



KILIFI CITIZENS FORUM

**KILIFI CIVIL SOCIETY ORGANIZATION NETWORK
ANALYSIS OF THE AUDITOR-GENERAL'S REPORT (FY 2023/2024)
SUBMISSION TO THE SENATE COMMITTEE ON COUNTY PUBLIC ACCOUNTS
AND INVESTMENTS**

Date: 25th March 2025.

To: The Clerk of the Senate,
Parliament of Kenya,
P.O. Box 41842-00100,
Nairobi, Kenya.

Cc: The Chairperson, Senate Committee on County Public Accounts and Investments,
The Senator, Kilifi County

1. INTRODUCTION

The Auditor-General's report for the financial year 2023/2024 has exposed serious financial management gaps, lack of transparency, and governance failures within the Kilifi County Executive. The Kilifi Civil Society Organizations (CSOs) Network under the leadership of Kilifi Citizen Forum has critically analyzed the report and identified alarming discrepancies that point to systemic weaknesses in budget implementation, procurement, and human resource management.

This document is not just an analysis; which calls for action. The county's financial statements presented to the Auditor General revealed substantial unexplained variances, procurement irregularities and misuse of public resources, leading to massive pending bills and questionable expenditures. The lack of accountability in handling public funds is a betrayal of public trust hence urgent intervention is required.

The Kilifi Civil Society Organizations urges the Senate Committee to take decisive steps in holding the county leadership accountable, ensuring that mismanaged funds are recovered and implementing stringent measures to prevent further financial mismanagement. This submission presents key findings, detailed queries, and recommendations that demand immediate attention.



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2. KEY FINDINGS AND CRITICAL QUERIES FROM THE AUDITOR-GENERAL'S REPORT

2.1. Financial Misstatements and Budgetary Inaccuracies

- **Unreconciled Variances:** The Auditor-General noted a variance of Kshs. 372,510,877 and Kshs. 2,610,004 in the statement of budget comparison and actual amounts.
 - **Query:** What caused these discrepancies, and why were they not reconciled in the financial reports?
- **Payroll Discrepancies:** An unexplained variance of Kshs. 120,076,771 was recorded in the Integrated Payroll and Personnel Database (IPPD), raising concerns about ghost workers or mismanagement of salary payments.
 - **Query:** Why does the county lack a properly maintained payroll register? Who authorized these payments?
- **Unsupported Imprests and Advances:** The county has outstanding imprests of Kshs. 90,140,166, some dating back to the 2016/2017 financial year, with no clear plan for recovery.
 - **Query:** Why were these imprests not surrendered within the legally required timeframe? What recovery measures are in place?

2.2. Procurement Irregularities

- **Unsupported Construction Payments:** Projects worth Kshs. 672,527,878 were flagged due to lack of tender documents and inconsistencies with the Bills of Quantities.
 - **Query:** Which specific projects were undertaken with these funds, and why were tender procedures not followed?
- **Irregular Legal Fees:** Kshs. 71,571,803 was paid to six private legal practitioners without documented contracts or approvals from the County Executive Committee, contrary to the County Attorney Act, 2020.
 - **Query:** What legal services were rendered, and why were payments made without proper approvals?
- **Irregular Procurement of Internet Services:** Kshs. 6,461,245 was paid for internet services without defining key contractual elements such as data security measures and retention policies.
 - **Query:** Who acted as the data controller and processor? How was the subscription period determined?



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2.3. Human Resource Management Violations

- **Non-compliance with Diversity Regulations:** 79% of county staff belong to one ethnic group, contravening Section 7(2) of the National Cohesion and Integration Act, 2008.
 - **Query:** Why has the county failed to adhere to legal hiring guidelines to ensure ethnic balance?
- **Irregular Promotions and Retentions:** 87 employees were promoted without proper records, and 26 employees were retained beyond the mandatory retirement age of 60 years.
 - **Query:** On what basis were these promotions granted? Why are retirees still on payroll?
- **Salary Over-deductions:** Some employees had deductions exceeding one-third of their basic salary, violating the Employment Act, 2007.
 - **Query:** Who approved these illegal salary deductions, and what steps will be taken to rectify them?

2.4. Pending Bills and Misuse of Public Funds

- **Unexplained Pending Bills:** The county recorded pending bills amounting to Kshs. 6,091,340,081, including a discrepancy of Kshs. 13,166,678 in accounts payable.
 - **Query:** What specific goods or services were procured to justify these bills? Were proper invoices submitted?
- **Unutilized Equipment:** A CT scan machine, incinerator, and digital X-ray machine remain unused months after procurement, indicating wasteful expenditure.
 - **Query:** Why has the county failed to utilize this critical medical equipment? Who is responsible for the delays?
- **Irregular Payments to the Council of Governors:** Kshs. 3,000,000 was paid without clarity on legal justification, contrary to the Intergovernmental Relations Act, 2012.
 - **Query:** Under what budgetary allocation was this payment made? Was it approved by the County Assembly?

3. RECOMMENDATIONS

3.1. Strengthening Financial Management and Oversight



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- Immediate reconciliation of all financial variances and public disclosure of corrective measures.
- Establishment of a forensic audit to verify ghost workers and address payroll discrepancies.
- Implementation of a structured imprest recovery system to prevent accumulation of outstanding advances.

3.2. Enhancing Procurement Integrity

- All procurement processes must adhere to the Public Procurement and Asset Disposal Act, 2015.
- The county must publish a list of all contractors and suppliers for transparency.
- Payments for legal services should only be made following proper documentation and approvals.

.3. Reforming Human Resource Policies

- Enforce compliance with national diversity regulations in hiring processes.
- Review and validate all promotions and ensure adherence to the Human Resource Manual.
- Retire all staff beyond the legal age limit and audit the county's pension obligations.

3.4. Addressing Pending Bills and Mismanagement of Public Resources

- Conduct an independent audit on pending bills to verify authenticity before settlement.
- Ensure all procured equipment is installed and operational within a defined timeline.
- Cease any further irregular payments to third-party entities unless justified under the law.

4. CONCLUSION

The findings in the Auditor-General's report indicate severe financial and governance irregularities within Kilifi County. The level of financial mismanagement exposed is unacceptable and requires immediate intervention. We urge the Senate Committee to demand accountability from the County Executive, recover misused funds, and take legal action against those responsible for these violations.

We appreciate the opportunity to present our findings and look forward to the Committee's intervention in safeguarding public resources.

Signed:

Kilifi Civil Society Organization Network



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