th May 2020. This was to guard Nanyuki Teaching and Referral Hospital and COVID 19 Isolation Centre. This payment was in line with COVID 19 emergency response activities. The framework contract for the contract with Pelt Security Ltd</p> <p><b>Annex 3:3:20:21:1 (Contract with Pelt Security Ltd)</b></p>
2	A review of PV no.HD451301752A payable Guiteithia Media services Limited showed that a payment of 180,000 was done on 30 June 2020 being payment for provision of advertisement services on health-related program, the LSO attached was dated June 2020. The purchase requisition serial no.12435 was dated 26 January 2020 and the date of the invoice was 7 January 2020 being paid for in June 2020 using funds that had been allocated for Covid 19 emergence response. The services were requisition and invoice raised in January 2020 before the first case of Covid 19 case and payment was done using the conditional grant funds	<p>180,000</p> <p>The services were requisitioned as an ongoing program for the department from January to June 2020 as per details in requisition number 12435. This was in form of media programs. Guteithia Media services have a running framework contract with the County Government of Laikipia</p> <p><b>Annex 3:3:20:21:2 (Contract with Guteithie)</b></p> <p>They therefore issued a PROFORMA INVOICE DATED 7th January 2020 for media programs running from January 2020 to June 2020. The media programs were carried out for COVID 19 awareness in Laikipia County as per the LSO dated 2nd June 2020 and hence the payment from the Conditional Grant.</p>
3	A review of PV NO HDA45130757 payable Shuttle Auto Garage showed that a payment of 468,988 was done on 30 June 2020 being payment for services and repair, the LSO attached was dated 25 July 2019, the purchase requisition serial no.12609 was dated 25 July 2020 and the invoice is not dated. The services were requisitioned in 2019 before the pandemic and was being paid for in June 2020 using funds that had been allocated for Covid 19 emergence response. The expenditure is not in line with the purpose of the Grant.	<p>468,988</p> <p>After the declaration of COVID-19 as a pandemic, there were disease surveillance activities of unprecedented scale. Contact tracing had to be done, and samples had to be shipped in KEMRI and ILRI in Nairobi, Walter Reed in Kericho and MTRH in Eldoret. Repair of motor vehicles is an ongoing contract. The involved car had been taken for repairs as per the attached LSO dated 25th July 2019. However, the involved garage had to import some of the spare Parts thus requested for additional time through a letter dated: 10th August 2019.</p> <p><b>Annex 3:3:20:21:3:A (Extension request)</b></p> <p>The repairs therefore commenced and got finished in April 2020 as per the Mechanical Engineers report dated 20th May 2020.</p> <p><b>Annex 3:3:20:21:3:B (Engineers report)</b></p> <p>The purchase requisition is dated 25/07/2019 not 25/07/2020.</p> <p><b>Annex 3:3:20:21:3:C (Purchase requisition)</b></p> <p>The invoice is date 21st May 2020.</p> <p><b>Annex 3:3:20:21:3:D (Supplier invoice)</b></p> <p>The vehicle was needed and used for COVID 19 Surveillance activities.</p>
4	A review of PV on HD451307040 payable to Envligh Kenya showed that a payment of 786,666 was done on 26 June 2020 being payment for supply and delivery of office supplies. The LPO attached is dated 29 January 2020, the purchase requisition serial no.12424 was dated 23 January 2020 and the delivery note was date 17 January 2020, the requisition and delivery of this item was done before the first case of Covid -19 in Kenya and the payment of this voucher was done using the conditional grant from MOH whose intended purpose was strengthen County capacity for the response to Covid 19 pandemic specifically geared to enhancing the capacity for isolation and quarantine centers and build the capacity of the health workers to respond to Covid 19 through trainings as per the guidelines	<p>786,666</p> <p>The concerned PV is in relation to office stationary that were delivered on 17th &amp; 19th February 2020.</p> <p><b>Annex 3:3:20:21:4 (Delivery note)</b></p> <p>COVID 19 Pandemic was declared on 28th February 2020 by H.E. the president of Kenya. These office stationary were utilized in responding to the pandemic in the department of Medical services and public health. They therefore were paid for by the COVID 19 conditional grant.</p>
	<b>1,759,654</b>	

**3.3.20.22** A review of payment voucher number HD45130 1755 payable to West Pharmacy Nyahururu, indicated that, a payment of Kshs. 2,999,980 was done on 30 June, 2020 being payment for supply and delivery of medical drugs to health department. The purchase requisition number 11138 dated 23 April, 2020 and the delivery note dated 29 April, 2020 clearly itemized the goods being purchased and the quantities to be delivered. However, the stores ledger and control card number 000873 recorded the items as "VARIOUS". This does not show the actual items and quantities received at the store thereby posing accountability risks on Management of the items. However, there were inspection and acceptance certificates on items received in store.

## MANAGEMENT RESPONSE

The items in question are drugs that are controlled through a consumables ledger book S11 and S13 where they are itemized.

### Annex 3:3:20:22 (S11 & S13)

However, we have taken note of the reservations and will ensure itemization of the same going forward.

## DANIDA Funds- Ksh 4,585, 000

- 3.3.20.23** According to a letter from Chief Officer referenced CGLIHealth/COGEN/Vol.2/055 dated 3 July, 2020, Laikipia County was allocated Kshs. 4,585,000 as DANIDA Grant to boost Level II and III health facilities in the County, the funds were distributed to 76 dispensaries. The criteria for allocation of funds to dispensaries was based on the monthly expenditure per dispensary per quarter which was pegged at Kshs. 138,500. Out of this figure, DANIDA would contribute between Kshs 44,393 and Kshs. 112,500 depending the facility workload. The balance would be taken over by the County Government. For Health centers, the allocation Criteria was based on the monthly expenditure per Health center per quarter which was pegged at Kshs. 244,500. Out of this figure DANIDA, would contribute between Kshs. 112,500 and Kshs. 125,000 depending the facility workload. The balance would be taken over by the County Government.
- 3.3.20.24** Once the Grants are allocated to the dispensaries, it is the responsibility of the Management Committee of the dispensary to allocate the funds to specific items by budgeting it and writing minutes then sending them to County for verification and approval of expenditure. Field Visit by the special audit team at Likii Level II Dispensary and a meeting with the Nurse in charge held on 8 October 2020, verified that DANIDA Funds comprising of Kshs. 55,000 was credited to the dispensary Account, Kenya Commercial Bank Account No 1124516530 on 17 July, 2020.
- 3.3.20.25** The purpose of the funds was for operations and maintenance of the dispensary as per DANIDA requirements. As part of the dispensary operations, the dispensary prepares budgets only when the funds are deposited in their accounts. Budgeting involves having a meeting with the Committee (Community). In the meeting, the dispensary priority needs are then identified which forms the basis of the dispensary budget. According to the Nurse in-charge, it was revealed that the Kshs. 55,000 had not been spent since they were still involved in the meetings to identify their needs.

## GOK Health Workers Allowances

- 3.3.20.26** According to a letter referenced SRCITS/COG/3/61 148, dated 28 April 2020 from Salaries and Remuneration Commission (SRC) to The Cabinet Secretary to the National Treasury, the SRC approved the proposed welfare and Insurance package for health workers of approximately Kshs. 3,013,390,000 during the Covid 19 pandemic period. The Allowances was payable for period 3 months with effect from 1 April 2020 subject to availability of funds and according to designation indicated on pages 3 to 5 of the said letter.
- 3.3.20.27** It was established that, Laikipia County Government received Kshs. 36,690,000 from the Ministry of Health being funds for Covid-19 Emergency Allowances for Frontline Workers through AIE No. A 685742 and payment voucher number 4855. The funds were disbursed to the Laikipia County Revenue Fund Account number. 1000171626 on 06 July, 2020 and then paid to the Frontline Health Workers as part of their salaries.
- 3.3.20.28** A review of the expenditure on the GOK Health Workers Allowances by Laikipia County Government for the period 1 March to 31 August established the following irregularities:

## AUDIT QUERY

### Over Expenditure of Kshs. 178,892

- 3.3.20.29** According to a letter referenced CGI/Health/TreasuryIV01.21062 dated 18 September 2020 to the Principal Secretary of Ministry of Health from the Chief Officer of Medical Services and Public Health for Laikipia County, the County was allocated Kshs. 36,690,000 meant for the Allowances of the County Frontline Health workers. The three-month Allowances were paid in August as arrears as part of the salaries. The letter further indicated that the County paid Kshs 36,823,892 through July and August 2020 Payroll to 857 frontline health workers, this was in excess of Kshs. 133,892 of the amount received. An extract of Payroll summary to support the Kshs. 36,823,892 was attached to the letter.
- 3.3.20.30** To test the accuracy of the payroll extract provided, the special audit conducted a comparison between the IPPD data (Master File) and the payroll extract attached to the above letter. It was established that, Frontline Worker of P/No. 1993042407 had not been included in the payroll data extract attached to the letter. IPPD data indicated that the said rightful worker had been paid arrears of Kshs. 45,000. The true variance of the excess expenditures is therefore Kshs. 178,892 and not 133,892 as reported by the Medical Chief Officer Laikipia.

## MANAGEMENT RESPONSE

Implementation of Covid 19 for frontlines was done by Directorate of Public Service Management (DPSM) under the code ED823. In the same month the allowance was being paid, the officer p/no. 1993042407 had accumulated other arrears amounting to Kshs. 454,922 including Kshs. 45,000 for Covid 19 allowance. We did not realize that Kshs. 45,000 was included in the Kshs. 454,922 arrears. Therefore, the officer was erroneously omitted in the extract understating the variance of the excess expenditure.

## AUDIT QUERY

### Manually Paid Officers with no Personal Files nor contract

- 3.3.20.31** According to the Employment Act, Cap 226, Part III Section 10 of the Laws of Kenya "A written contract of service specified in section 9 shall state particulars of employment which may, subject to subsection (3), be given in instalments and shall be given not later than two months after the beginning of the employment."
- 3.3.20.32** A review of the Laikipia County Payroll, established that, there were 10 workers, whose date of birth was indicated as 1960 and therefore ought to have retired. The Officers were paid manually, outside the payroll information system, a total of Kshs. 325,365.59 as detailed in the table below. Upon request of the personal files, the Payroll Officer couldn't provide their personal files, contract nor secondment letter. Under the circumstance, the special audit could not confirm the lawfulness and effectiveness of the expenditures.

**Table 171: Manually paid Officers with no personal files**

PERSONAL NO	PIN No	DESIGNATION	AMOUNTS	RETIREMENT DATE
3179408	A001539863K	Senior Public Health Assistant	30,000	01/07/2020
3106528	A001846845H	Cleaning Supervisor[2b]	15,000	01/07/2020
2280057	A001868579W	Senior Enrolled Nurse[2]	30,000	01/06/2020
1206677	A001625428U	Principal Medical Lab Technologist 2	45,000	01/07/2020
458601	A001548055B	Senior Public Health Assistant	19,032	29/05/2020
7715761	A001785591M	Senior Enrolled Nurse[2]	45,000	01/07/2020
2518595	A001643723Z	Senior Enrolled Nurse[2]	45,000	01/07/2020
3199748	A001441577P	Senior Physiotherapist	30,000	01/07/2020
5486084	A001688633F	Senior Medical Lab Technologist 2	21,333	05/06/2020
3574045	A001625832U	Senior Registered	45,000	01/07/2020
<b>TOTAL</b>			<b>325,366</b>	

## MANAGEMENT RESPONSE

The 10 officers referred were serving in the months of April, May and June 2020 and retired in various dates of May and June 2020, consequently were out of the payroll by July 2020, when the Covid allowances were being paid. Since they had provided the service, each was paid on prorata basis up the date of retirement. They could only be paid outside IPPD because they were already deleted.

Personnel files for all officers aged above 55 years who were seconded to the department of Health in October 2015 were retained in Nairobi by Ministry of Health. After secondment temporary personnel files for the affected officers were opened and are available.

Annex 3:3:20:32 (Temporary files)

## County Own Source Revenue

- 3.3.20.33** It was established that, while the County Government of Laikipia had budgeted an amount of Kshs. 138,675,463 under own source revenue, only Kshs. 132,770,213 was disbursed resulting in a variance of Kshs. 5,905,250 between approved budgets and actual disbursements. The variance represents the expenditures incurred by the County on COVID activities from other votes prior to opening the Laikipia County Emergency fund account number 1000451181 on 05 June, 2020. The budget was approved vide a letter referenced CGLICA/CS/08IVOL.6/163 dated 5 May, 2020 from the County Assembly of Laikipia to the County Executive Committee Member, Finance and County Planning.
- 3.3.20.34** A review of Laikipia County Government Expenditure Report on County Own Initiative revealed that the County had spent a total of Kshs. 120,623,343 as at 31 July, 2020.
- 3.3.20.35** The operations and Management of the County Own Initiative fund is regulated by The Laikipia County Public Finance Management (Covid 19 Emergency Response Fund) Regulations, 2020 dated 2 July, 2020. The special audit reviewed these expenditures and identified the following irregularities:

### AUDIT QUERY

Non-Covid related expenditures incurred under the Fund - Kshs. 1,050,000

- 3.3.20.36** Regulation 4 of The Laikipia County Public Finance Management Regulations 2020 dated 2 July, 2020 requires that the object and purpose of the fund is to mobilize resources for emergency towards containing the spread, effect and impact of the Covid-19 pandemic.
- 3.3.20.37** Further Regulation 12 of the Laikipia Emergency Fund stipulates that withdrawals from the fund shall be for the purpose of promoting the objects and purpose (as seen above) which the Fund is established. There was an expenditure of Kshs. 1,050,000 being payments to Anne Wahome in respect of Imprest to cater for Coordination Surveillance & Monitoring of Desert Locust within the County. This was not geared towards containing the spread, effect and impact of Covid-19 pandemic hence did not promote the objects and purpose of the emergency fund.

### MANAGEMENT RESPONSE

#### The County Government of Laikipia had 2 regulations.

The Covid-19 Fund regulations 2020 whose purpose was to guide on utilization of the Covid-19 funds arising from public donations (this is the Regulation cited above by your report).

#### **Annex 3:3:20:37:A (Covid-19 Regulations)**

The Public Finance management (Laikipia County Emergency Fund) regulations 2020 that was gazetted on 4th May 2020. This was an all-purpose emergency regulation.

Thus for the above mentioned expenditure the County relied on Regulation 3(a, b, c) of the later regulation

#### **Annex 3:3:20:37:B (Emergency Fund Regulations)**

It's worth noting that the supplementary budget was mainly because the County was faced with 2 emergencies that prompted strategic intervention i.e. The Covid-19 pandemic and The Locust pandemic and thus the need for the Emergency Regulations above.

## AUDIT QUERY

Un-Surrendered Imprest- Kshs 1,437,600

- 3.3.20.38** According to section 93 (4) of the Public Finance Management Regulations, 2015, before issuing a temporary under paragraph (2), the accounting officer shall ensure that; the applicant has no outstanding imprest. Further Sec 5 stipulates that A holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty of station. Further, section 15 of the Public Finance Management Regulations, 2015, provides that when the imprest holder needs to have his or her funds replenished, he or she shall send an abstract and analysis of his memorandum cash book, plus originals of the supporting payment vouchers to accounts division.
- 3.3.20.39** A review of payment vouchers on Laikipia County Own Revenue Funds for Covid- 19, established that within the period between 18 June, 2020 and 09 July, 2020, 28 officers were issued with a night out Allowances and lunch for Facilitation of Civil Works Program Targeting Jua Kali Area in Nyahururu. However, as at the time of audit on 09 October 2020, Imprest amounting to Kshs 1,437,600 had not been accounted for.

## MANAGEMENT RESPONSE

The documents were inadvertently not availed but are now submitted.

Annex 3:3:20:39 (Support documents)

## Procurement irregularities - Kshs. 3,853,245

**3.3.20.40** The special audit identified procurement irregularities amounting to Kshs. 3,853,245 as detailed below:

**Table 172: Procurement Irregularities for Laikipia County**

	Irregularity	Justification	Amount (Kshs)	MANAGEMENT RESPONSE
1	Delayed delivery of COVID 19 related items exposing public funds to value for money risks	Review of PV no 45170e02 of Kshs 90,600 being payment of supply and delivery of liquid hand was by Ranny Supplies indicated 1 day as delivery time. Ranny Supplies accepted the award of Tender on 30 March 2020 and therefore the expected delivery date was 01 April 2020. The actual delivery time as per Delivery note No. 008 was 06 April 2020 thus 3 day delay in delivery.	90,600	The supplier had requested extension of time in writing as required by Section 139 (2a) of The PPADA 2015. Approval was granted in writing See attached correspondence  <b>Annex 3:3:20:40:1:A</b> <b>Annex 3:3:20:40:1:B</b>
2	Absence of a contract and failure to indicate the time period within which the service was to be provided exposing public funds to value for money risks	Section 70 (6) of the Public Procurement and Asset Disposal Act, 2015 requires bid document relating to items being procured to indicate the time limit for deliver or completion. A review of payment voucher number 14515d27 of Kshs 3,762,645 being payment for emergency gravel patching and drainage works at Doldol junction to Endana Shopping center in Segera Laikipia North Sub-County by Ugatuzi contractors Ltd, revealed that Quotation No:LCG/INF/CO6/001/2019-20 dated 4 November, 2019 for Bidderr Ugatuzi Contactors LTD did not provide	3,762,645	The contract is in place indicating the period the service was to be carried out and has since been provided for audit review.  <b>Annex 3:3:20:40:2 (Ugatuzi contract)</b>
		<b>Total</b>	<b>3,853,245</b>	



## Un-reliable store Ledger records - Kshs. 2,298,600

**3.3.20.41** The special audit could not confirm delivery and delivery of goods worth Kshs. 2,298,600 detailed below since the records of issues and receipts of goods at the store were un-serialized and the receipts and issue book had its first pages torn. Further the counter requisition and issue voucher (S11) and the counter receipt voucher (S13) reflected in the card were not provided.

**Table 173: Un-reliable store ledger records in Laikipia County**

Supplier	PV NO.	Amount (Kshs)	Items Delivered	MANAGEMENT RESPONSE	
1	Kewapa	4517004	1,680,000	Mask 200, hand sanitizers 500ml	All the items had been correctly captured in the receipts and issuance book despite the missing pages. The missing pages were erroneously torn and corrective measures have been taken against the officer concerned to avoid such occurrences in future. We have also taken note of the un-serialized documents and have implemented the same going forward. The Counter requisition S11 & S13 that were inadvertently not attached and are now submitted  <b>Annex 3:3:20:41:A (S11 &amp; S13)</b>
2	Rany Supplies	451700	90,600	20 liquid hand wash, 20 jellycan	All the items had been correctly captured in the receipts and issuance book despite the missing pages. The missing pages were erroneously torn and corrective measures have been taken against the officer concerned to avoid such an occurrence in future. We have also taken note of the un-serialized documents and have implemented the same going forward. The Counter requisition S11 & S13 that were inadvertently not attached and are now submitted  <b>Annex 3:3:20:41:B (S11 &amp; S13)</b>
3	Kiwan Hardware		528,000	70 pieces plastic tanks, 40 pieces of plastic tank taps, 50 pieces of plastic tank	All the items had been correctly captured in the receipts and issuance book despite the missing pages. The missing pages were erroneously torn and corrective measures have been taken against the officer concerned to avoid such an occurrence in future. We have also taken note of the un-serialized documents and have implemented the same going forward. The Counter requisition S11 & S13 that were inadvertently not attached and are now submitted  <b>Annex 3:3:20:41:C (S11 &amp; S13)</b>
<b>Total</b>			<b>2,298,600</b>		

**3.3.20.42** The special audit could not therefore confirm whether the above goods were delivered and issued for use. In view of limited time, the special audit did not conduct a stock take.

## Irregular expenditure incurred on Covid-19 Spraying Booth- Kshs. 4,549,200

**3.3.20.43** Interim Guidelines on Management of Covid 19 in Kenya and other Covid 19 Protocols and Guidelines does not back spray of people with chemicals through tunnels and cabinets. Further, Section 3 of the Public Procurement and Asset Disposal Act, 2015 provides that the Public Procurement & Asset Disposal by State Organs and Public Entities shall be guided by the principles of the Constitution and relevant legislation such as maximization of Value for Money among others. It was established that, a total expenditure of Kshs. 4,549,200 being payment for supply, delivery and installation of automatic sanitization booth and application on equipment for Laikipia Markets was not guided by the Ministry of Health guidelines as detailed in the table below:

**Table 174: Irregular Expenditures incurred on COVID-19 Spraying Booth**

Payee	LPO Details	PV NO	Amount (Kshs)	Payment Date
Colti Construction Company	No, 1763214 dated 17/3/2020	4517E005	2,599,200	17-06-20
Convoy Zone Africa Limited	No 176321'3 dated 17/03/2020	4517E001	1,950,000	17-06-20
<b>Total</b>			<b>4,549,200</b>	

These expenses are Covid 19 related bearing in mind that the requirement to sanitize as per the covid 19 protocols. The county government wanted to achieve this requirement in all the public places and especially at the market entrances.

**3.3.20.44** Further, a report on installation of public sanitization booths in the Laikipia County Markets and Hospitals by Department of Trade, Tourism, Cooperative & Industrial Development dated 22 April, 2020 cited challenges such as high maintenance cost and low usage of the spraying booths in the hospitals and markets. The Purchase of the spraying booths worth Kshs. 4,549,200 did not therefore achieve its intended purpose thus wastage of funds.

## MANAGEMENT RESPONSE

The Department of Trade as part of the concerted efforts to contain the spread of COVID-19 and complementing other established measures, indeed mounted Public Sanitizations booths at various entry points within its major markets of Nanyuki, Nyahururu and Rumuruti, as well as Nyahururu and Nanyuki hospitals. This was also informed by the market users' demand for a spraying booth within the markets and entry point into major hospitals. The booths were procured locally from local manufacturers as part of the County Government's initiative of supporting local innovations through the Laikipia Innovation Program on 17/03/2020 as indicated in the table above.

The Ministry of Health issued an advisory dated 09/06/2020

**(Annex 3:3:20:44 MOH Covid Guidelines)** by then the booths were already operational, that spraying of people with chemicals through tunnels and cabinets could be detrimental to the people's health. This necessitated the stoppage on the use of booths awaiting further advisory from the ministry of health. Meanwhile, the booths were modified and are currently used as controlled hand washing points within the markets and hospitals.

## Status of isolation/quarantine centers

- 3.3.20.45** According to a letter referenced NTHR/DirectExt.GovtIVo1.1 (2), Laikipia County had a Quarantine and Isolation Center at the Agriculture Show ground and a Critical Care Unit at Nanyuki Teaching and Referral Hospital (NTRH). The special audit team visited the Quarantine and Isolation Center at the ASK show grounds and confirmed that the center had 322 beds, 337 Mattresses with Macintosh cover etc. The Nanyuki Teaching and Referral Hospital Critical Care Unit had 19 Critical Care Beds with full linens, 5 Ventilators, 5 Oxygen delivery CPAP Sets among others.
- 3.3.20.46** As at 09 October 2020, Laikipia County had sampled 6097 people, out of which the County had 274 confirmed number of Covid 19 cases. Cumulative number of confirmed cases put in hospital isolation was reported to be 136. The County further reported that as at 09 October 2020 it had discharged total of 130 from Hospital isolation.

## Financial and Non-Financial Reporting On Covid-19 Funds

- 3.3.20.47** The special audit established that the County Government of Laikipia submitted a financial report to the Controller of Budget on utilization of COVID-19 funds.
- 3.3.20.48** It was established the County Government also produced non-financial reports on case load of COVID-19 cases in the County. For example, according to a letter referenced NTHR/DirectExt. GovtIVol.1 (2), the County Government reported on the Equipment and Case Workload of the Quarantine and Isolation Centers in Laikipia County up to 09 October 2020.

## Pending Bills

- 3.3.20.49** There were no pending bills on COVID-19 related activity as at the time of completion of the special audit.

## SUMMARY OF AUDIT QUERIES

### Irregularities, Weaknesses and Managerial Responsibility

**3.3.20.50** The special audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other policy decisions. The specific irregularities, weaknesses and respective recommendations for policy interventions are as follows:

**Table 175: Irregularities, Weakness and Managerial Responsibility for Laikipia County**

Irregularity Weakness	Risk / Law violated	Amount(Kshs)	Response Trail
1 Failure to open a Special Purpose Account for Covid 19 Conditional Grant and have in place an approved work plan	Comingling of funds Violation of the framework for management of the conditional grant	54,619,456	Response in Page 2 (Ref 3.3.20.4)
2 Irregular and ineligible expenditures incurred on GOK conditional Grants	Violation of guidelines issued by the Ministry of Health	1,759,654	Response in Page 7 (Ref 3.3.20.21)
3 Non-Covid related expenditures incurred under the County Own Source Funds.	Regulation 4 of the Laikipia County Public Finance Management Regulations 2020 dated 2 July, 2020 requires that the object and purpose of the fund is to mobilise resources for emergency towards containing the spread, effect and impact of the Covid-19 pandemic	1,050,000	Response in Page 12 (Ref 3.3.20.37)
4 Un-surrendered Imprest-Own Source Funds	Section 93(4) of the Public Finance Management Regulations, 2015	1,437,600	Response in Page 13 (Ref 3.3.20.39)
5 Procurement irregularities – Own Source Funds	Violation of PPADA,2015	3,853,245	Response in Page 14 (Ref 3.3.20.40)
6 Un-reliable store Ledger records- Own Source Revenue	Violation of PPADA,2015	2,298,600	Response in Page 14 (Ref 3.3.20.41)
7 Irregular expenditure incurred on Covid -19 Spraying booth	Violation of Ministry of Health guidelines and the PPADA,2015	4,549,200	Response in Page 15 (Ref 3.3.20.44)

**H.E Ndiritu Muriithi**

**Governor - Laikipia County**