REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF GARISSA

FOR THE YEAR ENDED 30 JUNE, 2024

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF GARISSA FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Garissa set out on pages 1 to 40, which comprise the statement of assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and

statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Executive of Garissa as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unsupported Locum Payments

The statement of receipts and payments reflects compensation of employees' expenditure of Kshs.3,860,417,424 as disclosed in Note 3 to the financial statements. Included in the expenditure is an amount of Kshs.37,825,560 incurred in respect of locum payments to one hundred and fourteen (114) medical staff. However, there was no evidence of requisitions from the user department, appointment, approval and posting by the County Public Service Board for the staff engaged under locums. There was also no explanation on their roles, terms of engagement and remuneration.

In the circumstance, the regularity, completeness and occurrence of the expenditure of Kshs.37,825,560 could not be confirmed.

2.0 Use of Goods and Services

The statement of receipts and payments reflects expenditure of Kshs.875,399,218 on use of goods as disclosed in Note 4 to the financial statements. However, the following observations were made:

2.1 Unaccounted Pharmaceuticals Supplies

Included in the expenditure on use of goods and services is an amount of Kshs.345,622,618 in respect of specialized materials and services which further includes expenditure on procurement of drugs worth Kshs.107,932,618 which were distributed to various facilities within the County. However, the deliveries were not taken on charge in store ledgers.

Further, the Department of Health procured drugs from a local supplier worth Kshs.26,000,000. However, Management did not provide records to support the procurement process for acquisition of the drugs. Requisitions from user departments, delivery schedules, counter receipt vouchers (S13), stores ledgers and issues from the stores were not supported by S11 forms. In addition, payments for the pharmaceutical supplies were not supported by inspection and acceptance committee reports.

In the circumstances, the regularity, accuracy and completeness of the expenditure of Kshs.107,932,618 on supply of pharmaceuticals could not be confirmed.

3.0 Unsupported Finance Costs

The statement of receipts and payments reflects a balance of Kshs.4,229,213 in respect of finance costs, as disclosed in Note 9 to the financial statements. However, Management did not provide a breakdown of the finance costs.

In the circumstances, the accuracy and completeness of the finance costs of Kshs.4,229,213 could not be confirmed.

4.0 Unsupported KRA Agency Payments

The statement of receipts and payments reflects expenditure of Kshs.1,942,876,030 on acquisition of assets as disclosed in Note 8 to the financial statements. The expenditure includes deductions amounting to Kshs.77,548,949 in respect of KRA agency payments for non-remittance of withholding tax deducted from supplier payments. However, the details of the payments were not provided for audit review.

In the circumstances, the accuracy and proper classification of the expenditure could not be confirmed.

5.0 Accumulation of Pending Accounts Payables

Included under Annex 2 to the financial statement is an analysis of the pending bills balance of Kshs.2,458,250,926 as at 30 June, 2024 which increased by Kshs.1,888,080,377 from Kshs.570,170,549 as at 30 June, 2023. Although Management indicated that the incremental pending bills arose from findings of a Pending Bills Committee constituted by the County Executive, the authenticity of the additional pending bills could not be established as there were no disclosures or adjustments of the prior year's financial statements.

Further, the County Executive Management did not provide satisfactory explanations for the failure to settle pending bills for 2022/2023 and prior years despite receiving the full exchequer releases for the periods. In addition, Management did not provide the plan and measures to settle all the pending bills.

In the circumstances, the accuracy and completeness of the pending accounts payables balance of Kshs.2,458,250,926 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Garissa Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis of Kshs.9,568,689,395 and Kshs.7,935,375,572 respectively, resulting to an under-funding of Kshs.1,633,313,823 or 17% of the approved budget. Further, the County Executive spent Kshs.7,932,015,780 against an approved budget of Kshs.9,568,689,395 resulting in an under-expenditure of Kshs.1,636,673,615 or 17% of the budget.

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

My Opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

Other Information

The Management is responsible for the other information set out on page iii to xxxiv which comprises of Key Entity Information and Management, Governance Statement, Foreword by the County Executive Committee Member for Finance and Economic Planning, Statement of Performance Against County Predetermined Objectives, Environmental and Sustainability Reporting, and the Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Executive's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Irregularities in Human Resource Management

1.1 Non-Compliance with Fiscal Responsibility Principle on Wage Bill

Compensation of employees costs of Kshs.3,439,108,867 represented 44% of the County's total revenue received of Kshs.7,935,375,572, which exceeded the set limit of thirty-five per cent (35%) in Regulation 25(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which states that the County Government expenditure on wages and benefits for public officers should not exceed thirty-five percent (35%) of the total County revenue.

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

1.2 Irregular Payment of Special House Allowances

Analysis of the County Executive payroll records revealed that fifty-two (52) employees were paid special house allowances amounting to Kshs.4,832,974 during the year in addition to the regular house allowance applicable for their designations. Management did not provide satisfactory explanation for the payment of special house allowances.

In the circumstances, the regularity of Kshs.4,832,974 paid as special house allowance could not be confirmed.

1.3 Failure to Maintain Staff Establishment

The County Executive did not have an approved staff establishment in place. As a result, it was not possible to establish how the cadres and staff capacity in the various departments were determined and whether the County was operating at optimal staffing levels.

Lack of approved staff establishment may lead to under or overstaffing.

1.4 Non-Adherence to Recruitment Thresholds for Persons with Disabilities

Review of June, 2024 payroll records revealed that the County Executive had eighty-three (83) persons with disabilities, representing three percent (3%) of the County Executive's workforce. This was contrary to Section 2.23 of the Garissa County Human Resource

Manual, 2018 which provides that at least five percent (5%) of all appointments shall be for persons with disabilities. In addition, the manual Excel payroll with six hundred and sixty-eight (668) staff members did not contain details on gender, ethnicity and persons with disability and therefore it was not possible to determine the proportion of persons with disabilities engaged.

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

1.5 Irregular Engagement of Casual Employees

During the year under review, the County Executive spent Kshs.36,288,000 on casual employees' wages. However, examination of payroll records revealed that casual employees were engaged continuously for more than three (3) months. This was contrary to Section 37(1)(a) and (b) of the Employment Act, 2007 which provides that, where a casual employee works for a period or several continuous working days which amount in the aggregate to the equivalent of not less than one month; or performs work which cannot reasonably be expected to be completed within a period, or several working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly.

Further, master rolls and County Public Service Board approval for the engagement of the casual employees, were not provided for audit review.

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

1.6 Employees Earning Less Than One Third of the Basic Pay

Review of the staff payroll for June, 2024 revealed that one hundred and sixty-six (166) employees were receiving net salaries that were less than one third of their respective basic salaries. This was contrary to the requirement of Section 19(3) of the Employment Act, 2007 which provides that the total amount of all deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two thirds (2/3) of such wages.

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

1.7 Employees Retained in Service Beyond the Mandatory Retirement Age

Review of Integrated Payroll and Personnel Database (IPPD) revealed that six (6) employees had reached the mandatory retirement age of sixty (60) years but were retained in the service without any justification. This was contrary to Regulation 70(1) of the Public Service Commission Regulations, 2020 which provides that subject to the Constitution, Section 80 (a) and (b) of the Public Service Commission Act, 2017, any other relevant written law or a specific Government Policy, the mandatory retirement age in the public service shall be sixty (60) years and sixty-five (65) years for persons with disability.

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

1.8 Processing of Salary Outside the IPPD

The County Executive maintained a manual payroll in MS Excel spreadsheets with seven hundred and thirty-five (735) employees outside the Integrated Personnel and Payroll Database (IPPD). Manual payroll system can be susceptible to errors and irregularities such as ghost workers and unauthorized adjustments. Management has not provided satisfactory explanation on why such a big number of employees were paid through manual payroll.

In the circumstances, the integrity of the payroll system could not be confirmed.

2.0 Project Status and Implementation

2.1 Failure to Label County Projects

During the year under review, five (5) projects valued at Kshs.93,575,184 were completed. However, inspection of the projects revealed that they were not labelled despite provisions for branding of Kshs.50,000 in the Bill of Quantities. Review of the records revealed that payments to the contractors were made inclusive of the provision for branding without the works being executed, which constitutes an irregular charge to public funds.

2.2 Stalled Projects

Inspection of projects carried out in September, 2024 revealed that seventeen (17) projects awarded at a total contract sum of Kshs.504,292,598 by the County Executive in the previous financial years had stalled and the contractors were not on site.

2.3 Completed Projects Not Put into Use

Further, the inspection revealed that eight (8) projects valued at Kshs.207,158,971 initiated in the previous financial years were completed in the year under review but had not been utilized.

2.4 Incomplete Equipping and Extension of Baraki and Maalimin Water Pipeline

Records indicate that during the 2016/2017 financial year, the County Executive awarded a contract for equipping and extension of fifty-six (56) kilometer pipeline between Baraki and Maalimin in Lagdera Sub-County at a contract sum of Kshs.219,827,435. Project inspection carried out in September, 2024 revealed that only thirty-five (35) kilometres of piping had been done and two (2) substations were not done. Also, the project may not achieve its objective since the three (3) boreholes that form part of the project have a total yield of 66 cubic metres per hour while the collecting pipe can carry 22 cubic metres per hour with no storage at the collection centre. Further, the distance between the two (2) substation tanks is twenty (24) kilometers with the ground inclined upwards which may hamper water flow thereby putting in doubt the feasibility of the project. In addition, the contractor was not on site.

2.5 Incomplete Construction of Garissa County Referral Hospital Medical Records Offices

The County entered into a contract with a local contractor for the construction of Garissa County Referral Hospital Medical Records Offices at a contract sum of Kshs.11,859,016.

The project had a completion date of April, 2024 which was extended to September, 2024 following approval of the contractor's request. However, an inspection conducted in September, 2024 revealed that an estimated 60% of the works had been completed but the contractor was not on site.

2.6 Incomplete Construction of Parking and Fencing at Qorahey

The County entered into a contract with a local contractor for the demolition and construction of parking and fencing at Qorahey market in Township Sub-County at a contract sum of Kshs.19,467,404. The project was supposed to be completed by 30 June, 2024. However, project inspection conducted in September, 2024 revealed that the project was incomplete and the contractor was not on site.

2.7 Incomplete Fencing of Agricultural Training Centre

The County entered into a contract with a local contractor for fencing of the Agricultural Training Centre in Garissa Township at a contract sum of Kshs.27,365,320 with a completion date of 28 April, 2024. Project inspection conducted in the month of September, 2024 revealed that portions of the perimeter wall had collapsed due to the impact of flooding. Also, there was encroachment by the local community had destroyed an estimated twenty-four (24) meters stretch of the perimeter wall and the contractor was not on site.

2.8 Upgrading to Bitumen Standard of Bulla Madina - Dobale Road

The County entered into a contract with a local contractor for the upgrading to bitumen standards of Bulla Madina-Dobale Road at a contract sum of Kshs.39,219,843 with an expected completion date of 16 October, 2024. Inspection conducted in September, 2024 revealed that the road was in the base stage with estimated progress of work at 70%. However, the contractor was not on site.

In the circumstances, value for money may not have been realized from the expenditure on incomplete, stalled or completed but not put to use projects.

3.0 Irregular Operation of Bank Accounts

The statement of financial position reflects cash and cash equivalents balance of Kshs.64,247,994 as disclosed in Note 10 to the financial statements. The balance includes a balance of Kshs.103,741 and Kshs.1,710,677, Kshs.61,057,195 in three (3) Garissa County Payroll accounts held in three (3) commercial banks. Regulation 82(1) of the Public Finance Management (County Governments) Regulations, 2015 states that (a) all County exchequer accounts shall be opened at the Central Bank of Kenya, except for imprest bank accounts for petty cash. Management did not provide explanation for operating the three accounts whose purpose could not be confirmed.

In the circumstances, there is risk of irregular spending of funds outside the Integrated Financial Management Information System.

4.0 Failure to Transfer Functions to Established County Entities

During the year under review, the County Executive executed functions that fall under the mandate of established County entities with no satisfactory explanations. Some of the

entities had been in existence for more than five (5) years hence have adequate structures to enable them execute their respective functions as detailed below:

4.1 Procurement of Food Donations

During the under review, the County Executive procured foodstuffs worth Kshs.34,471,550 for flood victims. However, Management did not explain why the donations could not be procured and managed by the existing Garissa County Emergency Fund.

4.2 Procurement of Street Lighting for Garissa Township Municipality

During the year under review, the County Executive engaged a contractor for solarization at Suq Muqdi Market and Bula Madina in Township Sub-County at a contract sum of Kshs.23,996,688. In addition, the County Executive entered into a contract with a local supplier for the installation of street lighting along Lamu Garissa Road in Township Sub-County at a contract sum of Kshs.19,496,178. However, Management did not explain why the works could not be executed by the Garissa Municipality mandated to undertake the functions.

4.3 Procurement of Items for Garissa Water and Sewerage Company and Masalani Water Supply Project from Recurrent Vote

During the year under review, the County Executive procured aluminum sulphate and laboratory items worth Kshs.9,582,000 and Kshs.12,0834,281 on behalf of Garissa Water and Sanitation Company and Masalani Water Supply Project respectively. However, Management did not explain why the items could not be procured by the respective water companies.

From the foregoing, the execution of functions of County entities by the County Executive may lead to conflicts, duplication of efforts and wastage of public resources.

5.0 Irregular Payments to the Frontier Counties Development Council

During the year under review, the County Executive paid Kshs.3,000,000 to Frontier Counties Development Council. However, the Council is not a public entity. As a result, the payment made to the entity for undisclosed services provided is an irregular charge to public funds.

In the circumstances, the regularity of the expenditure of Kshs.3,000,000 could not be confirmed.

6.0 Failure to Submit Financial Statement for County Entities

Management did not prepare and submit to the Auditor-General financial statements of Garissa Rural Water and Sewerage Company for the financial year ended 30 June, 2024. This was contrary to Section 164(4)(a) of the Public Finance Management Act, 2012 which states that within three months after the end of each financial year, the Accounting Officer for an entity shall submit the entity's financial statements to the Auditor-General.

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

7.0 Failure to Publish and Publicize Procurement Contracts

Management did not provide evidence to confirm that procurement contracts entered into during the year were published on the County Executive's notice boards and website as required. Further, there was no evidence provided to confirm that the signed contracts were reported to the Public Procurement Review Authority. This was contrary to Regulation 131(a) and (b) of the Public Procurement and Asset Disposal Regulations, 2020, which provides that an Accounting Officer of a procuring entity shall, publish and publicize all procurement contracts at its notice boards and websites within fourteen (14) days after signing the contract and report all signed contracts to the Authority within fourteen (14) days after the end of every month in the format provided by the Authority.

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

8.0 Failure to Implement E-Procurement

During the year under review, the County Executive spent substantial amounts in acquisition of goods, works and services. However, the County had not implemented e-Procurement system hence goods, works and services were procured through manual procurement system. This was contrary to Regulation 49(2) of the Public Procurement and Asset Disposal Regulations, 2020 which provides that the conduct of e-procurement procedures for the supply of goods, works and services shall be carried out by a procuring entity using an e-procurement system which is integrated to the State Portal.

In the circumstances, Management was in breach the law.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0 Failure to Appoint County Chief Officers

During the year under review, the County Executive did not have chief officers for all its departments. Departmental directors were designated to act as chief officers for the

departments. Management did not provide satisfactory explanation for the failure to appoint chief officers within reasonable timelines after the inauguration of the current Government.

Lack of substantive Chief Officers may have adversely affected the operations of the County Executive during the year under review.

2.0 Lack of Substantive County Public Service Board Chairman

The contract for the Chairperson of the County Public Service Board expired in February, 2024. However, as at September, 2024 when the audit was carried out, a substantive chairperson to the Board had not been appointed.

In the absence of a substantive chairperson of the County Public Service Board may have adversely affected the operations and decisions of the Board.

3.0 Unconfirmed Existence of County Motor Vehicles

Motor vehicles inventory for the year under review was not provided for audit. As a result, it was not possible to confirm the total number of County vehicles deployed to various County departments and their condition.

Failure to maintain proper records of motor vehicles may lead to misappropriation and misuse.

4.0 Ineffective Internal Audit Unit and Audit Committee

The County Executive has not established an Audit Committee. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 requires each County to establish an Audit Committee which shall support the accounting officers with regard to their responsibilities for issues of risk, control and governance and associated assurance and also to follow up on the implementation of the recommendations of internal and external auditors. Further, review of the operations of the internal audit department revealed that the County Executive had an internal audit unit in place. However, during the financial year under review the department did not submit any report.

In the circumstances, the effectiveness of the County Executive's internal controls, governance and risk management could not be confirmed.

The audit was conducted in accordance with ISSAIs 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the County Executive's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the County Executive's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 December, 2024