



IGRTC
INTERGOVERNMENTAL
RELATIONS TECHNICAL
COMMITTEE

Consultation, Cooperation & Coordination in Devolution



REPORT ON THE
IDENTIFICATION, VERIFICATION, VALIDATION AND TRANSFER OF

**ASSETS AND LIABILITIES OF
THE DEFUNCT LOCAL AUTHORITIES**

AS AT 27TH MARCH, 2013



2018







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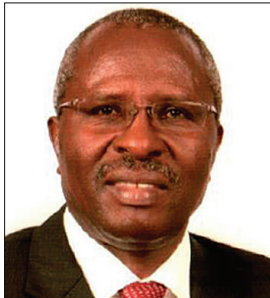
Abbreviations and Acronyms

CALCs	County Assets and Liabilities Committees
CBA	Collective Bargaining Agreements
COG	Council of County Governors
COK	Constitution of Kenya
CRA	Commission on Revenue Allocation
DLAs	Defunct Local Authorities
DOD	Department of Defense
E-CIMES	Electronic – County Integrated Monitoring and Evaluation Systems
E-PROMISE	Electronic Project Monitoring Information Systems
FDR	Fixed Deposits Receipts
GAWASCO	Garissa Water and Sewerage Company
HELB	Higher Education Loans Board
IBEC	Intergovernmental Budget and Economic Council
IGRTC	Intergovernmental Relations Technical Committee
IAS	International Accounting Standards
IATT	Inter-Agency Technical Team
KLGA	Kenya Local Government Authority
KENAO	Kenya National Audit Office
KIWASCO	Kisumu Water and Sewerage Company
KRA	Kenya Revenue Authority
KWS	Kenya Wildlife Service
LGLA	Local Government Loans Authority
LAIFOMS	Local Authority Integrated Financial Operations Management System
LAPTRUST	Local Authority Pensions Trust
LAPFUND	Local Authority Provident Fund
LPO	Local Purchase Order
MAWASCO	Mathari Water and Sanitation Company
MOD	Ministry of Defense
MODASAL	Ministry of Devolution, Arid and Semi-Arid Lands



MOU	Memorandum of Understanding
MUWASCO	Murang'a Water and Sanitation Company
NARUWASCO	Nakuru Rural Water and Sanitation Company Ltd
NHC	National Housing Corporation
NHIF	National Health Insurance Fund
NLC	National Land Commission
NSSF	National Social Security Fund
NYEWASCO	Nyeri Water Services Company
OAG	Office of the Auditor-General
OMWASCO	Othaya-Mukurwe-ini Water Services Company
PAYE	Pay As You Earn
SACCOs	Savings and Credit Cooperative Organizations
TA	Transition Authority
TDGA	Transition to Devolved Government Act
TEAWASCO	Tetu and Aberdares Water & Sanitation Company Ltd
USAID	United States Agency for International Development

Foreword



The passage of the Constitution of Kenya in 2010 marked one of the most significant events in the development of Kenya as a Nation State. After many years where regions and peoples had complained of being excluded from access to national resources, the new constitution introduced new ethos and frameworks that if effectively implemented, would lay the exclusion ghost to rest for all time. No change wrought by the constitution was more revolutionary than the introduction of the devolved system of government. Henceforth, every part of this country would be entitled, as a matter of constitutional right, to a measure of self-government and an equitable share of the national budget. No longer would politics be the principal determinant of resource allocation. Service delivery would also be managed by a level of government that would be closer to the people.

Significant functions hitherto carried out by local authorities and the central government were constitutionally assigned to the County governments. To be effective in performing the assigned functions, the new County governments would not only need to be adequately resourced financially but would require all the assets that have been used by the local and central governments to perform the assigned functions. The constitution had decreed that resources must follow functions. The transition to this new system of government was initially overseen by the Transitional Authority (TA) whose term came to an end on 3rd March 2016. The Intergovernmental Relations Act, 2012 s.12 (b) constituted the Intergovernmental Relations Technical Committee (IGRTC) as the successor to the TA and required the IGRTC to, inter alia, take over the residual functions of the TA. One of the residual functions taken over from the TA was the finalization of verification, validation and transfer of assets and liabilities belonging to the Defunct Local Authorities (DLAs) as at 27th March, 2013.

The IGRTC in partnership with other State agencies has now completed the process of verification, validation and transfer of assets and liabilities as contemplated by the Law. This report provides concrete and reliable data on the status of assets of the DLAs to guide both national and county governments on the handling of public resources left behind by the local authorities. It further clarifies the status of liabilities and offers practical liquidation options to guide the process of decision making, leading to final settlement.

The implementation of the recommendations of this report will be a significant step towards solidifying our devolution process as it will legally vest ownership of assets to the respective counties. I am confident that the report will also help in securing all public assets which were the focus of this exercise. The report will also assist in the final settlement and liquidation of the liabilities of the DLAs and resolve the longstanding issues that have prejudicially impacted many parties aggrieved by delayed settlement of claims since the transition to the devolved system of government.

On behalf of the IGRTC family, I wish to sincerely thank all the officers who worked tirelessly to make this assignment a success. Our special thanks go to H.E William Ruto, the Deputy President who is also the Chairman of the Intergovernmental Budget and Economic Council (IBEC) for providing leadership and support in this critical assignment under the Council. I also wish to thank all Governors for providing resources and a conducive environment for the CALCs to perform their work.

A handwritten signature in black ink, appearing to read 'Karega Mutahi'.

Prof. Karega Mutahi, CBS
Chairman, IGRTC

Message from the Chairperson of the Thematic Area



At a critical moment in the countdown to the first general elections under the Constitution of Kenya 2010, it was clear that there existed significant challenges to be addressed around the unfinished work of transferring the assets and liabilities of the 175 local authorities that existed as at 27th March, 2013. The goal to have a smooth transition to a devolved system of governance and a proper handover and takeover process from the local authorities to the new county administrations was not achieved by the time county governments came into office on 4th March 2013. After five years, we are pleased that the country has the inventory of the 47 registers for each county and a consolidated national report on the status of assets and liabilities of all the defunct 175 local authorities.

This report is intended to help, in a major way, the national and county governments in the management of assets and liabilities of the country. It provides an important source of information and basis for further scrutiny of the assets and liabilities of the DLAs. It also seeks to ensure proper and successful asset inventory management, settlement of liabilities and accurate reporting on accounts by the national and county governments. The report is not simply concerned with the status of the assets and liabilities, but also includes recommendations for policy interventions for successful devolved governance. It will also restore public confidence in managing public resources, protection of public assets and prudent settlement of liabilities.

Information in this report comes from the fieldwork in which key stakeholders were involved, over the last five years. The logical approach used in the preparation of this important report has been very much to safeguard public wealth, ensure inclusivity, and ensure cost effectiveness of the process and to engender ownership of the contents by all the government agencies and citizens.

I acknowledge the efforts of the Office of the Auditor General, members of the IATT and the CALCs who worked under difficult conditions especially in rural areas and for their enthusiasm often in the face of enormous obstacles. Without their sense of duty, this report could not have been ready on schedule.

I will end by echoing the words of Buchanan, J. Nobel Laureate (1986), who said, “Unguided and poorly managed devolution has a habit of triggering massive appetite of a few people to privatize, commercialize and commoditize the productive assets of the commons, the public for self-gain.” The aim of this report is therefore to protect public interest and ensure Kenya’s devolution does not trigger the appetite of a few to privatize public assets for private gain.

A handwritten signature in blue ink, appearing to read 'Billow Khalid'.

Dr. Billow Khalid, PhD, CPS (K)
IGRTC Member

Message from the Chairperson of Inter-Agency Technical Team



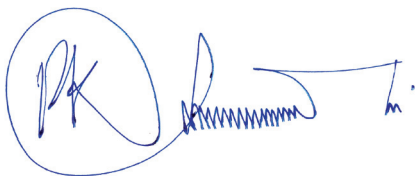
For IGRTC, 2018 was a year of impact, where we saw the long anticipated process of identification, verification and validation of assets and liabilities of DLAs coming to conclusion. On 24th march 2017, a critical phase in transition to devolution began with the gazette of notice No 2701, and subsequently notice No 4370 which would culminate in the transfer of Assets and Liabilities to the respective counties on “as is where is” basis. In the gazette notice, IGRTC was required to verify and validate all the Assets and liabilities of the DLAs and through stakeholder consultations develop liquidation options for the settlement of the liabilities.

The processes of verification and validation underpinning this success took a participatory approach guided by IGRTC, and overseen by the Inter Agency Technical Team (IATT). The IATT was drawn from relevant institutions including the office of the Auditor General, office of the Controller of Budget, the Ministry of Devolution and ASAL, The National Treasury, the National Land Commission, the Ministry of Land and Physical Planning, the Commission of Revenue Allocation, the Council of Governors, the office of the Attorney General and the IGRTC as the coordinator and secretariat of the process.

The IATT carried out this work through the County Assets and Liabilities Committees (CALCs) at the counties. The CALCs comprised of representatives of relevant institutions at the County and National Government levels. These were; a chairperson and three public officers from the county public service appointment by the Governor, the County Commissioner, the Clerk of the County Assembly, representatives of the National Land Commission, the Ministry of Lands, the National Treasury, the State Department of Devolution, the Internal Audit Services Department of County Government.

The teams demonstrated care and forethought in the preparation and vigour in the co-ordinated execution of the assignment across the counties, leading to successful completion inspite of numerous challenges experienced. Without the collective and individual support of these stakeholders and others not mentioned, this achievement would not have been possible.

We have no doubt that timely and decisive implementation of the recommendations of this report and the liquidation options will go a long way in ensuring effective performance of either levels of government for the good of the citizens of Kenya. We look forward to partnering with all relevant stakeholders to make the implementation process a success.



Peter Leley
Chief Executive Officer
Intergovernmental Relations Technical Committee

Acknowledgement

The transfer of the assets and liabilities to the respective counties, a critical step in the transition to devolution, was effected vide Gazette Notice No. 2701 of 24th March, 2017 on ‘as is where is’ basis. In the Gazette Notice, IGRTC was required to verify and validate all the assets and liabilities of the DLAs and through stakeholder consultations develop liquidation options for the settlement of the liabilities.

The verification and validation process was a participatory process guided by the IGRTC and overseen by the Inter-Agency Technical Team (IATT) established by Gazette Notice No. 4370 of 11th May, 2018. The IATT was drawn from relevant institutions including the Office of the Auditor General, Office of the Controller of Budget, the Ministry of Devolution and ASAL, the National Treasury, the National Land Commission, the Ministry of Lands and Physical Planning, the Commission on Revenue Allocation, the Council of Governors, the Office of the Attorney General, and the IGRTC as coordinator and secretariat of the process. The IATT worked with all county governments through the County Assets and Liabilities Committees (CALCs). The latter comprised representatives of relevant institutions at the county and national government levels. These were; a chairperson and three public officers from the county public service appointed by the Governor, the County Commissioner, the Clerk of the County Assembly, representatives of the National Land Commission, the Ministry of Lands, the National Treasury, the State Department for Devolution, the Internal Audit Service Department of the National Treasury, and the Internal Audit Services Department of the County Governments.

The IGRTC as coordinator and secretariat to the process of identification, verification and validation of the assets and liabilities of the DLAs is indebted to all stakeholders both at the national and county government for the commitment they exhibited in this important national exercise. Many a time the officers worked outside scheduled official hours to make this assignment a success. It was fulfilling to witness the high level of commitment.

We appreciate particularly those counties that finalized their assignment in record time. This clearly demonstrated the level of commitment to national duty by the administration and CALCs. We also recognize and commend the level of professionalism shown by the members of the IATT. The effective supervision by the team enabled this exercise to be performed in such a professional manner as demonstrated in the final product.

IGRTC appreciates all the national and county government departments that nominated and allowed their staff to be fully involved in this exercise to the end. The teamwork that went into the assignment was a true spirit of the Constitution of Kenya, 2010 which impresses on both levels of government to embrace consultation, cooperation and coordination as guiding principles in managing their intergovernmental relations. In this regard, we particularly thank the National Treasury for availing resources to carry out the exercise.

The implementation of the recommendations of this report will go a long way in ensuring effective performance of the mandates of County governments for the good of the citizens of Kenya. We look forward to partnering with all relevant stakeholders to make the implementation process a success.

Executive Summary

The IGRTC began the exercise of identifying, verifying and validating the assets and liabilities of the defunct 175 local authorities from April, 2017 and planned to conclude the exercise on 31st July, 2017. However, due to budgetary constraints and the challenges occasioned by the August 2017 elections, the time was extended to 31st August, 2018.

This report is a milestone in the process of implementation of the devolved system of government in Kenya. It is hoped that both the national and county governments will implement the recommendations made in order to better and more effectively manage critical national assets for the public good.

This report presents consolidated information from the forty seven (47) CALCs. The report is structured into five Chapters. Chapter one looks at the introduction and background of IGRTC, stakeholder coordination process and gives a general structure of the report. Chapter two focuses on the methodology used in the process of identification, verification and validation of the assets and liabilities. Chapter three gives the findings and observations of the assets while chapter four details a summary of the status of all the projects implemented by the DLAs. Chapter five highlights the findings and observations on the liabilities, while chapter six identifies the challenges and proposes recommendations on the management of the assets and liabilities. The general findings on the report are as follows:

Findings on Assets

The assets owned by the defunct local authorities have been classified as follows: Land, Buildings, Motor Vehicles, Computers & Computer Accessories, Furniture and fittings, Plant & Equipment, Current Assets, Biological Assets, Investments and Projects and Work in Progress. The findings of each of this category is as follows:

Land

The lands owned by the defunct local authorities, which was categorized as public land, included (but was not limited) to land meant for:

- a) Offices for municipal, town and county councils
- b) Social amenities like stadiums, recreational parks, bus parks
- c) Schools
- d) Slaughter houses
- e) Market centers
- f) Health centers
- g) Access roads
- h) Game reserves and parks

The following are the findings on land.

- i. The total parcels of land of the 175 defunct local authorities were **62,342** parcels.
- ii. There were 53,453 parcels that had been registered; 58 percent of the total parcels had been surveyed while 44 percent of the total land parcels had been planned.
- iii. There were 3,106 parcels with dispute. The disputes vary from irregular/illegal allocation, undefined boundaries/demarcations, grabbing and encroachment.

Buildings

The Physical Planning Act Cap 286 and the Land Act, 2012 describes building as any structure or erection, and any part of any structure or erection of any kind whatsoever, whether permanent, temporary or movable, and whether completed or uncompleted.

The buildings owned by the defunct local authorities include:

- a) County and Town halls and offices,
- b) Social amenities such as social halls,
- c) Schools,
- d) Market stalls/sheds,
- e) Health centers,
- f) Public toilets,
- g) Slaughter houses,
- h) Bus parks,
- i) Cattle dips,
- j) Mortuaries
- k) Housing estates/residential units.

The following are the findings on buildings.

- i. The total number of buildings identified, verified and validated were **8,461**
- ii. The buildings with identification (LR No/Parcel No./Allotment Letter No.) were 4,938 while the buildings without are 3,523.
- iii. There were 160 buildings reported to have disputes. The disputes include illegal and irregular allocation or illegal occupation of public land.

Motor Vehicles

The motor vehicles owned by the defunct local authorities in general included; saloon cars, lorries, vans, motorbikes, pick-ups, tractors, boats, ferries, combined harvesters, ambulances and trucks. The summary of findings on Motor Vehicles

- i. The total motor vehicle owned by the defunct local authorities were **2,617**
- ii. It was reported that 1,755 motor vehicles were serviceable and 838 were grounded.
- iii. A total of 24 could not be physically available for verification.

Computers and Computer Accessories

A computer is described as an electronic device that can be instructed to accept, manipulate and store information in the form of digital data. Computers are broadly classified as Desktops, Laptops and Personal Data Assistant devices (PDAs). Accessories on the other hand are described as any device added to a computer that performs an additional feature, but is not required (necessary for a computer's performance). The computer accessories included; Scanners, Photocopiers, Mouse, Keyboards, Uninterrupted Power Supply (UPS), Projectors, External Speakers.

The summary of findings on computers and accessories were;

- i. A total of **5276** computers **5,100** and computer accessories and other electronic devices owned by the defunct local authorities were identified.
- ii. Most of the computers were reported to be obsolete.

Furniture and Fittings

Furniture refers to movable assets, other than equipment that have no permanent connection to the structure of buildings and utilities. They include tables, chairs, stools, sofas, lockers, beds, cupboards, cabinets, bookshelves, and benches. Fittings are items bolted on the walls, floors, freely standing or hanging. Specifically, they include partitions, wardrobes, bookcases, blinds, curtains and curtain rails, lockers, safes and demountable partition systems.

The summary of findings on Furniture and Fittings were;

- i. There were **36,761** pieces of furniture and fittings verified
- ii. There were **22,304** pieces of furniture and fittings with a total value of KES **211,017,099.54** attached.
- iii. Most of furniture and fittings were old, dilapidated, broken and poorly kept.

Equipment

Equipment owned by the defunct local authorities included items such as distribution networks, electronic appliances, household items, agricultural mechanization equipment, fishing, sports, first aid, laundry, firefighting, workshop and medical equipment among others. The summary of findings on equipment were;

- i. There total equipment items of the defunct local authorities **9,715** pieces of equipment.
- ii. There were 4,586 equipment items with value of KES **318,727,272.77** attached and **5,129** had no values attached.
- iii. Most of the equipment is old and dilapidated.

Biological Assets

Biological assets are living animals and plants that are grown and reared for profit and are classified as consumable and bearer biological assets. The biological assets owned by the defunct local authorities in counties included;

- a) Domestic animals – Dairy cows, heifers, calves, donkeys.
- b) Wild animals – Tortoise, lizards, snakes (in a park for tourist attraction).
- c) Farms – Tea bushes, coffee plantations
- d) Forests – with various types of trees for timber

The defunct local authorities in 12 counties had a biological assets valued at KES 292,615,253. However, local authorities in five (5) did not attach value to their biological assets.

Current Assets

Current assets refer to items that represent the value of all assets that can reasonably be converted into cash within one year. The current assets identified by the CALCs in the defunct local authorities comprise:

- i. Property rates
- ii. House and plot rents
- iii. Staff debtors
- iv. Contribution in Lieu of Rates (CILOR)
- v. Cash and bank balances
- vi. Others (include outstanding way leaves charges and sundry debtors)
- vii. Inventories (Consumables)

The total value of current assets of all the defunct local authorities was KES **110, 833, 187, 756.11** as at 27th March, 2013. The categories and amounts of the each category of the current assets were;

Category of Current Asset	Amount (KES)	% Total
Property Rates	84,539,045,022.22	76.3
Plot & House Rent	3,494,790,115.80	3.2
Cash & Bank Balances	2,298,841,835.63	2.1
Staff Debtors	792,324,435.00	0.7
CILOR	5,183,515,392.09	4.7
Others (Outstanding wayleave charges and sundry debtors)	14,168,343,724.37	12.8
Inventories	356,327,231.00	0.3
Total	110, 833, 187, 756.11	100

Investments

The defunct local authorities mainly invested in water & sewerage companies and fixed deposits in banks and other financial institutions. Most of the CALC reports did not indicate the number and value of the shares owned by the authorities in these investments

Projects and Works in Progress

Projects undertaken by the defunct local authorities included construction of schools, polytechnics, hospitals, dispensaries, water storage facilities, roads, bridges, markets, slaughterhouses among others. The verification exercise revealed that some of these projects were completed but not paid, some were incomplete while in some funds have been paid but the projects did not commence as at as at March 27th 2013.

Findings on Liabilities

The liabilities of the defunct local authorities comprised of obligations arising from their past transactions or events, the settlement of which was expected to lead to an outflow of future economic benefits from the defunct local authorities. The defunct local authorities had seventeen (17) categories of liabilities. The total amount of all liabilities was KES. **53,756,398,754.25** as at 27th March, 2013. The seventeen categories and amounts of the liabilities were;

Category of Liability	Amount (KES)	%Total
Commercial Loans (Local)	4,009,372,683.14	7.5
Bank Overdraft	2,052,303,966.49	3.8
Commercial Loans (Foreign)	15,328,285,074.00	28.5
National Housing Corporation (NHC) Loans	250,564,719.93	0.5
Local Government Loans Authority (LGLA) Guaranteed Loans	3,776,405,365.46	7.0
Unremitted taxes (KRA)	1,282,948,817.78	2.4
Unremitted National Hospital Insurance Fund (NHIF) Deductions	52,288,406.00	0.1
Unremitted National Social Security Fund (NSSF) Deductions	1,085,671,440.40	2.0
Unremitted LAPTRUST contribution	5,080,320,267.95	9.5
Unremitted LAPFUND contribution	3,812,845,140.23	7.1
Unpaid staff Emoluments	6,287,393,983.61	11.7
Unremitted HELB Loans	2,447,256.60	0.001
Unremitted staff Deductions – (Sacco, Union Dues, Staff Loans, Hire Purchase and HELB)	247,166,210.38	0.5
Unremitted Union dues	74,975,505.70	0.1
Unpaid Trade and other creditors	7,796,735,575.44	14.5
Unpaid Audit Fees – KENAO	152,648,575.00	0.3
Unpaid Legal Fees	2,464,025,766.14	4.6
Total	53,756,398,754.25	100.0



Liquidation Options for Liabilities

IGRTC in consultation with stakeholders recommended liquidation options for the settlement of the all liabilities of defunct local authorities in accordance with Sec 2 (2) of Gazette Notices 2701 and 4370. There were five broad liquidation options recommended for the settlement of the liabilities. These are;

- i. Counties to budget and offset the liabilities from their respective equitable share of revenues.
- ii. National government to consider allocating conditional grants for payment of the liabilities as a strategic intervention mechanism.
- iii. National government and county governments to consider offsetting the liabilities jointly through an agreed percentage.
- iv. Government institutions like the Office of the Auditor General (OAG) to consider writing off the liabilities as the previously owed entity was the Kenya National Audit Office which no longer exist in law and on the basis this a government to government liability.
- v. Liabilities arising from investments in income generating projects (water, housing etc), should be paid from the same facilities..

Under each category, the report notes cross-cutting issues that require to be addressed by relevant parties in settling or managing these liabilities for the benefit of the public.

Key Recommendations

1. Policy. The national government should develop a policy to provide for the management of assets during periods of transition, including transitions of senior government officers. In this regard, there should be requirements that before any such transitions, and before major renovations and reconstructions are carried out in public institutions, all records should be secured. Secondly, public servants should be held accountable for the safety and security of public records and assets under their care. Lastly, there should be a provision that in any major renovation or reconstruction of public facilities, experts in record management should be consulted to advice on security and safety of records.
2. Closure and Transfer of Public Records and Information. County governments should carry out thorough searches of the records inherited from the DLAs and secure them appropriately. To this end, the IGRTC has developed a program to assist in the search and security of public records in all counties.
3. Land Registration and Physical Planning. All identified public lands that are not registered should be registered and titles issued and the unplanned public lands planned accordingly. All public lands that were identified during the exercise irregularly or illegally allocated to private individuals should be repossessed.
4. Community Land Delineation. To avoid encroachment into community land, much of which is held by County governments in trust for the people, the boundaries of all community land should be delineated. Any community land not registered should be registered as a matter of urgency.
5. Land and Buildings Data Variances. A forensic audit should be undertaken to address any discrepancies noted during the exercise. All counties having acquired the assets on “as is where is” basis should make urgent arrangements to document all public land and buildings in their jurisdictions. The process of

resolving all land and buildings issues identified including resolution of all disputes where applicable should be instituted upon adoption of this report.

6. Investments. It was not possible to identify and verify the level of investments that the DLAs had in various companies and in fixed deposits. Most DLAs invested in water services companies that operate in the jurisdictions of the former local authorities. However, in many instances, it was not easy to identify the exact status of investments in those water service companies. In some instances, the number of shares or the share values in these companies were not disclosed. This made it difficult to corroborate the efficacy of the information on investments.

It is recommended that since water and sanitation services is a devolved function, the water and sanitation services companies should be formally handed over to the counties. In this respect, the IGRTC is fast tracking the unbundling of the water and sanitation services function. Secondly, the forensic audits on these investments should be carried out to establish the exact values and shares held in trust for the public through the DLAs.

7. Liabilities. Once the report is adopted, the liabilities should be settled as per the adopted liquidation options. Where there were no records to ascertain exact amount of liabilities, forensic audits should be undertaken to get the exact position of liabilities. In the case of legal fees, claims should be subjected to taxation to arrive at justifiable amounts.

In conclusion, the report provides critical information on the status of public assets and liabilities of the DLAs, an important milestone in the transition to the system of devolved government. It is hoped that both the national and county governments will implement the recommendations made and ensure the full protection of critical national resources.

Introduction

1

1.0 Background

The Constitution of Kenya (COK) 2010 ushered in the devolved system of government in 2013. Devolution, enshrined in Chapter 11 of the COK 2010, is premised on a two-tier system of government; namely the national government and forty-seven (47) county governments. Kenya's devolved system of governance involves the transfer of administrative, political and economic power from the national government to county governments.

The transfer of economic power involves, inter alia, the transfer of functions from the national government to the county governments as provided for in the Fourth Schedule of the COK, 2010. To enable county governments to effectively perform their functions, it is of utmost importance that the assets of the DLAs be identified, verified and validated and transferred to them. Similarly, it is imperative that the liabilities of the DLAs as at 27 March 2018 should also be verified and validated so that appropriate mechanisms to liquidate them are developed.

The Transition to Devolved Government Act (TDGA), 2012 in Section 7 (2) (e), (f), (g) and (h) (ii) mandated the TA to perform the following functions in relation to the assets and liabilities of the former local authorities:

- i. Prepare and validate an inventory of all the existing assets and liabilities of government, other public entities and local authorities;
- ii. Provide mechanism for transfer of assets which may include vetting the transfer of assets during the transitional period;
- iii. Develop the criteria to determine the transfer of previously shared assets and liabilities of government and local authorities and
- iv. Make recommendations for effective management of the assets of national and county governments;

The verified and validated inventory was expected to include not just the assets and liabilities of all the one hundred and seventy-five (175) defunct local authorities (DLAs) as at 27th March 2013, but ministries and departments and all the state corporations and agencies in Kenya.

Section 37(1) of the TDGA, 2012 provided for the dissolution of the TA three years after the first general elections under the Constitution of Kenya, 2010. The term of the TA came to an end on 3 March 2016. At the time of dissolution, the TA had managed to prepare an unaudited inventory of assets and liabilities of the DLAs but the process of verification and validation was yet to be done.

1.1 Mandate of the Intergovernmental Relations Technical Committee

The IGRTC is a statutory body established pursuant to the provisions of section 11 of the Intergovernmental Relations Act of 2012. The primary mandate of the IGRTC is to facilitate harmonious intergovernmental relations as envisaged in the Constitution of Kenya, 2010. The specific functions include the day to day administration of the National and County Government Coordinating Summit (the Summit) and the Council of County Governors (the Council) and coordination of implementation of the resolutions of the Summit and the Council.

In accordance with Section 12 (b) of the Intergovernmental Relations Act, 2012, the IGRTC was mandated to take over the residual functions of the TA after its dissolution. Consequently, in March 2016, the IGRTC took over the finalization of identification, verification and validation of the assets and liabilities as contemplated by the TDGA.

The completion of this exercise will mark the finalization of the formal take-over by the county governments of the assets and liabilities formerly held by the DLAs.

1.2 Objectives for Identification, Verification and Validation Exercise

The overall objective of the exercise was to complete the transfer of the assets and liabilities of the DLAs to the county governments. Specifically the IGRTC was to:

- i. Identify, verify and validate the assets and liabilities of the DLAs;
- ii. Identify, record and secure all relevant documents relating to the assets and liabilities of the DLAs;
- iii. Identify and document disputed assets and liabilities of the DLAs;
- iv. Prepare comprehensive registers of the assets and liabilities of the DLAs as at the 27 March, 2013;
- v. Identify and transfer all assets and liabilities of the DLAs to respective county governments and;
- vi. Develop liquidation options for the settlement of the liabilities of the DLAs.

1.3 Stakeholder Consultations

In order to carry out the assignment in a satisfactory and comprehensive manner, the IGRTC needed to work closely with various stakeholders and intergovernmental institutions. Consequently, consultative meetings were held with Inter-governmental Budget and Economic Council (IBEC), the Ministry of Devolution and Planning, the Council of County Governors (COG), representatives of county governments and the Office of the Auditor-General. To get a perspective of how transfer of assets and liabilities have been effected in other countries transiting to devolved systems, the IGRTC consulted comprehensively with local and external experts, including the World Bank. From these consultations, the IGRTC developed strategies among others the Eastern European model which was not only substantially cheaper, but also more expeditious. In this model, all transfers are done on as-is-where-is basis first after which the identification and verification is carried out. It was also from consultations with the IBEC that the cost-sharing option was developed and adopted.

IGRTC also held extensive stakeholder consultations on the most prudent method of undertaking the exercise, the options being:

- a) Contracting out the verification exercise to consultants, experts and forensic auditors,
- b) Carrying out the exercise in partnership with the counties and other relevant stakeholders.

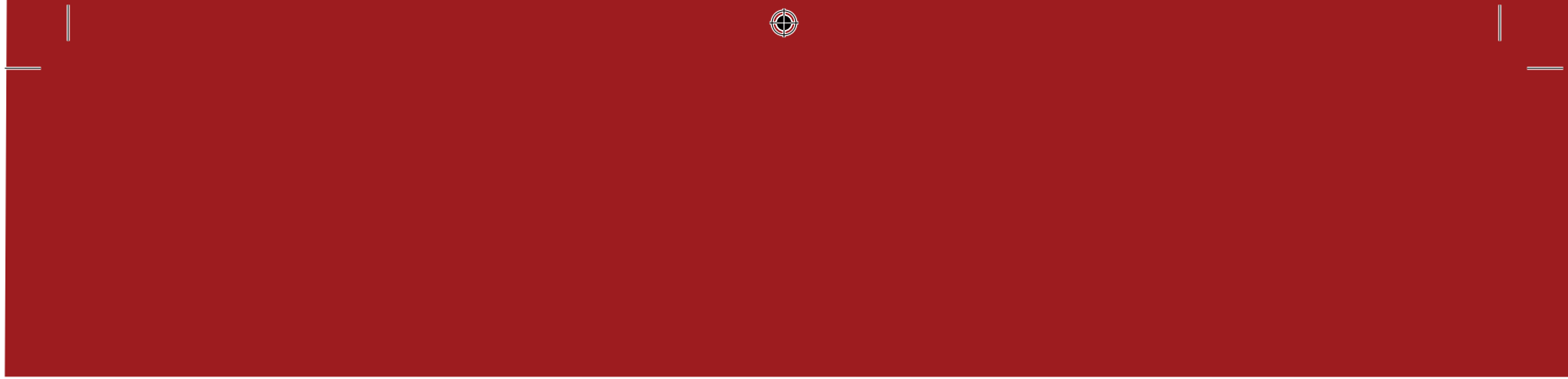
After the consultations, the option of the IGRTC carrying out the exercise in partnership with the relevant stakeholders was adopted as it was considered the most cost-effective as well as the most transparent.

The structure for undertaking the exercise was also discussed and agreed upon by stakeholders. It consisted of IGRTC as the overall coordinator of the exercise. IGRTC would also provide the supervision and quality assurance. The IATT would be the technical wing, providing the training for the exercise



and preparing guidelines and documentation to guide the exercise. The CALCs which were made-up of county officers and National Government officers working in the counties, would carry out the actual work of verifying and validating the assets and liabilities.

This structure and methodology was approved by IBEC at its meeting on 28th September, 2016. Consequently a Gazette Notice 2701, establishing the institutional framework for undertaking the exercise was published on 24 March, 2017 (Annex 1). The exercise was to be completed by 31 July, 2017 and was later extended vide Gazette Notice No. 4730 dated 11 May 2018 (Annex 2) to 31 August 2018.



2.0 Introduction

This chapter describes the steps undertaken to complete the exercise, based on the institutional structure and methodology agreed upon by stakeholders and gazetted in March 2017

2.1 Institutional Structure

Whereas the Summit and IBEC were not gazetted as part of the institutional structures, the Summit was instrumental in providing policy direction and assisting in situations where there was lack of compliance by the counties. The IBEC facilitated discussions on financial aspects of the exercise.

The following figure illustrates the institutional structure for the exercise:

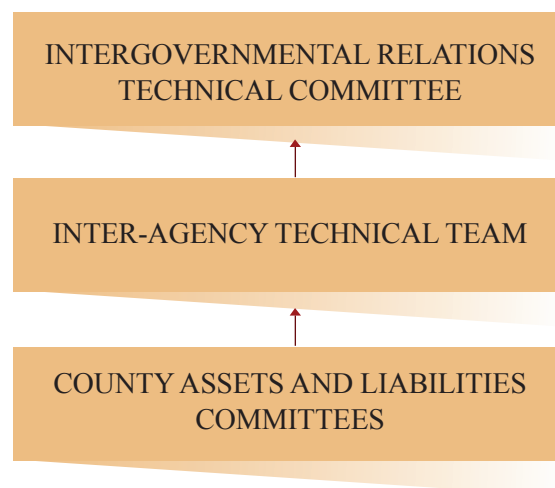


Figure 1: Institutional Structures

2.2 Role of the Intergovernmental Relations Technical Committee

The role of the IGRTC as the coordinating agency was to provide leadership and policy direction for the country wide exercise. In particular, the coordinating agency's functions were to: -

- i. Submit the verified reports of the assets and liabilities of the DLAs to the respective county governments and the National Treasury;
- ii. Submit the verified reports of the assets and liabilities of the DLAs to the IBEC and the National and County Governments Coordinating Summit;
- iii. Develop and implement a communications strategy for the identification, verification and validation of the assets and liabilities of the DLAs; and
- iv. Develop procedures for the proper functioning of the IATT.

2.3 Composition and Role of the Interagency Technical Team

The IATT team was composed of members of the following institutions:

- i. Chief Executive Officer, the IGRTC - Chair
- ii. Council of Governors
- iii. Office of the Auditor General
- iv. Controller of Budget
- v. National Treasury
- vi. National Lands Commission
- vii. Commission for Revenue Allocation
- viii. Ministry of Devolution and Planning and
- ix. Office of the Attorney General.

The functions of the IATT as detailed in the Gazette Notices was to

- i. Provide technical support and quality control of the work of the CALCs;
- ii. Prepare the guidelines for the identification, verification and validation of assets and liabilities of the DLAs and;
- iii. Monitor and evaluate the process of identification, verification and validation of assets and liabilities

2.4 Composition and Role of the County Assets and Liabilities Committees


The membership of the CALCs in each of the 47 counties were composed of the following:

- i. A Chairperson appointed by the County Governor
- ii. Three public officers from the County Public Service appointed by the Governor
- iii. The County Commissioner
- iv. The Clerk to the County Assembly
- v. A representative of the National Land Commission
- vi. A representative of the Ministry of Lands and Physical Planning
- vii. A representative of the Ministry of Devolution and the ASALs
- viii. An officer from the Internal Audit Services Department of the National Government; and
- ix. An officer from the Internal Audit Services Department of the County Government.

A subsequent Gazette Notice No 4370, dated 11 May 2018 amended the composition of CALCs to include a representative of the State Department of Devolution and the Joint Secretaries to be a nominee of the Governor and the County Commissioner.

The functions of the CALCs were to

- i. Identify, verify and validate all the assets and liabilities of the DLAs;
- ii. Identify, record and secure all relevant documents in relation to the assets and liabilities of the DLAs;

- 
- iii. Corroborate the information collected in accordance with subparagraphs (i) and (ii) with the information contained in the unaudited inventory of assets and liabilities of the DLAs that was prepared by the TA;
 - iv. Identify and document the disputed assets and liabilities of the DLAs;
 - v. Prepare a comprehensive register of the assets and liabilities of the DLAs as at 27th March 2013; and
 - vi. Submit periodic reports to the IGRTC as may be required.

2.5 Funding for the Exercise

The IGRTC paid the secretariat expenses as well as the operational expenses of the IATT while the county governments met the operational costs of their respective CALCs.

2.6 Baseline Data

The unaudited inventory of assets and liabilities of the DLAs prepared by the TA formed the base line data for the work of the CALCs.

2.7 Reporting

Each CALC was to finalize the identification, verification and validation of the assets and liabilities of the DLAs and submit its final report to the IGRTC by the 31 August, 2018.

2.8 Development of Roadmap and Guidelines for the Process

The IATT developed guidelines to facilitate the CALCs in undertaking the exercise. The guidelines included

- i. Principles for the exercise;
- ii. Guidelines for the identification, verification and validation of assets and liabilities of the DLAs;
- iii. Templates for data collection for the various classes of assets and liabilities;
- iv. Guidelines for preparation of work plans;
- v. Tool for appeals mechanism; and
- vi. Monitoring and control mechanisms.

The guidelines contained details regarding definitions, descriptions, categorizations of the assets and liabilities, scope of work, procedure and process of verification. Other details were, sources of data, data collection methods, templates and matrices to be used to record the data gathered. The guidelines also contained physical verification procedures, and the applicable laws and regulations.

2.9 Classification of Assets and Liabilities

The IATT classified the assets and liabilities of the DLAs into the following categories to enable standardized data collection:

2.9.1 Assets

- i. Land
- ii. Buildings
- iii. Motor Vehicles
- iv. Computers & Computer Accessories
- v. Furniture and fittings
- vi. Plant & Equipment
- vii. Current Assets
- viii. Biological Assets
- ix. Project and Work in Progress
- x. Investments

2.9.2 Liabilities

- i. Commercial loans (Local)
- ii. Bank overdraft
- iii. Commercial loans (Foreign)
- iv. National Housing Corporation (NHC) Loans
- v. Local Government Loans Authority (LGLA) Guaranteed Loans
- vi. Unremitted taxes (KRA)
- vii. Unremitted National Hospital Insurance Fund (NHIF) deductions
- viii. Unremitted National Social Security Fund (NSSF) deductions
- ix. Unremitted LAPTRUST deductions
- x. Unremitted LAPFUND deductions
- xi. Unpaid staff Emolument
- xii. Unremitted Higher Education Loans Board (HELB) loans
- xiii. Unremitted staff deductions – Sacco and unions, staff loans, hire purchase and HELB
- xiv. Unremitted Union dues
- xv. Unpaid Trade and other creditors
- xvi. Unpaid Audit Fees – Kenya National Audit Office (KENAO)
- xvii. Unpaid Legal Fees

2.10 Induction of the Teams

Members of the IGRTC and the IATT were sensitized on the guidelines and materials for use in the exercise as well as the modalities of the identification, verification and validation of assets and liabilities. The exercise was intended to prepare the IGRTC and the IATT members, who would in turn induct the CALCs of all the 47 counties to ensure uniformity in the exercise.

A nationwide induction exercise for the CALCs of the 47 counties was conducted. The counties were clustered into six regions through which over 470 officers were inducted. The purpose of the induction



was to ensure that all CALCs fully understood their mandate, the guidelines and all other materials prepared by the IGRTC for use during the exercise.

To ensure that counties were on track with the task and timelines issued, the IGRTC coordinated the operationalization of the CALCs and clarified any emerging issues regarding the exercise during initial field visits.

2.11 Data Collection Methods

The following data collection strategies were used to collect both primary and secondary data:

- a) Key Informant Interviews: These were conducted with key officers at the county headquarters, sub counties and those who previously worked in the DLAs including treasurers and clerks.
- b) Document review: The CALCs examined supporting documents such as land title deeds, motor vehicle logbooks, assets registers, certificates and other related records. Data was collected through valuation reports, Auditor-Generals reports, hand over/take over reports, land registry records, adjudication registers, Preliminary Index Maps, Registry Index Maps, bank statements and certificates, financial statements and review of Local Authorities Integrated Financial and Operations Management System (LAIFOMS) reports.
- c) Physical inspection: The CALCs conducted physical inspection and verifications of assets through site visits.
- d) Public participation: Data was also collected from the public who sent in written memoranda in response to public notices in both print and electronic media. Other information was gathered in public gatherings.
- e) Data was analyzed using the narrative method and presented using thematic analysis.

2.12 Monitoring and Evaluation

In accordance with the Gazette Notices, the IGRTC through the IATT was mandated to provide technical support and quality control of the work done by CALCs as well as to monitor and evaluate the exercise. The IGRTC and IATT therefore conducted a monitoring and evaluation exercise in all the 47 counties to identify any gaps and gave direction where corrective action was needed.

2.13 Review, Analysis and Consolidation of CALC Reports

The IGRTC and the IATT carried out initial review and analysis of the inception reports and midterm reports from the CALCs and gave guidance where necessary throughout the exercise. During review and analysis in the field, the IGRTC held meetings with Governors, Deputy Governors, County Executive Committee Members and CALC Chairpersons to ensure the CALCs were receiving the support and facilitation they needed.

Once the reports were submitted they were subjected to a review to ascertain the completeness of data, and compliance of use of guidelines and tools while at the same time ensuring that all the requisite documents had been submitted with the reports. The data was then analyzed to get the totals reported per category of assets and liabilities. Comparisons were done between the TA's unaudited inventories (baseline data) and the CALC's data to determine significant changes for further analysis and explanations. The narrative reports were also analyzed and compared with the data templates.

The forty-seven (47) CALCs reports were then consolidated into this national report that summarizes the findings and observations on the assets and liabilities of the 175 DLAs. This consolidated report gives recommendations and way forward on the challenges reported by the CALCs for further discussion by the IBEC, the Summit and other key stakeholders.

2.14 Public Participation

The participation of the people in the affairs that affect them is paramount in the Constitution of Kenya, 2010. Article 10(2)(a) recognizes that one of the values and principles of governance in Kenya is “participation of the people”. Article 174(c) on the objects of devolution provides for powers of self-governance and enhanced participation of the people in the exercise of the powers of the State and in making decisions affecting them.

In the course of undertaking the verification exercise, the public was involved in the data collection exercise. This was achieved through placing notices in the print media requesting individuals, public entities or creditors of DLA to register their claims or complaints. Some county governments also issued the notices via local (vernacular) radio stations to reach a wider population.

The IGRTC also placed a newspaper notice (annex 3) informing the public of the exercise. Members of the public were encouraged to make their submissions in written memoranda.

Findings and Observations on Assets



3

3.0 Introduction

In this section findings on assets are discussed. These include land, buildings, motor vehicles, computer and computer accessories, furniture and fittings, plant and equipment, current assets, biological assets, investments, projects and work in progress.

3.1 Land

Under Article 61(2) of the Constitution, land has been classified into:

- a. Public land
- b. Private land
- c. Community land
- a) Public Land: Article 62 of the Constitution states that public land includes un-alienated land, land occupied by a State organ, land transferred to the State, land to which no heir can be identified, minerals, forests, reserves, national parks, water catchment areas, sea, lakes, rivers, land between high water mark and low water mark and any land not classified as private or community land.
- b) Community Land: as defined in Article 63 of the COK, 2010 this, includes land lawfully registered in the name of group representatives, land lawfully transferred to a specific community and any land declared to be community land by an Act of Parliament. It also includes trust land held by Counties in trust for communities. Community land is required to be managed in accordance with the Community Land Act, being the law enacted pursuant to the COK, 2010.
- c) Private Land: includes registered land held by any person under freehold tenure, land held by any person under leasehold tenure and any other land declared private land under any Act of Parliament.

Land owned by the DLAs were categorized as public land that included but was not limited to land meant or used for:

- i) Offices for municipal, town; and county councils
- j) Social amenities like stadiums, recreational parks, bus parks
- k) Schools
- l) Slaughter houses
- m) Market centers
- n) Health centers
- o) Access roads
- p) Game reserves; and parks

3.1.1 Summary of Findings on Land

The total number of identified verified and validated parcels of land of the 175 DLAs for the 47 counties was 62,342. This was an increase from 41,278 captured by the unaudited TA inventory.

Table 1: Land Parcels with/without Land Registration Numbers

S/No	Counties	Land with Land Registration numbers	Land without Land Registration numbers	Totals
1	Mombasa	273	6	279
2	Kwale	8	1,628	1,636
3	Kilifi	66	203	269
4	Tana River	10	26	36
5	Lamu	0	101	101
6	Taita/Taveta	955	0	955
7	Garissa	0	42	42
8	Wajir	0	20	20
9	Mandera	0	34	34
10	Marsabit	176	1	177
11	Isiolo	12	29	41
12	Meru	4,276	518	4,794
13	Tharaka-Nithi	2,579	109	2,688
14	Embu	1,416	90	1,506
15	Kitui	2,124	264	2,388
16	Machakos	48	2,236	2284
17	Makueni	285	235	520
18	Nyandarua	328	6	334
19	Nyeri	1,385	17	1,402
20	Kirinyaga	1,079	9	1,088
21	Murang'a	4,958	10	4,968
22	Kiambu	1,596	173	1,769
23	Turkana	22	13	35
24	West Pokot	179	1,074	1,253
25	Samburu	147	11	158
26	Trans Nzoia	140	684	824
27	Uasin Gishu	373	135	508
28	Elgeyo /Marakwet	115	28	143
29	Nandi	2,047	0	2047
30	Baringo	125	4	129
31	Laikipia	441	89	530
32	Nakuru	600	29	629
33	Narok	1,260	143	1,403
34	Kajiado	719	62	781
35	Kericho	77	109	186
36	Bomet	1,696	145	1,841
37	Kakamega	5,814	0	5,814
38	Vihiga	3,578	2	3,580
39	Bungoma	1,959	12	1,971
40	Busia	827	21	848
41	Siaya	3,772	15	3,787
42	Kisumu	1,272	12	1,284
43	Homabay	2,516	435	2,951
44	Migori	210	86	296
45	Kisii	1,753	0	1,753
46	Nyamira	1,202	0	1,202
47	Nairobi	1,035	23	1,058
	Total	53,453	8,889	62,342



3.1.2 Registered and Unregistered Land

On land registration, 53,453 parcels of land were registered, which is 85 percent of the total number of parcels. Four (4) counties Kisii, Nyamira, Kakamega and Nandi had 100 percent land registration while on the other hand Lamu, Garissa, Wajir and Manderla had no land registered. The numbers of the registered and unregistered land parcels per county are shown in Table 1.

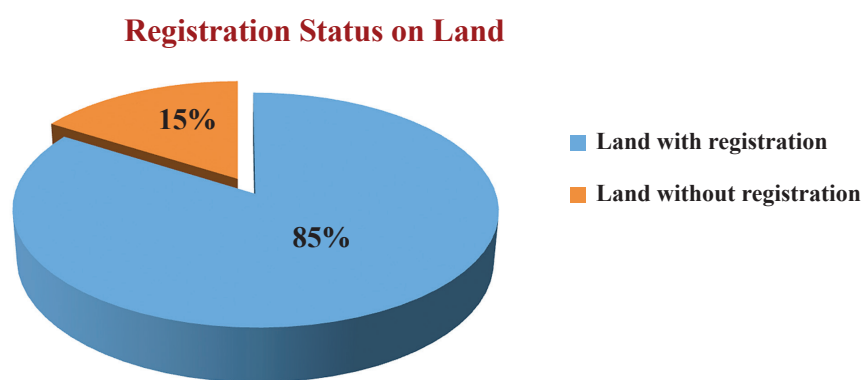


Figure 2: Land with/without Land Registration Numbers

3.1.3 Surveyed and Un-Surveyed Land

According to the data collected, not all counties indicated whether their parcels of land were surveyed or not. However, for those who responded to this inquiry 58% of all land is surveyed as shown in Table 2.

Table 2: Surveyed/Un-surveyed Land Parcels

S/NO	Counties	No. of land parcels surveyed	No. of land parcels not surveyed	No. of parcels without survey data	Totals
1	Mombasa	8	0	271	279
2	Kwale	1,576	60		1,636
3	Kilifi	37	119	113	269
4	Tana River	18	15	3	36
5	Lamu	4	14	83	101
6	Taita/Taveta	818	136	1	955
7	Garissa	4	38	-	42
8	Wajir	0	0	20	20
9	Mandera	0	0	34	34
10	Marsabit	110	62	5	177
11	Isiolo	0	0	41	41
12	Meru	3,108	457	1,229	4,794
13	Tharaka-Nithi	0	0	2,688	2,688
14	Embu	1,393	110	3	1,506
15	Kitui	2,123	262	3	2,388
16	Machakos	1,552	5	727	2284
17	Makueni	342	175	3	520
18	Nyandarua	78	252	4	334
19	Nyeri	0	0	1,402	1,402
20	Kirinyaga	0	0	1,088	1,088
21	Murang'a	0	0	4,968	4,968
22	Kiambu	1,584	106	79	1,769
23	Turkana	34	1	0	35
24	West Pokot	0	0	1,253	1,253
25	Samburu	35	113	10	158
26	Trans Nzoia	444	267	113	824
27	Uasin Gishu	66	442	0	508
28	Elgeyo /Marakwet	27	116	0	143
29	Nandi	1,754	293	0	2047
30	Baringo	129	0	0	129
31	Laikipia	66	463	1	530
32	Nakuru	600	29	0	629
33	Narok	1,086	313	4	1,403
34	Kajiado	486	41	254	781
35	Kericho	0	0	186	186
36	Bomet	0	0	1,841	1,841
37	Kakamega	5,814	0	0	5,814
38	Vihiga	1,669	1,890	21	3,580
39	Bungoma	1,213	4	754	1,971
40	Busia	770	70	8	848
41	Siaya	3,324	0	463	3,787
42	Kisumu	1,273	6	5	1,284
43	Homabay	2,235	428	288	2,951
44	Migori	233	36	27	296
45	Kisii	1,724	29	0	1,753
46	Nyamira	0	0	1,202	1,202
47	Nairobi	622	403	33	1,058
	Total	36,359	6,755	19,228	62,342



Land Status - Survey

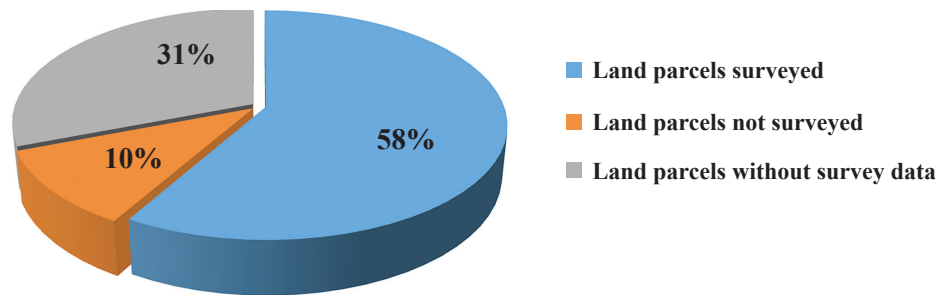


Figure 3: Surveyed and Un-Surveyed Land

3.1.4 Planned and Unplanned Land

Planned land is when there are development proposals on how the land is to be utilized. From the data collected, it was noted that 44 percent of the total land parcels reported by CALCs had been planned, 21 percent parcels of land had not been planned and 35 percent of land did not indicate planning data as shown in Table 3.

Table 3: Planned and Unplanned Land Parcels

S/NO	Counties	No. of land parcels planned	No. of land parcels not planned	No of parcels without planning data	Totals
1	Mombasa	7	0	272	279
2	Kwale	346	1,290	0	1,636
3	Kilifi	56	100	113	269
4	Tana River	0	0	36	36
5	Lamu	6	12	83	101
6	Taita/Taveta	480	474	1	955
7	Garissa	4	38	0	42
8	Wajir	0	0	20	20
9	Mandera	0	0	34	34
10	Marsabit	31	141	5	177
11	Isiolo	0	0	41	41
12	Meru	3,146	434	1,214	4,794
13	Tharaka-Nithi	0	0	2,688	2,688
14	Embu	1,387	110	9	1,506
15	Kitui	2,363	21	4	2,388
16	Machakos	155	137	1,992	2284
17	Makueni	65	454	1	520
18	Nyandarua	295	37	2	334
19	Nyeri	0	0	1,402	1,402
20	Kirinyaga	0	0	1,088	1,088
21	Murang'a	0	0	4,968	4,968
22	Kiambu	1,509	62	198	1,769
23	Turkana	35	0	0	35
24	West Pokot	0	0	1,253	1,253
25	Samburu	63	85	10	158
26	Trans Nzoia	458	249	117	824
27	Uasin Gishu	96	412	0	508
28	Elgeyo /Marakwet	44	99	0	143
29	Nandi	56	1,957	34	2047
30	Baringo	118	11	0	129
31	Laikipia	529	1	0	530
32	Nakuru	600	29	0	629
33	Narok	445	955	3	1,403
34	Kajiado	499	27	255	781
35	Kericho	0	0	186	186
36	Bomet	0	0	1,841	1,841
37	Kakamega	5,814	0	0	5,814
38	Vihiga	2,160	1,413	7	3,580
39	Bungoma	1,212	5	754	1,971
40	Busia	50	791	7	848
41	Siaya	1,585	1,207	995	3,787
42	Kisumu	48	1,104	132	1,284
43	Homabay	1,517	1,134	300	2,951
44	Migori	110	27	159	296
45	Kisii	1,724	29	0	1,753
46	Nyamira	0	0	1,202	1,202
47	Nairobi	627	8	423	1,058
	Total	27,640	12,853	21,849	62,342

Land Status - Planning

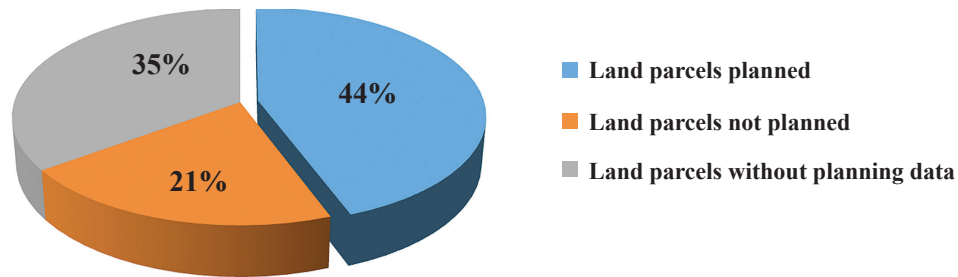


Figure 4: Planned and Unplanned Land Parcels

3.1.5 Variation between TA Inventory and IGRTC Findings on Land

The unaudited inventory of assets for land owned by the DLAs that was prepared by the TA formed the baseline of work for the CALCs. A comparison of the TA's inventory with the CALCs final reports indicated variations as detailed in Table 4.

There was positive variation in thirty-two (32) counties while ten (10) maintained the initial figures as recorded in the unaudited report. In four (4) counties there was a reduction in the land parcels identified by CALCs as compared to the unaudited TA inventory. This is illustrated in the table on page 18;

3.1.6 Parcels of Land with Irregularities

The CALCs' came across parcels of land that bore some anomalies and irregularities. The anomalies reported were as follows:

a. Public Land Registered under Private Individuals

Data collected showed that several parcels of land identified as having been owned by the DLAs were registered in the names of private individuals. It was also reported that there are cases where some DLAs purchased parcels of land from individuals but the sellers had been unwilling to transfer the land and in some cases had engaged the DLAs in litigation; and in some instances the sellers had died before transferring the properties.

It was also noted that some of the DLAs had put up buildings/structures on private properties without compensation to land owners.

b. Land Encroachment

Land grabbing and encroachment of public land by private individuals was observed as a common across all counties. The encroachment included individuals/groups who had settled or constructed commercial and residential properties on public land, or taken over public properties for private use. There were also identified several parcels of land with multiple allocations.

Table 4: Variation between TA Inventory and IGRTC Findings on Land

S/NO	Counties	TA Inventory Total Land Parcels	IGRTC Report Total	Variation	Remarks
1.	Mombasa	279	279	0	
2.	Kwale	1,635	1,636	1	
3.	Kilifi	269	269	0	
4.	Tana River	25	36	11	
5.	Lamu	18	101	83	
6.	Taita/Taveta	1,784	955	(829)	Further investigation by the county is required to find out why there is a big variance between the parcels of land as recorded in the TA inventory and that identified by the CALCs
7.	Garissa	37	42	5	
8.	Wajir	20	20	0	
9.	Mandera	34	34	0	
10.	Marsabit	177	177	0	
11.	Isiolo	41	41	0	
12.	Meru	2,480	4,794	2,314	
13.	Tharaka-Nithi	2,568	2,688	120	
14.	Embu	1,500	1,506	6	
15.	Kitui	42	2,388	2,346	
16.	Machakos	858	2,284	1,426	
17.	Makueni	500	520	20	
18.	Nyandarua	306	334	28	
19.	Nyeri	408	1,402	994	
20.	Kirinyaga	732	1,088	356	
21.	Murang'a	4,968	4,968	0	
22.	Kiambu	1,130	1,769	639	
23.	Turkana	35	35	0	
24.	West Pokot	1,248	1,253	5	
25.	Samburu	73	158	85	
26.	Trans Nzoia	726	824	98	
27.	Uasin Gishu	508	508	0	
28.	Elgeyo /Marakwet	149	143	(6)	Further investigation by the county is required to find out why there is a big variance between the parcels of land as recorded in the TA inventory and that identified by the CALCs
29.	Nandi	1,552	2047	495	
30.	Baringo	128	129	1	
31.	Laikipia	529	530	1	
32.	Nakuru	332	629	297	
33.	Narok	1,357	1,403	46	
34.	Kajiado	836	781	(55)	Further investigation by the county is required to find out why there is a big variance between the parcels of land as recorded in the TA inventory and that identified by the CALCs
35.	Kericho	366	186	(180)	Further investigation by the county is required to find out why there is a big variance between the parcels of land as recorded in the TA inventory and that identified by the CALCs
36.	Bomet	1,289	1,841	552	
37.	Kakamega	326	5,814	5,488	
38.	Vihiga	2,307	3,580	1,273	
39.	Bungoma	616	1,971	1,355	
40.	Busia	323	848	525	
41.	Siaya	2,301	3,787	1,486	
42.	Kisumu	718	1,284	566	
43.	Homabay	1,711	2,951	1,240	
44.	Migori	113	296	183	
45.	Kisii	2,609	1,753	(856)	Further investigation by the county is required to find out why there is a big variance between the parcels of land as recorded in the TA inventory and that identified by the CALCs
46.	Nyamira	661	1,202	541	
47.	Nairobi	654	1,058	404	
	Total	41,278	62,342	21,064	

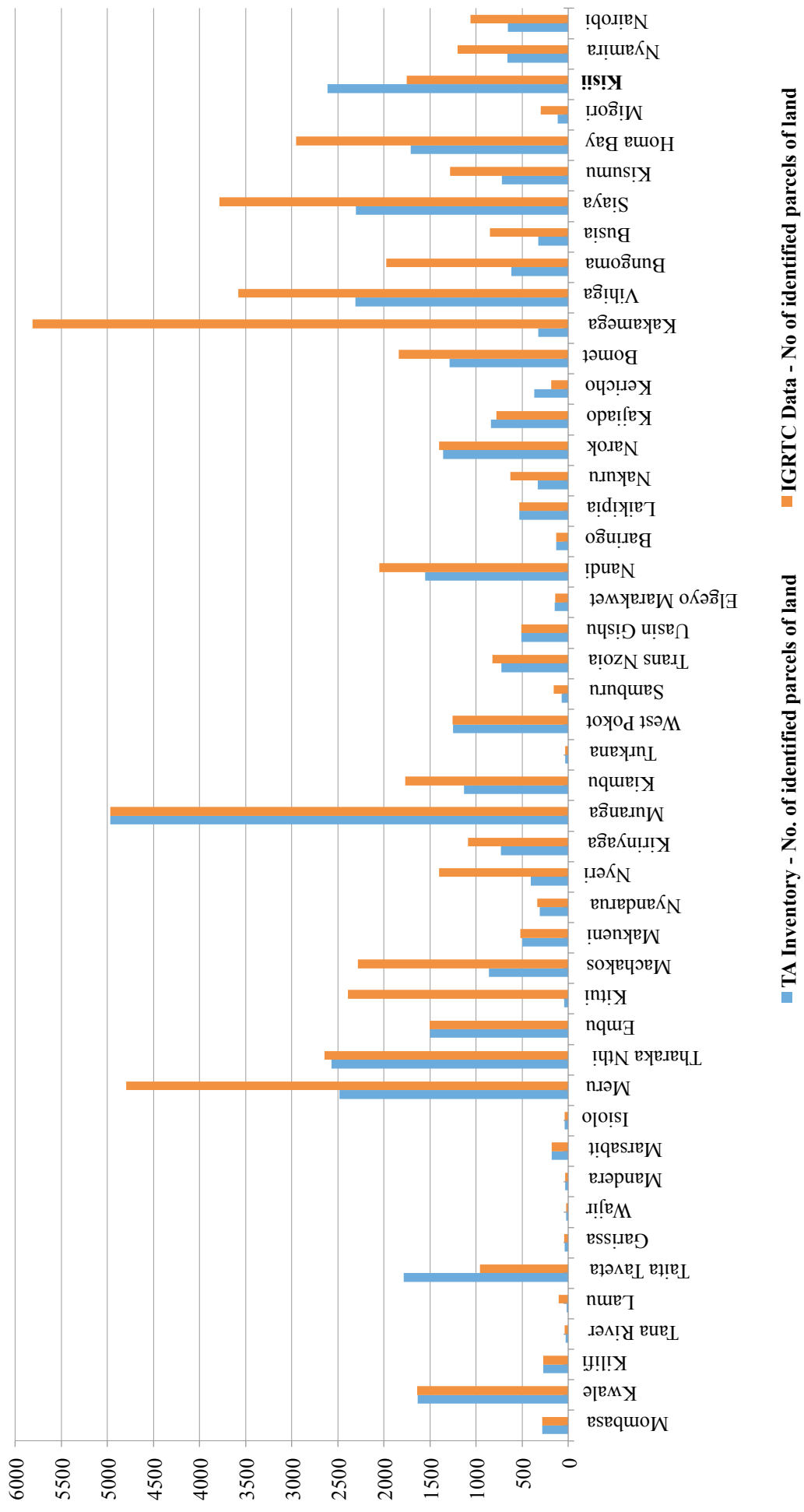


Figure 5: Variation between TA Inventory and IGRTC Findings

c. Land Boundary Issues

There were several instances of boundary disputes arising from undefined boundaries/demarcations of land between DLAs or between DLAs and private individuals.

Intergovernmental disputes over land between national government and counties over the DLAs' land were also reported in some counties. These arose out of national government using or owning premises on the DLAs land prior to 2013.

d. Irregular/Illegal Allocation of Land

There were reported disputes arising from illegal and irregular allocation or illegal occupation of public land of the DLAs. Private individuals had irregularly acquired ownership (title deeds) documents for land parcels that were owned by DLAs.

It is important to note that the anomalies affect only 3,106 out of the 62,342 pieces of land identified as belonging to the DLAs, hence the problem cannot be termed as rampant. Table 5 details the statistics of the anomalies.

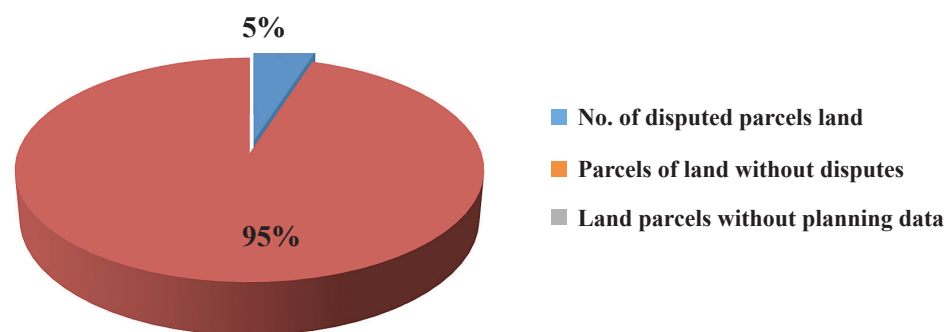


Figure 6: Land Disputes as Reported by CALCs

3.1.7 General Observations on Land

The following general issues were reported on public land owned by the DLAs:

a. Lack of Ownership Documents

To determine ownership and acreage of the land identified as owned by the DLAs the CALCs reviewed records in land registries as well as local authority assets' files. But it was also observed that counties have included parcels of land whose ownership documents were not available for verification.

b. Mishandling of Documents during Transition Period

During the transition to devolution period some land related documents were misplaced, damaged or lost, a situation which hampered the identification, verification and validation of land. Some of these documents included Titles, Registry Index Maps, Preliminary Index Diagrams, development plans, sale agreements and other purchase documents, hand over reports, council minutes, and search certificates.

Table 5: Data on Disputed Land Parcels as Reported by the CALCs

S/NO	Counties	Disputed	Not Disputed	Total
1	Mombasa	2	277	279
2	Kwale	301	1,335	1,636
3	Kilifi	0	269	269
4	Tana River	4	32	36
5	Lamu	0	101	101
6	Taita/Taveta	1	954	955
7	Garissa	0	42	42
8	Wajir	2	18	20
9	Mandera	16	18	34
10	Marsabit	12	165	177
11	Isiolo	0	41	41
12	Meru	25	4,769	4,794
13	Tharaka-Nithi	72	2,616	2,688
14	Embu	2	1,504	1,506
15	Kitui	0	2,388	2,388
16	Machakos	0	2,284	2,284
17	Makueni	90	430	520
18	Nyandarua	23	311	334
19	Nyeri	100	1,302	1,402
20	Kirinyaga	92	996	1,088
21	Murang'a	-	4,968	4,968
22	Kiambu	94	1,675	1,769
23	Turkana	1	34	35
24	West Pokot	35	1,218	1,253
25	Samburu	13	145	158
26	Trans Nzoia	85	739	824
27	Uasin Gishu	181	327	508
28	Elgeyo /Marakwet	5	138	143
29	Nandi	330	1,717	2047
30	Baringo	8	121	129
31	Laikipia	3	527	530
32	Nakuru	-	629	629
33	Narok	171	1,232	1,403
34	Kajiado	82	699	781
35	Kericho	4	182	186
36	Bomet	-	1,841	1,841
37	Kakamega	368	5,446	5,814
38	Vihiga	505	3,075	3,580
39	Bungoma	219	1,752	1,971
40	Busia	47	801	848
41	Siaya	1	3,786	3,787
42	Kisumu	-	1,284	1,284
43	Homabay	146	2,805	2,951
44	Migori	20	276	296
45	Kisii	-	1,753	1,753
46	Nyamira	41	1,161	1,202
47	Nairobi	5	1,053	1,058
	Total	3,106	59,236	62,342

c. Inaccuracy of Reported Data

There were differences noted between the figures indicated in the CALCs' inventory templates and the figures in the narrative reports. Therefore, for purposes of review and analysis, IGRTC used the figures as captured in the inventory template.

3.1.8 County Specific Observations on Land

In the course of the exercise some county specific issues, as outlined below, emerged:

1. Shared Easements and Wayleaves

Counties that have wayleaves and easements had captured the land as fully owned thus creating a false indication of ownership of parcels of land. The features that were identified, verified and captured as land owned included dams, water treatment areas, intakes; and substations. Examples of land captured in this erroneous manner are lands within Aberdare Forest Reserve and Sasumwa Dam in Nyandarua, Ruiru Dam and booster stations in Kiambu which acts as water intake for Nairobi County Government. This latter parcel was claimed by Nairobi City government as land belonging to it.

2. Non-transfer of Ownership

As earlier indicated the study discovered pieces of land that were acquired by the DLAs but were never transferred. This included instances where state corporations had donated land to the DLAs but the land was still registered under the respective state corporations. An example of this is where the Kenya Wildlife Service (KWS) donated land to the defunct Mwingi Town Council measuring approximately 0.625Ha but the parcel of land is still registered under the State Corporation.

It was also observed that several DLAs had not transferred land that was purchased from private individuals. As a result, the land registration documents still remain under the initial owners.

3. Contentious Ownership of Land

Other cross cutting issues include contentious ownership of land. For instance, the defunct Vihiga County Council leased a parcel of land to the Chinese Road and Bridges Construction Company. The company constructed a housing estate of 24 housing units for its staff on the leased land. However, at the completion of the project the land and houses were never handed back to the authorities. It was indicated that the houses had been vacant and were still in the custody of the Company. Unfortunately, the documents relating to the transaction were not available hence the above information could not be verified.

4. Unclear Determination of Land Ownership

There were several cases where land ownership and locality of some parcels was difficult to determine. This was occasioned by lack of clear boundaries between the DLAs. An example of such contested claim related to a section of the former Bureti County Council which was claimed by both Kericho and Bomet Counties. The same scenario was replicated in the Kisii and Nyamira Counties over Nyamira town.

Another area of concern is the extent of community lands such as game reserves and forests. In this regard, there is need to carry out surveys in order to determine the boundaries of these assets.



3.1.9 Recommendations on Land

1. There are concerns that in the three years between identification of land owned by DLAs and their verification and transfer by IGRTC some land may have been appropriated by private individuals. Such land may have not been captured in this verification exercise. The counties should continue investigations on their properties with the aim of identifying and repossessing such land.
2. The County governments in liaison with the Ministry of Land and Physical Planning; and the National Land Commission should make every effort to acquire title deeds for all the land owned by them.
3. County governments should ensure that they secure all land belonging to them by fast-tracking the surveying and planning of all public land in their possession.
4. The County governments should ensure the assembling, reconstruction and digitisation of all available land records.
5. County governments should consider implementing Geographical Information Management System (GIMS) for the management of land assets.
6. County governments should initiate alternative dispute resolutions or traditional dispute resolution mechanisms in order to amicably resolve land disputes.
7. To protect public land from invasion or unlawful occupation, county governments should consider leasing unutilised land.
8. The Ministry of Land and Physical Planning and National Land Commission should ensure completion of land adjudication in the entire country.
9. The National Assembly should consider extending the National Land Commission's mandate on reviewing of grants and disposition of public land to comprehensively establish their propriety or legality. Currently, this mandate expired on 2 May 2017.

3.2 Buildings

The Physical Planning Act Cap 286 and the Land Act, 2012 describes building as any structure or erection, and any part of any structure or erection of any kind whatsoever, whether permanent, temporary or movable, and whether completed or uncompleted.

Buildings that were owned by the DLAs included:

- l) County and Town halls; and offices
- m) Social amenities such as social halls
- n) Schools
- o) Market stalls/sheds
- p) Health centers
- q) Public toilets
- r) Slaughter houses
- s) Bus parks
- t) Cattle dips

- u) Mortuaries
- v) Housing estates/residential units.

3.2.1 Summary of Findings on Buildings

This section of the reports focusses on buildings to the exclusion of the land on which they are standing as land has already been discussed in the previous section. In summary, the total number of buildings identified, verified and validated for all the counties is 8,461 units of which the buildings with identification (LR No/Parcel No./Allotment Letter No.) were 4,938 while those without identification were 3,523. Table 6 provides this information per county.

3.2.2 Disputes over Buildings

Records in land registries as well as local authority assets' records were reviewed in order to determine if there were any disputes over buildings and the nature of such disputes. As shown in table 7 there were one hundred and sixty (160) disputes across the forty-seven counties, while properties not in dispute totaled to eight thousand three hundred and one (8,301). In all the cases the disputes centered around ownership where the buildings were illegally or irregularly allocated, or were part of illegally or irregularly allocated public land. The identification exercise was not able to trace any transfers of title deeds or sale agreements of such buildings, a strong indicator of irregularity in their ownership and hence the disputes.

Table 6: Buildings on Land with Registration

S/NO	County	Buildings With Identification (LR No/Parcel No./Allotment Letter No.)	Buildings Without Identification (LR No/Parcel No./Allotment Letter No.)	Total No of Buildings
1	Mombasa	300	14	314
2	Kwale	46	61	107
3	Kilifi	0	121	121
4	Tana River	15	31	46
5	Lamu	0	19	19
6	Taita Taveta	151	1	152
7	Garissa	33	35	68
8	Wajir	0	14	14
9	Mandera	0	71	71
10	Marsabit	1	53	54
11	Isiolo	37	13	50
12	Meru	168	53	221
13	Tharaka Nthi	21	14	35
14	Embu	102	52	154
15	Kitui	28	76	104
16	Machakos	39	211	250
17	Makueni	1	137	138
18	Nyandarua	16	1	17
19	Nyeri	122	69	191
20	Kirinyaga	4	47	51
21	Muranga	80	22	102
22	Kiambu	57	107	164
23	Turkana	0	117	117
24	West Pokot	0	26	26
25	Samburu	26	4	30
26	Trans Nzoia	110	634	744
27	Uasin Gishu	124	118	242
28	Elgeyo Marakwet	46	11	57
29	Nandi	4	42	46
30	Baringo	142	4	146
31	Laikipia	36	46	82
32	Nakuru	0	162	162
33	Narok	105	23	128
34	Kajiado	98	3	101
35	Kericho	93	46	139
36	Bomet	12	33	45
37	Kakamega	347	0	347
38	Vihiga	64	4	68
39	Bungoma	103	76	179
40	Busia	55	93	148
41	Siaya	84	43	127
42	Kisumu	79	94	173
43	Homa Bay	126	6	132
44	Migori	80	113	193
45	Kisii	0	189	189
46	Nyamira	1345	15	360
47	Nairobi	1638	399	2037
	TOTAL	4,938	3,523	8,461

Table 7: Summary of the Disputed Buildings

S/NO	County	Disputed	Undisputed	Total buildings
1	Mombasa	8	306	314
2	Kwale	0	107	107
3	Kilifi	1	120	121
4	Tana River	4	42	46
5	Lamu	0	19	19
6	Taita Taveta	0	152	152
7	Garissa	0	68	68
8	Wajir	0	14	14
9	Mandera	0	71	71
10	Marsabit	2	52	54
11	Isiolo	0	50	50
12	Meru	21	200	221
13	Tharaka Nthi	0	35	35
14	Embu	6	148	154
15	Kitui	0	104	104
16	Machakos	0	250	250
17	Makueni	1	137	138
18	Nyandarua	1	16	17
19	Nyeri	0	191	191
20	Kirinyaga	0	51	51
21	Muranga	0	102	102
22	Kiambu	1	163	164
23	Turkana	0	117	117
24	West Pokot	0	26	26
25	Samburu	0	30	30
26	Trans Nzoia	80	664	744
27	Uasin Gishu	0	242	242
28	Elgeyo Marakwet	0	57	57
29	Nandi	0	46	46
30	Baringo	3	143	146
31	Laikipia	6	76	82
32	Nakuru	5	157	162
33	Narok	1	127	128
34	Kajiado	3	98	101
35	Kericho	0	139	139
36	Bomet	0	45	45
37	Kakamega	0	347	347
38	Vihiga	0	68	68
39	Bungoma	0	179	179
40	Busia	11	137	148
41	Siaya	0	127	127
42	Kisumu	0	173	173
43	Homa Bay	0	132	132
44	Migori	2	191	193
45	Kisii	1	188	189
46	Nyamira	3	357	360
47	Nairobi	0	2037	2037
TOTALS		160	8,301	8,461



3.2.3. Variation between TA Inventory and IGRTC Findings on Buildings

The exercise discovered discrepancies between the TA and IGRTC figures with respect to buildings. Twenty-five (25) CALCs identified additional buildings over and above the numbers that had been captured in the unaudited inventory developed by the defunct TA. Table 8 presents the details of the disparities per county:

3.2.4 General Observations on Buildings

During the exercise, it was observed that the challenges in identification of buildings were similar to those of land. In general, it was observed that: -

1. While some buildings were properly marked with Land Reference and Stall Numbers thus making their identification as property belonging to a DLA easier, others had no identification marks and as such it was difficult to determine their ownership.
2. The exercise unearthed cases where some DLAs had constructed structures on private property while others had taken over privately-owned land before completing the purchase process.
3. The exercise also unearthed ownership disputes that existed between the central government and the DLAs.
4. Some buildings had been handed over to such statutory bodies as NSSF and NHIF as debt exchange when the DLAs were unable to remit statutory deductions to these bodies. For example, the Mombasa municipal council had transferred two residential estates in Mombasa Municipality. Changamwe estate with three hundred (300) one bedroomed houses was transferred to LAPTRUST and Makande estate which had one hundred and forty-four (144) one bedroom houses and one hundred and forty four (144) two bedroom houses were transferred to NHC. These estates are not in the asset register of Mombasa County and are owned by the two institutions.
5. In their tallying of buildings, a few CALCs treated whole units as single units. Hence a town hall consisting of several structures was counted as one entity instead of the separate units being recorded as such.
6. In the process of analysing CALC reports, IGRTC noted that there were no cases of lodges owned by the defunct local authorities. This particular category of assets therefore requires further work. In following up on the subject, special attention be given by counties with game reserves.

3.2.5 Recommendations on Buildings

The recommendations made for land also apply to buildings. However, three recommendations are unique to buildings:

1. County governments should ensure that all buildings have identification numbers on them.
2. It is also very important that the area and value of buildings be determined.
3. County governments with game reserves should carry out investigations on the ownership of private lodges in order to find out what defunct local authorities may have invested in such businesses.

Table 8: Variation between TA Inventory and IGRTC Findings on Buildings

S/NO	COUNTY	Number of buildings as identified by CALCs	Number of building as per TA inventory	Variance	Remarks
1.	Mombasa	314	313	1	
2.	Kwale	107	107	0	
3.	Kilifi	121	122	(1)	
4.	Tana River	46	46	0	
5.	Lamu	19	24	(5)	
6.	Taita Taveta	152	140	12	
7.	Garissa	68	68	0	
8.	Wajir	14	14	0	
9.	Mandera	71	71	0	
10.	Marsabit	54	46	8	
11.	Isiolo	50	50	0	
12.	Meru	221	189	32	
13.	Tharaka Nthi	35	32	3	
14.	Embu	154	138	16	
15.	Kitui	104	103	1	
16.	Machakos	250	218	32	
17.	Makueni	138	69	69	
18.	Nyandarua	17	18	(1)	
19.	Nyeri	191	192	(1)	
20.	Kirinyaga	51	43	8	
21.	Muranga	102	96	6	
22.	Kiambu	164	164	0	
23.	Turkana	117	117	0	
24.	West Pokot	26	26	0	
25.	Samburu	30	25	5	
26.	Trans Nzoia	744	268	476	
27.	Uasin Gishu	242	236	6	
28.	Elgeyo Marakwet	57	62	(5)	
29.	Nandi	46	45	1	
30.	Baringo	146	109	37	
31.	Laikipia	82	82	0	
32.	Nakuru	162	224	(62)	Further investigation by the county is required to find out why there is a big variance between the buildings as recorded in the TA inventory and those identified by the CALCs
33.	Narok	128	67	61	
34.	Kajiado	101	105	(4)	
35.	Kericho	139	113	26	
36.	Bomet	45	46	(1)	
37.	Kakamega	347	87	260	
38.	Vihiga	68	69	(1)	
39.	Bungoma	179	313	(134)	Further investigation by the county is required to find out why there is a big variance between the buildings as recorded in the TA inventory and those identified by the CALCs
40.	Busia	148	107	41	
41.	Siaya	127	95	32	
42.	Kisumu	173	142	31	
43.	Homa Bay	132	27	105	
44.	Migori	193	132	61	
45.	Kisii	189	1768	(1579)	Further investigation by the county is required to find out why there is a big variance between the buildings as recorded in the TA inventory and those identified by the CALCs
46.	Nyamira	360	327	33	
47.	Nairobi	2037	831	1206	
	TOTAL	8,461	7,686	775	



3.3 Motor Vehicles

For the purposes of this report, a motor vehicle is defined as a self-propelled road and off-road vehicle, commonly wheeled and used for purposes of transportation. The CALCs identified saloon cars, lorries, vans, motorbikes, pick-ups, tractors, boats, ferries, combine harvesters, ambulances and fire trucks.

3.3.1 Summary of Findings on Vehicles

The exercise identified and verified a total of 2,617 motor vehicles. Out of these sixty (60) did not have registration numbers while the remaining 2,584 had registration numbers. Similarly, it was not possible to determine the engine and chassis numbers of five hundred and seventy vehicles. The status of Registration, Engine and Chassis numbers is laid out in Table 9 (page 30).

3.3.2 Condition of Motor Vehicles

Of the 2617 vehicles that were identified 1,755 are serviceable while 838 are grounded. Some 24 vehicles were not physically available for verification and were reported to have been either stolen or irregularly sold. Table 10 (page 31) gives the condition of the vehicles in each of the counties.

3.3.3 Variation between TA Inventory and IGRTC Findings on Motor Vehicles

As with other assets discussed in the earlier sections, there were variations between the TA and the IGRTC numbers with regard to vehicles. Table 11 (page 32) presents differences in numbers between the two. The TA recorded 2,530 vehicles while the IGRTC identified 2,622, 87 more than the TA .

3.3.4 General Observations on Motor Vehicles

Common issues observed in regard to vehicles are as follows:

1. Vehicles which were otherwise in in good condition (serviceable) were left out in the open and unattended in garages resulting in dilapidation.
2. Some log books could not be traced from the DLA's records.
3. It was not possible to identify the chassis and engine numbers of vehicles which had been kept in a state of neglect.

3.3.5 Recommendations on Motor Vehicles

1. There is need for valuation of motor vehicles to establish fair value.
2. Upon valuation, the unserviceable vehicles should be disposed of in accordance with the Public Procurement & Disposal Act 2015 to avoid further vandalism and depreciation.
3. Counties should obtain ownership documents for vehicles in use.
4. Attempts must be made to find the whereabouts of vehicles whose logbooks are in existence but the said vehicles cannot be physically verified.

Table 9: Summary on Vehicle Identification

S/No	County	With Reg. Number	Without Reg. Number	Total	With Engine/Chassis Number	Without Engine/Chassis Number	Total
1	Mombasa	161	1	162	150	12	162
2	Kwale	29	0	29	28	1	29
3	Kilifi	66	1	67	64	3	67
4	Tana River	9	0	9	6	3	9
5	Lamu	8	0	8	8	0	8
6	Taita Taveta	35	0	35	35	0	35
7	Garissa	14	5	19	16	3	19
8	Mandera	17	1	18	10	8	18
9	Wajir	23	0	23	9	14	23
10	Marsabit	13	0	13	13	0	13
11	Isiolo	22	0	22	21	1	22
12	Meru	64	0	64	57	7	64
13	Tharaka Nithi	148	0	148	0	148	148
14	Embu	48	0	48	48	0	48
15	Kitui	40	0	40	32	8	40
16	Machakos	93	2	95	23	72	95
17	Makueni	21	3	24	22	2	24
18	Nyandarua	27	0	27	27	0	27
19	Nyeri	76	1	77	76	1	77
20	Kirinyaga	30	0	30	27	3	30
21	Muranga	40	0	40	35	5	40
22	Kiambu	154	7	134	128	6	134
23	Turkana	9	0	9	8	1	9
24	West Pokot	14	0	14	14	0	14
25	Samburu	20	0	20	12	8	20
26	Trans Nzoia	39	3	42	36	6	42
27	Uasin Gishu	85	0	85	74	11	85
28	Elgeyo Marakwet	21	1	22	20	2	22
29	Nandi	30	0	30	30	0	30
30	Baringo	42	0	42	40	2	42
31	Laikipia	74	5	79	65	14	79
32	Nakuru	148	0	148	129	19	148
33	Narok	46	0	46	46	0	46
34	Kajiado	48	0	48	41	7	48
35	Kericho	61	1	62	31	31	62
36	Bomet	14	0	14	6	8	14
37	Kakamega	58	7	65	63	2	65
38	Vihiga	26	2	28	27	1	28
39	Bungoma	65	0	65	33	32	65
40	Busia	27	2	29	24	5	29
41	Siaya	31	0	31	30	1	31
42	Kisumu	112	9	121	82	39	121
43	HomaBay	19	0	19	19	0	19
44	Migori	34	0	34	14	20	34
45	Kisii	39	7	46	43	3	46
46	Nyamira	19	1	20	15	5	20
47	Nairobi	360	1	361	308	53	361
Total		2584	60	2617	2047	570	2617

Table 10: Conditions of Motor Vehicles

S/No	County	Serviceable	Grounded	Sold/Stolen/Others	Total
1	Mombasa	87	72	3	162
2	Kwale	18	11		29
3	Kilifi	41	26		67
4	Tana River	9	0		9
5	Lamu	3	5		8
6	Taita Taveta	31	4		35
7	Garissa	11	8		19
8	Mandera	10	8		18
9	Wajir	8	15		23
10	Marsabit	7	4	2	13
11	Isiolo	10	12		22
12	Meru	32	32		64
13	Tharaka Nithi	119	29		148
14	Embu	28	20		48
15	Kitui	30	10		40
16	Machakos	79	16		95
17	Makueni	20	4		24
18	Nyandarua	18	9		27
19	Nyeri	40	37		77
20	Kirinyaga	20	10		30
21	Muranga	19	21		40
22	Kiambu	64	70		134
23	Turkana	6	3		9
24	West Pokot	12	2		14
25	Samburu	7	10	3	20
26	Trans Nzoia	9	33		42
27	Uasin Gishu	68	17		85
28	Elgeyo Marakwet	20	2		22
29	Nandi	23	7		30
30	Baringo	32	10		42
31	Laikipia	57	22		79
32	Nakuru	101	47		148
33	Narok	22	24		46
34	Kajiado	32	16		48
35	Kericho	40	22		62
36	Bomet	14	0		14
37	Kakamega	39	26		65
38	Vihiga	18	10		28
39	Bungoma	31	18	16	65
40	Busia	25	4		29
41	Siaya	20	11		31
42	Kisumu	101	20		121
43	HomaBay	14	5		19
44	Migori	23	11		34
45	Kisii	30	16		46
46	Nyamira	12	8		20
47	Nairobi	295	66		361
Total		1755	838	24	2617

Table 11: Variation between TA Inventory and IGRTC Findings on Motor Vehicles

S/No	County	TA Inventory	IGRTC Findings	Variation	Remarks
1	Mombasa	162	162	0	
2	Kwale	29	29	0	
3	Kilifi	69	67	(2)	
4	Tana River	9	9	0	
5	Lamu	8	8	0	
6	Taita Taveta	36	35	(1)	
7	Garissa	19	19	0	
8	Mandera	18	18	0	
9	Wajir	24	23	(1)	
10	Marsabit	12	13	1	
11	Isiolo	22	22	0	
12	Meru	63	64	1	
13	Tharaka Nithi	26	148	122	Motor cycles were not identified in TA report for Tharaka Nithi.
14	Embu	48	58	10	
15	Kitui	42	40	(2)	
16	Machakos	95	95	0	
17	Makueni	25	24	(1)	
18	Nyandarua	30	27	(3)	
19	Nyeri	80	77	(3)	
20	Kirinyaga	30	30	0	
21	Muranga	42	40	(2)	
22	Kiambu	134	134	0	
23	Turkana	9	9	0	
24	West Pokot	14	14	0	
25	Samburu	21	20	(1)	
26	Trans Nzoia	42	42	0	
27	Uasin Gishu	73	85	12	
28	Elgeyo Marakwet	18	22	4	
29	Nandi	35	30	(5)	
30	Baringo	43	42	(1)	
31	Laikipia	80	79	(1)	
32	Nakuru	181	148	(33)	28 were either sold or transferred to Nakuru Water and Sewerage Company (NAWASCO)
33	Narok	48	46	(2)	TA data had plant equipment counted as motor vehicles
34	Kajiado	48	48	0	
35	Kericho	75	62	(13)	
36	Bomet	14	14	0	
37	Kakamega	64	65	1	
38	Vihiga	22	28	6	
39	Bungoma	69	65	(4)	
40	Busia	30	29	(1)	
41	Siaya	29	31	2	
42	Kisumu	121	121	0	
43	HomaBay	49	19	(30)	CALC reports recognize but not explained variance.
44	Migori	34	34	0	
45	Kisii	47	46	(1)	
46	Nyamira	19	20	1	
47	Nairobi	317	361	44	Reported 32 vehicles had been handed over to the Nairobi City Water and Sewerage Company, 12 more vehicles identified
TOTAL		2522	2622	100	

3.4 Computers and Computer Accessories

For purposes of this report, computers are defined as electronic devices that can be instructed to accept, manipulate and store information in the form of digital data. Computers are broadly classified as desktops, laptops, Personal Data Assistant Devices (PDAs) and servers. The exercise also treated the accessories below as part of computer.

- i. Scanners
- ii. Photocopiers
- iii. Mouse
- iv. Keyboards
- v. Uninterrupted Power Supply (UPS)
- vi. Projectors
- vii. External Speakers

3.4.1 Summary of Findings on Computers and Computer Accessories

A summary of findings on computers, computer accessories; and other devices are recorded in Tables 12 and 13 (page 34 & 35). It is important to note that a significant number of these items had not been marked as properties of the relevant authority through serial marking. A total of 5276 computers were identified, of which 3,325 had serial numbers and 1,951 had no serial numbers. Similarly a total of 5,100 computer accessories and other electronic devices were identified, among which 2,571 had serial numbers and 2,529 had no serial numbers.

3.4.2 General Observations on Computers and Computer Accessories

- i. Just like with the motor vehicles the computers had been stored very badly leading to extensive damage. Most of these items are not usable at all.
- ii. Even more significant there are no records showing the movements of these items when the county governments took them over in 2013.

3.4.3 County Specific Observations on Computers and Computer Accessories

- i. Nairobi and Bomet CALCs did not record the serial numbers for all computers and accessories.
- ii. Homa Bay CALC report had no record on computers, accessories and electronic devices.

3.4.4 Recommendations on Computers and Computer Accessories

- i. There is need for valuation of computers and accessories to establish fair value.
- ii. Upon valuation, the unserviceable computers should be disposed of in accordance with the Public Procurement & Disposal Act 2015 to avoid further damage and loss.

Table 12: Summary of Computers With/Without Serial Numbers Indicated

S/No	County	Computers With Serial Numbers indicated	Computers with no Serial Numbers indicated	Total
1	Mombasa	73	33	106
2	Kwale	42	1	43
3	Kilifi	101	50	151
4	Tana River	10	3	13
5	Lamu	5	0	5
6	Taita Taveta	108	37	145
7	Garissa	8	2	10
8	Wajir	1	18	19
9	Mandera	36	16	52
10	Marsabit	21	5	26
11	Isiolo	33	3	36
12	Meru	123	9	132
13	Tharaka Nithi	93	18	111
14	Embu	19	12	31
15	Kitui	106	18	124
16	Machakos	161	67	228
17	Makueni	37	37	74
18	Nyandarua	41	11	52
19	Nyeri	81	0	81
20	Kirinyaga	30	16	46
21	Muranga	101	18	119
22	Kiambu	443	2	445
23	Turkana	12	8	20
24	West Pokot	17	30	47
25	Samburu	11	8	19
26	Trans Nzoia	80	18	98
27	Uasin Gishu	40	8	48
28	Elgeyo Marakwet	8	20	28
29	Nandi	39	68	107
30	Baringo	39	13	52
31	Laikipia	53	149	202
32	Nakuru	423	218	641
33	Narok	32	2	34
34	Kajiado	32	57	89
35	Kericho	46	9	55
36	Bomet	0	35	35
37	Kakamega	30	2	32
38	Vihiga	15	0	15
39	Bungoma	213	5	218
40	Busia	144	7	151
41	Siaya	240	27	267
42	Kisumu	27	22	49
43	Homa Bay	13	4	17
44	Migori	68	69	137
45	Kisii	57	2	59
46	Nyamira	9	4	13
47	Nairobi	0	794	794
Total		3,325	1,951	5,276

Table 13: Computer Accessories and other Electronic Devices With/Without Serial Numbers Indicated

S/No	County	Computer Accessories and other electronic devices with Serial Numbers Indicated	Computer Accessories and other electronic devices with no Serial Numbers Indicated	Totals
1	Mombasa	365	140	505
2	Kwale	1	24	25
3	Kilifi	49	64	113
4	Tana River	10	6	16
5	Lamu	0	15	15
6	Taita Taveta	41	75	116
7	Garissa	11	21	32
8	Wajir	5	4	9
9	Mandera	11	3	14
10	Marsabit	9	14	23
11	Isiolo	2	20	22
12	Meru	2	79	81
13	Tharaka Nithi	30	44	74
14	Embu	34	8	42
15	Kitui	13	31	44
16	Machakos	50	121	171
17	Makueni	38	9	47
18	Nyandarua	6	35	41
19	Nyeri	91	287	378
20	Kirinyaga	17	13	30
21	Muranga	22	56	78
22	Kiambu	11	374	385
23	Turkana	11	9	20
24	West Pokot	14	6	20
25	Samburu	10	7	17
26	Trans Nzoia	26	90	116
27	Uasin Gishu	19	27	46
28	Elgeyo Marakwet	25	47	72
29	Nandi	28	24	52
30	Baringo	28	19	47
31	Laikipia	79	54	133
32	Nakuru	63	158	221
33	Narok	24	111	135
34	Kajiado	60	33	93
35	Kericho	49	32	81
36	Bomet	50	0	50
37	Kakamega	24	57	81
38	Vihiga	1	36	37
39	Bungoma	566	65	631
40	Busia	40	33	73
41	Siaya	17	94	111
42	Kisumu	65	87	152
43	Homa Bay	0	0	0
44	Migori	18	27	45
45	Kisii	20	59	79
46	Nyamira	2	11	13
47	Nairobi	514	0	514
Totals		2571	2529	5,100

3.5 Furniture and Fittings

For purposes of this report, furniture refers to movable assets, other than equipment, that have no permanent connection to the structure of buildings and utilities. These include tables, chairs, stools, sofas, lockers, beds, cupboards, cabinets, bookshelves, and benches. Fittings on the other hand are described as items bolted on walls, floors, freely standing or hanging. Specifically, they include partitions, wardrobes, bookcases, blinds, curtains and curtain rails, lockers, safes and demountable partition systems.

3.5.1. Summary of Findings on Furniture and Fittings

Table 14 presents furniture and fittings with and without attached values. The exercise verified a total of 36,761 pieces of furniture and fittings of which 22,304 had values attached to them while 14,457 had no attached values.

3.5.3 General Observations on Furniture

- i. In almost all counties furniture was not handled and stored properly during the transition period. Most of it is in a state of dilapidation, broken and completely unusable as a result.
- ii. Some counties did not have furniture movement records hence what was inherited from the DLAs cannot be determined with certainty.

3.6 Equipment

In this report items classified under equipment include distribution networks, electronic appliances, household items, agricultural mechanization equipment, fishing equipment, sports equipment, first aid kits, laundry items, firefighting equipment, workshop items and medical equipment.

Table 14: Furniture and Fittings With and Without Values Attached

S/NO	Counties	With Fair value	Without Fair value	Total items	Total Value KES.
1	Mombasa	2928	1019	3947	80,586,848.80
2	Kwale	336	0	336	1,668,645.00
3	Kilifi	108	680	788	790,999.00
4	Tana river	89	0	89	3,356,428.00
5	Lamu	43	84	127	546,120.00
6	Taita taveta	996	71	1067	4,709,127.00
7	Garissa	237	80	317	907,062.00
8	Wajir	52	20	72	222,000.00
9	Mandera	33	62	95	275,000.00
10	Marsabit	64	147	211	230,650.00
11	Isiolo	478	2	480	1,051,060.00
12	Meru	528	0	528	1,926,400.00
13	Tharaka Nithi	64	4	68	227,850.00
14	Embu	641	526	1167	2,994,400.00
15	Kitui	0	637	637	
16	Machakos	535	182	717	10,480,227.00
17	Makueni	0	171	171	0
18	Nyandarua	178	235	413	1,844,050.00
19	Nyeri	488	59	547	1,797,500.00
20	Kirinyaga	1274	305	1579	7,828,775.49
21	Muranga	250	9	259	4,589,398.00
22	Kiambu	1973	42	2015	11,348,429.00
23	Turkana	0	122	122	0
24	West Pokot	8	54	62	46,200.00
25	Samburu	48		48	1,427,181.25
26	Trans Nzoia	241	15	256	3,554,250.00
27	Uasin Gishu	0	769	769	0
28	Elgeyo Marakwet	342	39	381	1,822,675.00
29	Nandi	160	239	399	818,409.00
30	Baringo	309		309	3,633,280.00
31	Laikipia	1204	22	1226	5,328,915.00
32	Nakuru	2855	763	3618	21,399,789.00
33	Narok	486	7	493	625,665.00
34	Kajiado	382	63	445	5,612,250.00
35	Kericho	689	0	689	4,153,200.00
36	Bomet	92	12	104	2,407,100.00
37	Kakamega	934	75	1009	9,196,100.00
38	Vihiga	0	188	188	0
39	Bungoma	1211	4	1215	3,265,516.00
40	Busia	381	27	408	960,480.00
41	Siaya	0	261	261	0
42	Kisumu	0	2005	2005	0
43	Homa Bay	0	440	440	0
44	Migori	27	13	40	1,714,040.00
45	Kisii	618	0	618	1,749,280.00
46	Nyamira	223	87	310	865,000.00
47	Nairobi	799	4917	5716	5,056,800.00
Total		22,304	14,457	36,761	211,017,099.54

Table 15: Equipment With and Without Values Attached

S/No	Counties	With Fair Value	Without Fair Value	Total Items	Total Value
1	Mombasa	602	135	737	44,895,705.00
2	Kwale	27	3	30	1,318,880.00
3	Kilifi	0	491	491	0
4	Tana river	35	3	38	2,414,261.20
5	Lamu	0	0	0	0
6	Taita taveta	340	315	655	5,633,293.00
7	Garissa	49	11	60	394,900.00
8	Wajir	1	16	17	2,000.00
9	Mandera	13	2	15	213,000.00
10	Marsabit	31	4	35	859,700.00
11	Isiolo	32	1	33	641,065.00
12	Meru	119	0	119	2,643,912.00
13	Tharaka Nithi	32	0	32	512,050.00
14	Embu	61	45	106	219,500.00
15	Kitui	44	16	60	631,300.00
16	Machakos	225	93	318	2,904,505.00
17	Makueni	108	45	153	732,550.00
18	Nyandarua	0	15	15	0
19	Nyeri	213	64	277	17,258,140.00
20	Kirinyaga	636	33	669	23,974,550.95
21	Muranga	223	9	232	3,085,615.00
22	Kiambu	159	108	267	48,860,960.00
23	Turkana	0	58	58	0
24	West Pokot	9	12	21	145,358.00
25	Samburu	33	13	46	1,278,574.62
26	Trans Nzoia	14	7	21	24,991,560.00
27	Uasin Gishu	0	232	232	0
28	Elgeyo Marakwet	49	9	58	55,165,464.00
29	Nandi	0	10	10	0
30	Baringo	84	208	292	3,001,230.00
31	Laikipia	225	10	235	1,936,544.00
32	Nakuru	18	16	34	13,890,000.00
33	Narok	91	4	91	3,658,782.00
34	Kajiado	104	12	116	923,800.00
35	Kericho	188	1	189	3,516,250.00
36	Bomet	87	4	91	1,023,980.00
37	Kakamega	34	41	75	1,564,000.00
38	Vihiga	0	44	44	0
39	Bungoma	120	1	121	5,864,970.00
40	Busia	101	1	102	1,709,150.00
41	Siaya	95	58	153	13,371,883.00
42	Kisumu	0	230	230	0
43	Homa Bay	0	86	86	0
44	Migori	5	14	19	163,500.00
45	Kisii	10	4	14	16,900,000.00
46	Nyamira	17	22	39	26,500.00
47	Nairobi	352	2627	2979	12,399,840.00
Total		4586	5129	9,715	318,727,272.77



3.6.1 Summary of Findings on Equipment

In regard to equipment, the exercise verified 9,715 pieces of equipment. Of these 4,586 had values attached to them while this was not the case with 5,129 pieces. This information is detailed in Table 15.

3.6.2 General Observations on Equipment

The following observations were made in regard to equipment that:

- i. Equipment was exposed to weather and vandalism as generally counties did not provide secure storage for DLA's equipment especially plant equipment.
- ii. It was observed that there were no proper records showing the movement of equipment during the transition period.
- iii. Most of the equipment is old and dilapidated.

3.6.3 Specific Observations on Equipment

- i. Marsabit CALC reported two missing weighing machines at Harosa slaughterhouse with a total value of KES 1.4 million.
- ii. Lamu CALC did not report on equipment.

3.6.4 Recommendations on Equipment

- i) Counties should develop equipment management strategies/systems.
- ii) It is recommended that proper disposal of unserviceable equipment be done as per the Public Procurement and Disposal Act 2015.
- iii) It recommended that counties that reported missing equipment should start the recovery process.

3.7 Biological Assets

For biological assets this exercise adopted the international Accounting Standard 41 (IAS 41) definition of biological assets. Biological assets are defined as "living animals and plants" that are grown and reared for profit. Biological assets are classified into:

- a. Consumable biological assets
- b. Bearer biological assets

Consumable biological assets are those assets that may either be harvested as agricultural produce or sold as biological assets. Examples of consumable biological assets are livestock intended for the production of meat, livestock held for sale, fish in farms, crops such as maize and wheat, and trees grown for timber.

Bearer biological assets are those biological assets which themselves produce what is to be consumed but itself remain intact as they continues bearing. Examples of bearer assets are livestock from which milk is produced, grape vines, coffee trees, tea trees, fruit trees, and trees from which firewood is harvested while the tree remains. Bearer biological assets are not agricultural produce but, rather, are self-regenerating.

Biological assets do not include;

- i. Animals or plants that are used primarily for non-productive purposes
- ii. Management of native forest, private game farms, wild life conservancies and agro-tourism.

3.7.1 Summary of Findings on Biological Assets

The biological assets verified as owned by the DLAs in counties included:

1. Domestic animals – Dairy cows, heifers, calves, donkeys.
2. Wild animals – Tortoise, lizards, snakes (in a park for tourist attraction).
3. Farms – Tea bushes, coffee plantations
4. Forests – with various types of trees for timber

The assets verified are valued at **KES 292,615,253** for forty-two (42) counties as five (5) counties have not attached values to their biological assets. Table 16 elaborates the type and value of these assets.

3.7.3 Specific County Observations on Biological Assets

1. The Nandi CALC reported a dispute on encroachment of a tea plantation by a local church. The case is pending in court.
2. In Meru County a private developer had illegally acquired a tea farm that belonged to the DLA.
3. In Samburu County it was noted that biological assets with an attached value of **KES. 3,860,000** captured in the TA inventory as belonging to the DLA is a national government asset.
4. In Kisii County, the CALC reported existence of biological assets that include 8 forest plantation farms. However, there is massive encroachment on the farms leaving no clear boundaries. In addition, there is uncontrolled logging. There was also no value attached to the forests.

3.7.4 Recommendations on Biological Assets

1. It is recommended that respective county governments carry out valuation of biological assets to establish their fair value.
2. Meru County Government should commence the process of recovering the illegally acquired tea farm.
3. The Kisii County Government should move with all speed to secure the forest plantations. It should have the forest surveyed and control the encroachment and logging.

3.8 Current Assets

Current assets as used in this report refer to items that represent the value of all assets that can reasonably be converted into cash within one year. These include cash and bank balances, account receivables, inventories and prepaid expenses.

The current assets identified by the CALCs in the DLAs comprise of:

- viii. Property rates
- ix. House and plot rents
- x. Staff debtors
- xi. Contribution in Lieu of Rates (CILOR)



Table16: Summary of Biological Assets

S/NO	COUNTY	TYPE OF BIOLOGICAL ASSETS	VALUE (KES)	REMARKS
1.	Meru	50 bushes of miraa and a tea farm in Nyambene county Council		CALC reported that the Tea farm was illegally acquired by a private developer
2.	Kirinyaga	6 donkeys, 3 cows	269,000	3 donkeys have since died.
3.	Muranga	7 cows and a calf		1 cow has since died. TA report noted the proposed site in Kangema Town Council for a slaughter house on which the former Local Authority had a small forest and the trees were sold as poles. The CALC report however did not capture this.
4.	Nandi	15.50 hectares of Blue Gum trees, 0.37 hectares of Cyprus, 2.52 hectares of pine trees and 0.74 hectares of Grevillea trees, 97.95 Hectares of tea Bushes with a total value of KES 10,676,253.	10,676,253	During verification the CALC noted that AIC church had laid a claim on Kiborgok B (Parcel no. Kapsabet Municipality/363) measuring approximately 5.0 hectares with a total of 32,499 tea bushes which eventually ended up in Court vide Eldoret E&L Case No. 105 of 2017(Rev Benjamin Kipwambok Samoei Vs Chief Land registrar and 3 Others
5.	Baringo	Snake park; 28 Snakes, 20 tortoise, 5 crocodiles, 1 Nile monitor Lizard, 1 Savannah Monitor Lizard, 4 water terrapin		The tortoise, crocodiles, Lizards and terrapin have since gone to the natural habitat. The snakes are however still in the snake park.
6.	Narok	76.8 hectares of Tea Estate within Kiptagich Tea farm covering 864,000 tea bushes. Blue Gum tree plantation with approximately 60,000 trees.	60,864,000	The CALC team identified these biological assets that were not captured in TA unaudited inventory
7.	Kajiado	Cows, bulls, heifers and calves totalling to 150	5,266,000	
8.	Kericho	121 hectares of tea plantation and 12 hectares with timber trees like eucalyptus, cypress. 15 acre coffee plantation and assorted trees within it.	45,540,000	The CALC reported biological assets of fair value to 45,540,000
9.	Bomet	Tea farm	170,000,000	The CALC identified Embomos tea plantation of fair value 170,000,000.00
10.	Kakamega	A forest of blue gum Trees		The CALC identified trees on half an acre but without fair value indicated.
11.	Vihiga	Forest		The CALC team identified the mentioned biological assets but they didn't capture the fair value
12.	Kisii	8 forests		The CALC team identified 8 forests that had not been captured under TA inventory.
TOTAL			292,615,253.00	

- xii. Cash and bank balances
- xiii. Others (include outstanding wayleaves charges and sundry debtors)
- xiv. Inventories (Consumables)

In addition, some CALCs reported unpaid fees accrued from Single Business Permits (SBP) but these have not been included in the outstanding amounts since they may not be realized or recovered.

3.8.1 Summary of Findings on Current Assets

Current assets for the DLAs totalled to **KES. 110,833,187,756.11**. Table 17 summarizes the total value of current assets as at March 27 2013.

Table 17: Summary for all Counties on Current Assets

S/No	Particulars	Amount (KES)	% of Total
1.	Property Rates	84,539,045,022.22	76.3
2.	Plot & House Rent	3,494,790,115.80	3.2
3.	Cash & Bank Balances	2,298,841,835.63	2.1
4.	Staff Debtors	792,324,435.00	0.7
5.	CILOR	5,183,515,392.09	4.7
6.	Others (Outstanding wayleave charges and sundry debtors)	14,168,343,724.37	12.8
7.	Inventories	356,327,231.00	0.3
Total		110,833,187,756.11	100

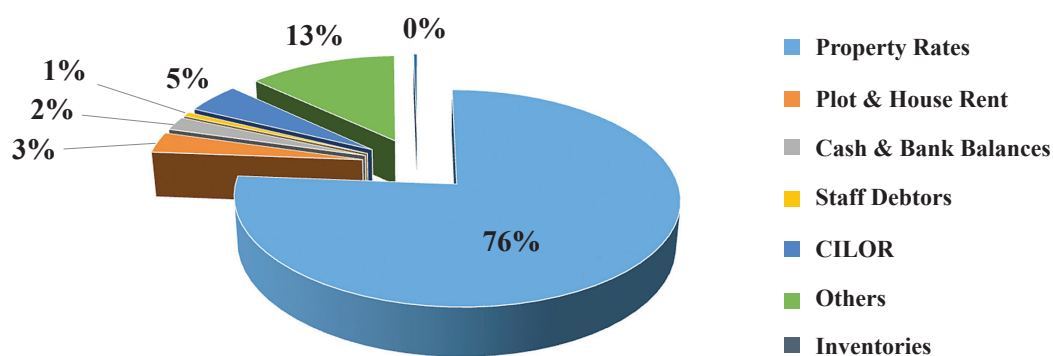


Figure 7: Categories of Current Assets

All the seven categories of current assets are disaggregated by county in Table 18.

Table 18: Categories of Current Assets per County

S/No	COUNTY	Property Rates	Plot & House Rent	Cash & Bank Balances	Staff Debtors	CILOR	Others	Inventories	TOTAL
1.	Mombasa	10,760,023,661.00	203,725,070.60	25,352,749.00	17,606,036.00	99,841,486.00	1,889,428,300.00	-	12,995,977,302.60
2.	Kwale	10,639,614.00	300,800.00	88,609,114.99	-	21,143,638.00	-	-	120,693,166.99
3.	Kilifi	159,266,150.00	67,964,827.00	329,307,066.00	11,537,915.85	90,046,338.00	162,753,419.00	-	820,875,715.85
4.	Tana River	8,328,423.50	-	40,387,359.00	-	49,463,140.79	-	-	98,178,923.29
5.	Lamu	35,973,463.00	631,605.00	5,573,789.00	-	49,867,350.00	-	-	92,046,207.00
6.	Taita Taveta	-	-	58,687,265.00	-	-	236,238,809.00	-	294,926,074.00
7.	Garissa	-	89,083,331.00	2,853,496.98	-	-	61,686,736.00	-	153,623,563.98
8.	Wajir	-	47,350,000.00	-	-	-	-	-	47,350,000.00
9.	Mandera	-	-	7,575,542.45	-	-	-	-	7,575,542.45
10.	Marsabit	16,780,000.00	5,230,891.00	912,765.55	-	-	25,846,867.00	-	48,770,523.55
11.	Isiolo	-	17,376,617.00	-	50,682.00	9,099,603.00	51,549,891.00	-	78,076,793.00
12.	Meru	130,268,637.00	89,330,419.00	155,290,891.00	243,334.00	219,916,377.00	13,522,741.00	-	608,572,399.00
13.	Tharaka Nithi	12,721,392.00	8,958,586.00	23,104,276.67	-	6,570,873.00	9,818,811.00	-	61,173,938.67
14.	Embu	206,115,699.00	30,962,250.00	31,962,660.49	-	84,770,178.00	1,827,835.00	266,975.00	355,905,597.49
15.	Kitui	12,547,675.00	239,916,645.00	21,697,669.00	7,362,814.00	71,858,210.00	1,325,282.00	-	354,708,295.00
16.	Machakos	481,214,296.00	70,570,529.00	-	11,790,076.00	69,964,611.00	11,449,493.00	-	644,989,005.00
17.	Makueni	2,805,987.00	124,652,889.10	10,236,094.95	-	-	-	-	137,694,971.05
18.	Nyandarua	332,998,213.00	-	7,859,943.00	-	149,431,517.00	-	-	490,289,673.00
19.	Nyeri	930,500,595.00	79,132,859.00	268,021,583.39	1,635,310.00	130,659,119.00	230,120.00	-	1,410,179,586.39
20.	Kirinyaga	59,299,840.00	97,750.00	32,006,649.48	1,385,902.00	120,776,990.00	31,513,650.00	-	245,080,781.48
21.	Muranga	146,915,345.00	105,873,593.00	27,647,452.00	-	64,639,689.00	20,541,458.00	-	365,617,537.00
22.	Kiambu	1,615,670,719.00	129,155,962.00	529,123,144.35	-	121,292,031.00	58,621,640.00	15,628,474.00	2,469,491,970.35
23.	Turkana	-	-	-	-	-	-	-	-
24.	West Pokot	-	6,028,860.00	5,126,883.00	-	-	6,889,987.00	-	18,045,730.00
25.	Samburu	-	10,110,000.00	2,326,158.40	934,940.00	53,974,394.00	46,059,946.00	-	113,405,438.40
26.	Trans Nzoia	985,717,202.00	368,200.00	17,563,580.45	302,070.00	140,427,893.00	150,860,018.00	-	1,295,238,963.45
27.	Uasin Gishu	1,161,754,293.00	112,176,755.00	146,268,376.00	-	298,621,769.00	92,429,258.41	-	1,811,250,451.41
28.	Elgeyo Marakwet	28,595,193.00	27,136,326.00	76,907,186.24	1,964,612.15	459,225,008.25	47,354,306.51	-	641,182,632.15
29.	Nandi	129,056,132.00	32,750,932.00	20,618,301.00	-	26,620,859.00	108,945,798.00	-	317,992,022.00
30.	Baringo	4,955,224.00	19,376,301.00	65,069,325.80	-	274,216,037.50	580,424.45	-	364,197,312.75
31.	Laikipia	166,259,842.00	100,698,942.00	94,130,340.00	-	946,908,538.00	85,931,189.00	-	1,393,928,851.00
32.	Nakuru	3,209,804,332.98	779,637,784.00	24,762,441.40	11,244,982.00	-	-	-	4,025,449,540.38
33.	Narok	133,874,083.00	123,253,377.00	-	960,000.00	479,620,038.00	-	-	736,747,498.00
34.	Kajiado	339,079,290.00	361,300.00	43,390,262.06	-	140,000,000.00	41,844,394.00	-	565,635,246.06
35.	Kencho	214,034,610.00	2,405,692.00	48,423,072.00	-	416,751,000.00	-	-	681,614,374.00
36.	Bomet	54,087,424.48	-	6,574,267.85	-	-	-	-	60,661,692.33
37.	Kakamega	46,372,982.60	162,604,796.00	14,831,075.00	10,719,001.00	320,869,147.00	25,530,701.00	-	580,927,702.60
38.	Vihiga	1,940,330.00	251,724,413.00	2,339,496.90	696,397,000.00	18,348,686.95	7,152,134.00	-	977,902,060.85
39.	Bungoma	420,561,382.00	24,519,004.00	39,680,707.39	17,905,635.00	19,479,459.60	-	-	522,146,187.99
40.	Busia	-	53,108,134.00	219,577.45	-	21,158,225.00	-	-	74,485,936.45
41.	Siaya	14,602,808.00	25,501,192.00	3,880,614.33	68,950.00	388,617.00	18,002,323.00	-	62,444,504.33
42.	Kisumu	8,809,499,554.00	-	-	-	-	-	-	8,809,499,554.00
43.	Homabay	42,071,696.66	-	-	215,175.00	21,000,000.00	-	-	63,286,871.66
44.	Migori	49,266,479.00	17,000,000.00	-	-	-	-	-	66,266,479.00
45.	Kisii	139,156,779.00	45,283,077.00	20,520,658.06	-	175,278,330.00	-	-	380,238,844.06
46.	Nyamira	23,323,257.00	30,221,100.10	-	-	11,286,239.00	-	-	64,830,596.10
47.	Nairobi	53,642,962,418.00	360,209,307.00	-	-	-	10,960,408,193.00	340,431,782.00	65,304,011,700.00
TOTAL		84,539,045,022.22	3,494,790,115.80	2,298,841,835.63	792,324,435.00	5,183,515,392.09	14,168,343,724.37	356,327,231.00	110,833,187,759.11

Table 19 provides a summary of counties with variation of more than 10 percent.

S/ No.	COUNTIES	TA Inventory Amount in KES	IGRTC Findings Amount in KES	VARIATION Amount in KES	%CHANGE	REMARKS
1.	Kilifi	737,960,568.24	820,875,715.85	82,915,147.61	11.24	11% increase in cash and bank balances identified in LATF account
2.	Marsabit	58,770,523.55	48,770,523.55	(10,000,000.00)	(17.02)	Variation due to debtor (China Wu-Yi) not in CALC findings
3.	Meru	454,175,061.75	608,572,399.00	154,397,337.25	34.00	Variation due to cash and bank balances not captured in TA inventory.
4.	Tharaka Nithi	26,731,401.65	61,173,938.67	34,442,537.02	128.85	Additional current assets identified by CALC.
5.	Muranga	409,892,053.73	365,617,537.00	(44,274,516.73)	(10.80)	The difference relates to single business permits that are not realizable.
6.	Kiambu	2,011,355,349.29	2,453,863,496.50	442,508,147.21	22.00	Variation due to difference in data on LAPTRUST between TA inventory and CALC report.
7.	Uasin Gishu	317,935,001.00	1,811,250,451.00	1,493,315,450.00	469.69	The TA Inventory did not capture rates at KES 1,123,565,529 house rent at KES 112,176,755, LATF at KES 56,432,499 and CILOR at KES 197,214,690
8.	Nandi	143,896,736.00	317,992,022.00	174,095,286.00	120.99	Difference relates to additional current assets identified by CALC including CILOR, bank and cash balances and investments. The baseline inventory did not disaggregate by class.
9.	Narok	356,885,350.00	736,747,498.00	379,862,148.00	106.44	Additional current assets identified by CALC across the categories
10.	Nakuru	2,444,067,152.82	4,025,449,540.00	1,581,382,387.18	64.70	Additional property rates were identified in Municipal Council of Naivasha and Town Council of Molo.
11.	Bomet	261,405,486.00	60,661,692.33	(200,743,793.67)	(76.79)	CALC reported on two classes only; Land rates and Cash and Bank Balances.
12.	Kakamega	431,785,802.00	580,927,702.00	149,141,900.00	34.54	Variation is due to additional debtors identified by CALC.
13.	Kisumu	4,644,711,685.00	8,809,499,554.00	4,164,787,869.00	89.67	Additional current assets identified by CALC
14.	Homa Bay	80,350,845.00	63,283,871.00	(17,066,974.00)	(21.24)	Variation due to unsupported debtors
15.	Migori	81,276,199.00	66,266,479.00	(15,009,720.00)	(18.47)	Difference due to cess and SBP which was included in the TA inventory in the sum total of current assets.
TOTAL		12,461,199,215.03	20,830,952,419.90	8,369,753,204.87 33,292,151,634.93		



3.8.3 Variation between TA Inventory and IGRTC Findings on Current Assets

A comparative analysis of the IGRTC findings and TA inventory indicates variances across counties. The variation is mainly attributed to additional current assets identified by the CALCs in cash and bank balances, CILOR and property rates. However, there was no variance recorded in 18 counties while 14 counties had a variance of below 10 percent and 15 had more than 10 percent. Both positive and negative variances of 10 percent or more are considered significant and analysed further. Out of the 15 counties that had more than 10 percent variation, Marsabit, Bomet, Muranga, Homabay and Migori counties recorded negative variance.

3.8.4 General Observations on Current Assets

In nearly all the DLAs there did not exist functioning record keeping system. As a result, most of the relevant and important documents were unavailable.

3.8.5 County Specific Issues on Current Assets

- i. In Marsabit and Migori Counties there are no schedules to support plot and house arrears
- ii. In five counties namely Busia, Embu, Kajiado, Nairobi, and Nandi it was observed that property rates arrears from the ledgers and registers are different from the outstanding property rates data generated from LAIFOMS as at March 27 2013. From Marsabit and Migori Counties there are no schedules to support plot and house arrears.
- iii. From Busia, Garissa and Kisii there are no bank certificates for some of the bank accounts that were held by the DLAs.
- iv. Kiambu, Uasin Gishu and Machakos Counties have investments in fixed deposits recorded as cash and bank balances.
- v. Nairobi County reported a large amount of KES 33 billion as receivable and current assets from the Ministry of Defence (DOD) for land which is based on a valuation carried out by Acumen Valuers Limited on behalf of the Nairobi City Council in 1997. The amount relates to land measuring 918.2 ha, which is occupied by the Embakasi Military Garrison. The defunct Nairobi City Council instituted legal proceedings in the High Court against the national government for payment. An inter-ministerial meeting attended by Cabinet Secretaries for Finance, Lands, Local Government and Defence agreed that the matter be settled out of court. The matter has been held in abeyance awaiting the outcome of a mediation process. What appears therefore as current assets is in actual fact land property rates.
- vi. Three counties, Embu, Kiambu and Nairobi documented inventories as part of their current assets. Nairobi County inventories amounted to KES. 340,431,782.00 for Nairobi Water and Sewerage Company while Embu had inventories worth 266,975.00 and Kiambu with inventories worth 15,628,474.00 which are not specific to any consumables.
- vii. Turkana CALC did not identify any current assets.

3.8.6 Recommendations on Current Assets

- i) There is need for counties to implement debt management strategies to ensure collection of outstanding balances from defaulters to improve their cash flow.

- ii) In view of the prolonged period of outstanding debts and losses, it is recommended that counties consider writing off those that are not collectable. This should be done in accordance with the provisions of section 150 of the Public Finance Management Act (PFMA) 2015, and sections 145-159 of the County PFMA 2015 Regulations on Losses and Write Offs.
- iii) Counties should close bank accounts that once belonged to the DLAs with immediate effect in accordance with guidelines from the National Treasury.
- iv) Where disputes arise, it is recommended that Alternative Dispute Resolution (ADR) mechanisms be employed before taking matters to court.

3.9 Investments

For the purposes of this report, investments refer to shares and fixed deposits that were owned by the DLAs. These investments were basically identified as shares in various water and sewerage companies, milk-processing companies and lodges. Other important assets identified were fixed deposits which are long-term cash deposits in banks and other financial institutions.

3.9.1 Summary of Investments

Table 20 is a summary of investments held by local authorities as at 27th March 2013.

Table 20: Summary of Investments

S/No.	County	Name of Local Authority	Company	No. of Shares	Total Value in KES	Remarks
1	Mombasa	Municipal Council of Mombasa	Mariakani Milk Scheme	Number of shares not reported	3,650,000.00	
		Municipal Council of Mombasa	Mombasa Water & Sewerage Co.	10	Value not availed	
		Municipal Council of Mombasa	War Stock	Number of shares not reported	2,385,000.00	TA inventory gives address of the bank, share % and interest return rate
2	Kwale	County Council of Kwale	Kwale Water Sewerage Co. Ltd	Number of shares not reported	3,000,000.00	2998 Council, 1 chairman, 1 clerk Shares not fully paid for
		Town Council of Kwale	Kwale Water Sewerage Co. Ltd	Number of shares not reported	2,000,000.00	1998 council, 1 chairman, 1 clerk Shares not fully paid for
		County Council of Kwale	Mariakani Milk Processing Scheme	Number of shares not reported	4,000,000.00	
		Town Council of Kwale	Mariakani Milk Processing Scheme	Number of shares not reported	2,000,000.00	
3	Kilifi	County Council of Malindi	Malindi Water and sewerage Co.	Number of shares not reported	Value not availed	
		Municipal Council of Malindi	Malindi Water and sewerage Co.	Number of shares not reported	Value not availed	
		Kilifi County Council	Mariakani Milk Processing Scheme	Number of shares not reported	4,000,000.00	Shares Cert number 0008
		Kilifi Town council	Mariakani Milk Processing Scheme	Number of shares not reported	2,000,000.00	Share cert number 0005
4	Tana River	County Council of Tana River	Tana Water and Sanitation Company	10	10,000	
			The County Clerk-CCTR	1	1,000	
			The Hon. Chairman-CCTR	1	1,000	
			The County Treasurer-CCTR	1	1,000	
5	Lamu					No investment reported
6	Taita/Taveta	County Council of Taita Taveta	Tavevo Water & Sewerage Co. Ltd	300	100	
		Town Council of Taveta	Tavevo Water & Sewerage Co. Ltd	300	100	
		Municipal Council of Voi	Tavevo Water & Sewerage Co. Ltd	400	100	
7	Garissa					No investment

Table 20: Summary of Investments

S/No.	County	Name of Local Authority	Company	No. of Shares	Total Value in KES	Remarks
8	Wajir					No investment reported
9	Mandera					No investment reported
10	Marsabit	Marsabit County Council	African Tours and Hotels	18750	375,000.00	18,750 shares at 20/= it's not possible to verify the investment maturity rate, interest return and the price per share due to unavailability of the investment transaction documents.
11	Isiolo					No investment reported
12	Meru	Nyambene County Council	Mulika Lodge	Number of shares not reported but 27% ownership stake	510,000.00	The hotel was burnt in 2002 and the insurance company compensated the hotel and the cheque paid to KTDC to reduce outstanding loan
		Meru Municipal & Meru Central County Council	MEWASS	Number of shares not reported	Value not availed	
13	Tharaka Nithi					No Investments reported
14	Embu	Embu Municipal Council	Embu Water & Sanitation Co.	5000	100,000	
		Runyenjes Municipal Council	Runyenjes Water & Sanitation Co.	1	20,765,000	
15	Kitui					No investment reported
16	Machakos					No investment reported
17	Makueni					No investment reported
18	Nyandarua					No investment reported
19	Nyeri	Nyeri Municipal Council	Nyeri Water Services Company	Number of shares not reported	100,000.00	Paid up shares
		Karatina Municipal Council	Mathira Water and Sewerage Company	Number of shares not reported	100,000.00	Unpaid shares
		Nyeri County Council	Tetu Aberdares Water and Sanitation Company	Number of shares not reported	value not availed	
		Nyeri County Council		Number of shares not reported	Value not availed	
		Othaya Town Council	Othaya Mukurweini Water and Sanitation Company	Number of shares not reported	Value not availed	
20	Kirinyaga					No investment reported

Table 20: Summary of Investments

S/No.	County	Name of Local Authority	Company	No. of Shares	Total Value in KES	Remarks
21	Muranga	Muranga Municipal Council	Muranga Water and Sanitation Company (MUWASCO)	Number shares not reported	Value not availed	
22	Kiambu		Gatanga Water and Sewerage Company	Number shares not reported	100,000	
23	Turkana					No investment reported
24	West Pokot	Municipal Council of Kapenguria	KAWASES (Kapenguria Water and Sewerage Systems)	Number shares not reported	70,000	30,000 value of shares owned by Mnagei Mazingira Community Base Organization
25	Samburu					No investment reported
26	Trans Nzoia	Kitale Municipal Council	Nzoia Water And Sewerage Company	Numner of shares not reported but 25% ownership stake	Value not reported	
		Kitale Municipal Council/ Nzoia County Council	Mt Elgon Lodge	Number of shares not reported but 25% ownership stake	Value not reported	
27	Uasin Gishu	Municipal Council of Eldoret	Eldoret Water and Sanitation Company Limited	Full ownership by defunct Municipal Council of Eldoret	Value not reported	
28	Elgeyo Marakwet					No investment reported
29	Nandi					No investment reported
30	Baringo	County Council of Baringo	Lake Baringo lodge-	Full ownership	12,000,000	Currently submerged by water
		Eldama Ravine Town Council	Eldama Ravine Water and Sanitation Company	2,550 (51%)	Value not availed	Total Shares is 5,000 (100%), E/Ravine town Council has 2,550 (51%)
		County Council of Koibatek	Mogotio information centre	Full ownership	7,000,000.00	
31	Laikipia	Municipal Council Nanyuki	Nanyuki Water & Sanitation Company	Number of shares not reported	100,000	
		Municipal Council Nyahururu	Nyahururu Water & Sanitation Company	Number of shares not reported	99,920	
		Town Council of Rumuruti	Rumuruti Water & Sanitation Company	Number of shares not reported	100,000	
32	Nakuru	County Council Of Nakuru	Nakuru Rural Water and Sanitation Co. Ltd	Ownership at 51%	255,000.00	
		Municipal Council Of Nakuru	Nakuru Water and Sanitation Services Co.Ltd	Full ownership	500,000.00	

Table 20: Summary of Investments

S/No.	County	Name of Local Authority	Company	No. of Shares	Total Value in KES	Remarks
		Municipal Council Of Naivasha	Naivasha Water And Sewerage and Sanitation Company	Ownership at 60%	500,000.00	
33	Narok					No investment reported
34	Kajiado					No investment reported
35	Kericho	Kericho Municipal Council	Kericho Water And Sanitation Company	Ownership at 97%	400,000	
		Bureti County Council	Tililbei Water And Sanitation Company Ltd	5,000	100,000	
		Kipsigis County Council	Kabianga Tea Farm	Number of shares or % ownership not reported	44,760,000	
36	Bomet		Kenya Power	Number of shares or % ownership not reported	429,000	
			Rental Houses	Number of shares or % ownership not reported	224,027	
			Property Rates	Number of shares or % ownership not reported	45,635,000	
			Ministries	Number of shares or % ownership not reported	10,752,148	
37	Kakamega					No investment reported
38	Vihiga					No investment reported
39	Bungoma					No investment reported
40	Busia					No investment reported
41	Siaya					No investment reported
42	Kisumu	Kisumu Municipal Council	Kisumu Water and Sewerage Company	4,997	649,940.00	
		Kisumu Municipal Council	Sunset Hotel	27,500	550,000	
43	Homa Bay					No investment reported by
44	Migori					No investment reported
45	Kisii					No investment reported
46	Nyamira					No investment reported
47	Nairobi	City Council of Nairobi	Nairobi Water & Sewerage Company	5,000	56,000,000,000	



Table 21 below is a summary of fixed deposits held by the DLAs

Table 21: Summary of Investments on Fixed Deposits

S/No.	County	Amount KES	Type	Bank Name and remarks
1	Meru	881,330.00	Deposit	Business Finance Co. This was a deposit to business finance by Meru County Council
		7,118.00	Deposit	Capital sacco has confirmed the existence of a vendor no.421-013 under the name of county council of Meru and the outstanding balance Kes 4323.65
2	Kiambu	8,044,872.80	Fixed Deposit	Consolidated Bank,A/C No 0120010756800
		25,543,055.85	Fixed Deposit	Consolidated Bank,A/C No 0120010468800
		10,332,331.00	Fixed Deposit	Cooperative Bank,A/C No01132073388501
		2,779,516.00	Fixed deposit	Family Bank A/c No. 001000024602 (bank statement as at 27/3/2013 not availed)
3	Uasin Gishu	10,044,712.30	Fixed deposit	Family Bank
		3,820,552.95	Fixed deposit	KCB-1135654654
		3,000,000.00	Fixed Deposit Receipt	A/C 01315028282200- confirm bank
4	Nyeri	925,750.00	Fixed Deposit Receipt	Pioneer Building Society- Liquidated
		13,000,474.90	Fixed Deposit Receipt	Continental Credit Finance Ltd- Liquidated
		10,000,000.00	Call Deposit	Cooperative bank

3.9.2 Investment in TA Inventory not Reported by CALCs

The baseline TA inventory indicated that Isiolo, Siaya and Homabay had investments in the form of shares in water and sewerage companies. However, the CALC reports from these counties did not report any such investments. Table 22 below presents the investment data as captured by the baseline TA inventory.

Table 22: Investment in TA Inventory but not Reported by CALCs

S/No.	County	Name of Local Authority	Company	No. of Shares	Total Value in KES	Remarks
1	Isiolo	County Council of Isiolo	Isiolo Water & Sewerage Co.	5000	Current value not available	Share Cert. No.C.117982 100% Owned
2	Siaya	Siaya County Council	Sibo Water & Sanitation Co.	Number of shares or % ownership not reported	12,100.00	Local authority was allotted shares free of charge
		Yala Town Council	Sibo Water & Sanitation Co.	Number of shares or % ownership not reported	15,480.00	Local authority was allotted shares free of charge
		Bondo Town Council	Sibo Water & Sanitation Co.	Number of shares or % ownership not reported	12,940.00	Local authority was allotted shares free of charge
		Bondo Town Council	Sibo Water & Sanitation Co.	Number of shares or % ownership not reported	8,280.00	Local authority was allotted shares free of charge
		Ugunja Town Council	Sibo Water & Sanitation Co.	Number of shares or % ownership not reported	8,280.00	Local authority was allotted shares free of charge
		Ugunja Town Council	Sibo Water & Sanitation Co.	Number of shares or % ownership not reported	13,020.00	Local authority was allotted shares free of charge
		Siaya Municipal Council	Sibo Water & Sanitation Co.	Number of shares or % ownership not reported	25,260.00	
3	Homa Bay	Kendu Bay Town Council	South Nyanza Water Services Co. Ltd	497	Value not availed	
		Municipal Council of Homabay	South Nyanza Water Services Co.Ltd	1482	Value not availed	
		Homabay County Council	South Nyanza Water Services Co.Ltd	482	Value not availed	
		Suba County Council	South Nyanza Water Service Company Co. Ltd	480	Value not availed	
		Rachuonyo County Council	South Nyanza Water Services Co.Ltd	547	Value not availed	
		Oyugis Town Council	South Nyanza Water Services Co.Ltd	795	Value not availed	
		Mbita Point Town Council	South Nyanza Water Services Co.Ltd	717	Value not availed	

3.9.3 General Observations on Investments

- i. For most counties the percentage share ownership, values of shares; and bank certificates for fixed deposits were not availed by most CALCs as shown in Table 20 and 21.
- ii. There is a difference in values of shares and share ownership in water companies as owned by the DLAs.

3.9.4 County Specific Observations on Investments

- i. The defunct Nyeri County Council held investments in form of fixed deposits receipts (FDR) amounting to KES 13,926,224.90 on a 15 percent interest return rate with two financial institutions, Pioneer Building; and Continental Credit Investments, both of which are now liquidated.
- ii. According to the TA inventory three DLAs from three counties invested in a company that is no longer operational. Mombasa, Kilifi and Kwale local authorities jointly invested KES 15,650,000 in Mariakani Milk Processing Scheme as shown in Table 23.

Table 23: Share Capital in Mariakani Milk Processing Scheme

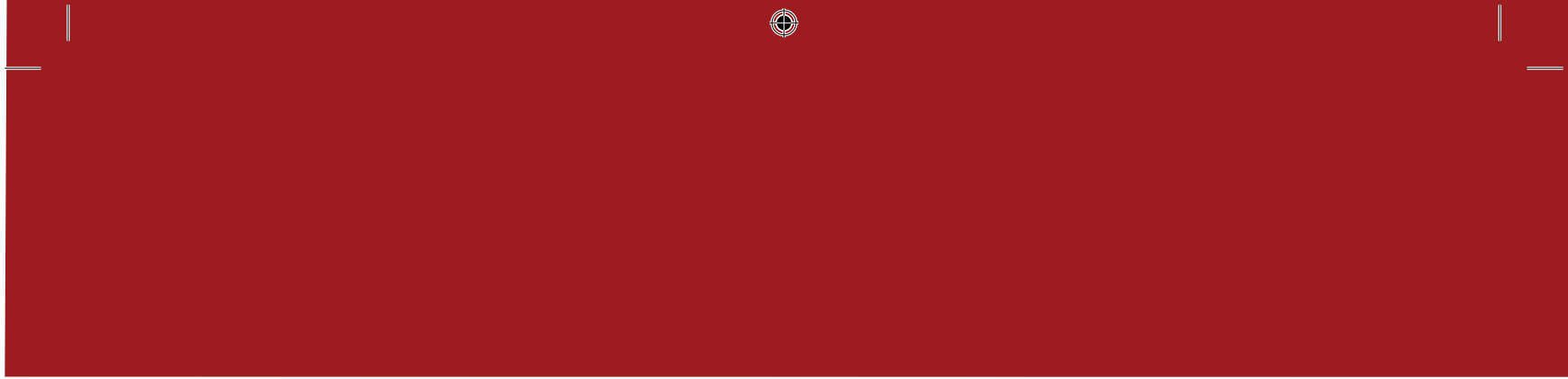
S/NO.	COUNTY	DEFUNCT LOCAL AUTHORITY	SHARE CAPITAL IN KES
1	Mombasa	Municipal Council of Mombasa	3,650,000.00
2	Kwale	County Council of Kwale	4,000,000.00
		Town Council of Kwale	2,000,000.00
3	Kilifi	County Council of Kilifi	4,000,000.00
		Town Council of Kilifi	2,000,000.00
		TOTAL	15,650,000.00

- iii. Mombasa County Government reported a war stock investment by the defunct Municipal Council of Mombasa. This investment was KES 2,385,000 (£19,076.30) at an interest rate of 1.75 percent. The investment is held in Her Majesty's Royal Bank of Scotland.

3.9.5 Recommendations on Investment

The following are the recommendations on investments:

- i. There is need for fast tracking formal transfer and handing over of water companies to county governments.
- ii. There is need to harmonize disparities in ownership of water companies/ shareholding in all counties.
- iii. Counties need to follow up with Kenya Deposits Insurance Corporation on the fixed deposits that were held in banks and other financial institutions that have been liquidated. Specifically, Nyeri and Kiambu should establish the status of the fixed deposits that were held by the defunct authorities.
- iv. Counties that inherited fixed deposit and other accounts bank balance should initiate action to secure the certificates of deposits and bank balances for the fixed deposits. Further, the counties should establish amounts of interests earned by respective investments that they inherited.
- v. Mombasa, Kilifi and Kwale county governments make concrete steps to establish the status of the joint investment on Mariakani Milk Processing Scheme
- vi. There is need for each county to domesticate the national public investment policies to guide investment in counties.



Projects and Work in Progress



4

4.0 Introduction

In this report a project refers to any civil works contracted by the DLAs that were completed or not completed or handed over by the contractors or had a pending contractual obligation as at 27th March, 2013. Work in progress refers to the projects that had started but had not been completed as at 27th March, 2013.

The DLAs had projects such as construction of schools, polytechnics, hospitals, dispensaries, water storage facilities, roads, bridges, markets; and slaughterhouses. Data from the field on projects took into consideration:

- i. Total Number of Projects
- ii. Completed projects
- iii. Incomplete projects
- iv. Fair value of projects in KES as at March 27th 2013

4.1 Summary of Findings for Projects

It was observed that;

- i. Several counties do not have data on the fair value of the projects.
- ii. Data provided indicated that some projects were completed but supporting documents such as completion certificates were not availed for verification.
- iii. There are projects that had been approved and mobilization fee paid but implementation did not commence.
- iv. There are projects for which information in terms of status or source of funding was not availed.
- v. There are projects at various stages of completion within the counties. Some projects that had been started were terminated for no discernible reason.

Table 24 presents a summary of projects status for all counties as at 27th March 2013.

Table 24: Summary of Projects Status Reported by CALCs

S/No	County	Total No. of Projects	Completed Projects	Incomplete Projects	Not Started	Total Reported Value of Projects in KES	Remarks
1.	Mombasa	52	28	22	2	5,618,773,555.07	No indication of committed funds in the projects that were not started
2.	Kwale	49	35	10	4	22,023,988.00	No indication of committed funds in the projects that were not started
3.	Kilifi	68	48	10	10	114,370,101.00	No indication of committed funds in the projects that were not started
4.	Tana River	3	2	1	0	0	No records of projects that were not started
5.	Lamu	12	5	7	0	10,238,513.30	No indication of committed funds in the projects that were not started
6.	Taita/ Taveta	77	30	41	6	100,746,192.00	No indication of committed funds in the projects that were not started
7.	Garissa	6	5	6	0	10,244,794.75	No indication of committed funds in the projects that were not started
8.	Wajir	23	21	2	0	40,600,000.00	No records of projects that were not started
9.	Mandera	36	35	1	0	5,760,000.00	No records of projects that were not started
10.	Marsabit	0	0	0	0	0	No projects reported
11.	Isiolo	0	0	0	0	0	No projects reported
12.	Meru	382	214	81	87	67,521,489.00	No indication of committed funds in the projects that were not started
13.	Tharaka Nthi	1	0	1	0	13,500,000.00	No records of projects that were not started
14.	Embu	27	8	3	16	41,400,000.00	No indication of committed funds in the projects that were not started
15.	Kitui	61	48	12	1	65,403,237.40	No indication of committed funds in the projects that were not started
16.	Machakos	234	103	20	111	241,893,018	No indication of committed funds in the projects that were not started
17.	Makueni	0	0	0	0	0	No projects reported
18.	Nyandarua	42	21	10	11	97,430,575.00	No indication of committed funds in the projects that were not started
19.	Nyeri	91	61	30	0	667,053,157.80	No records of projects that were not started
20.	Kirinyaga	14	12	2	0	5,846,585.00	No records of projects that were not started
21.	Muranga	169	67	16	86	114,119,920.00	No indication of committed funds in the projects that were not started
22.	Kiambu	246	119	127	0	630,391,099.00	No records of projects that were not started
23.	Turkana	0	0	0	0	0	No projects reported
24.	West Pokot	49	13	2	34	22,448,756.00	No indication of committed funds in the projects that were not started
25.	Samburu	2	2	0	0	1,680,000.00	No records of projects that were not started
26.	Trans Nzoia	17	0	17	0	6,000,000.00	No records of projects that were not started

Table 24: Summary of Projects Status Reported by CALCs

S/No	County	Total No. of Projects	Completed Projects	Incomplete Projects	Not Started	Total Reported Value of Projects in KES	Remarks
27.	Uasin Gishu	167	78	89	0	234,911,952.00	No records of projects that were not started
28.	Elgeyo/ Marakwet	93	13	38	42	88,894,074.00	No indication of committed funds in the projects that were not started
29.	Nandi	49	41	7	1	30,600,000.00	The County Council of Nandi had budgeted for a project for KES 350,000.00 at Sirwa Dispensary for water reticulation; KES 150,000.00 was paid out although the project never kicked off.
30.	Baringo	58	25	25	8	14,050,130.00	No indication of committed funds in the projects that were not started
31.	Laikipia	94	33	60	1	40,455,787.00	No indication of committed funds in the projects that were not started
32.	Nakuru	196	113	70	13	315,100,096.41	No indication of committed funds in the projects that were not started
33.	Narok	57	30	24	3	27,545,000.00	No indication of committed funds in the projects that were not started
34.	Kajiado	72	38	2	32	68,725,647.53	No indication of committed funds in the projects that were not started
35.	Kericho	0	0	0	0	0	No records of projects that were not started
36.	Bomet	41	41	0	0	18,033,136.00	Status of the projects not indicated
37.	Kakamega	109	63	46	0	67,333,132.80	No records of projects that were not started
38.	Vihiga	140	25	28	87	123,770,822	No indication of committed funds in the projects that were not started
39.	Bungoma	188	100	40	48	105,626,588	No indication of committed funds in the projects that were not started
40.	Busia	86	59	27	0	355,863,428.30	No records of projects that were not started
41.	Siaya	5	0	5	0	38,777,456	No records of projects that were not started
42.	Kisumu	117	54	63	0	218,292,467	No records of projects that were not started
43.	Homa Bay	0	0	0	0	0	No projects reported
44.	Migori	77	15	52	10	60,345,670	No indication of committed funds in the projects that were not started
45.	Kisii	43	3	40	0	44,427,025.30	No records of projects that were not started
46.	Nyamira	32	1	31	0	772,581,580	No records of projects that were not started
47.	Nairobi	1,023	754	128	141	5,446,523,353.00	No indication of committed funds in the projects that were not started
	Total	4,308	2,363	1,191	745	15,969,302,326.66	

4.2 General Observations on Projects

- a. A number of projects were reported as completed but completion certificates were not availed for verification.
- b. Data from counties indicate that a few of the incomplete projects (as at 27th March 2013) have since been completed by county governments. Many however still remain stalled/incomplete to-date.

4.3 Specific Observations on Projects

In Nandi County, it was observed that the County Council of Nandi had budgeted for KES 350,000.00 project for water reticulation in Sirwa Dispensary. Although KES 150,000.00 was paid out, the project was never commenced.

4.4 Recommendations on Projects

1. Incomplete projects should be completed in order to realize the initial objectives of the investment.
2. County governments should adopt suitable tools and strategies for project management e.g. Electronic Project Monitoring Information Systems (E-PROMIS) & Electronic County Integrated Monitoring and Evaluation System (E-CIMES).

Findings and Observations on Liabilities and Liquidation Options



5.0 Introduction

Liabilities are the financial obligations of the DLAs that must be paid for. They include goods and services consumed and projects contracted and completed but not paid for. Liabilities are claims against the wealth of the nation.

The liabilities of the DLAs comprise of obligations arising from their past transactions or events, the settlement of which was expected to lead to an outflow of future economic benefits from the DLAs. These include loans from financial institutions and from other institutions like the National Housing Corporation and the defunct Local Government Loans Authority. Liabilities also arose out of unremitted statutory deductions, unremitted staff deductions, unpaid staff emoluments, legal fees, trade debts and other creditors.

5.1 Summary of Findings on Liabilities

The data collected by CALCs from records of the DLAs as at 27th March, 2013 indicate liabilities amounting to KES. 53,756,398,754.25.

5.1.1 Analysis of Total Liabilities per County

Table 25 indicates the total liabilities per county, where Nairobi City County has the largest share of liabilities at 67.68 percent while the remaining 32.22 percent is shared out between all the other counties.

Table 25: Total Liabilities per County

S/No	County	Amount (KES)	Percentage (%)
1	Mombasa	4,466,265,427.63	8.31
2	Kwale	88,417,828.90	0.16
3	Kilifi	300,490,261.30	0.56
4	Tana River	24,761,378.30	0.05
5	Lamu	19,246,768.00	0.04
6	Taita Taveta	221,279,933.72	0.41
7	Garrissa	218,359,544.11	0.41
8	Wajir	46,453,328.33	0.09
9	Mandera	22,395,869.00	0.04
10	Marsabit	40,276,715.00	0.07
11	Isiolo	199,196,629.00	0.37
12	Meru	130,333,219.28	0.24
13	Tharaka Nithi	35,020,600.61	0.07
14	Embu	170,050,904.66	0.32
15	Kitui	215,829,480.20	0.40
16	Machakos	409,041,853.00	0.76
17	Makueni	98,815,515.70	0.18
18	Nyandarua	58,020,932.79	0.11
19	Nyeri	662,867,286.84	1.23
20	Kirinyaga	189,780,089.50	0.35
21	Muranga	152,113,585.00	0.28
22	Kiambu	830,404,290.55	1.54
23	Turkana	35,686,854.00	0.07
24	West Pokot	57,723,693.87	0.11
25	Samburu	59,819,153.12	0.11
26	Trans Nzoia	912,081,567.00	1.70
27	Uasin Gishu	310,294,540.93	0.58
28	Elgeyo Marakwet	24,091,129.65	0.04
29	Nandi	38,158,460.71	0.07
30	Baringo	204,005,244.00	0.38
31	Laikipia	339,414,309.00	0.63
32	Nakuru	956,139,325.21	1.78
33	Narok	525,308,418.00	0.98
34	Kajiado	499,447,651.93	0.93
35	Kericho	281,030,736.00	0.52
36	Bomet	53,027,204.37	0.10
37	Kakamega	794,265,959.00	1.48
38	Vihiga	76,297,548.40	0.14
39	Bungoma	394,448,372.00	0.73
40	Busia	393,188,551.85	0.73
41	Siaya	323,931,526.45	0.60
42	Kisumu	508,879,892.64	0.95
43	Homa Bay	194,449,673.00	0.36
44	Migori	216,816,093.00	0.40
45	Kisii	1,184,466,368.20	2.20
46	Nyamira	389,687,074.00	0.72
47	Nairobi	36,384,317,966.50	67.68
	Total	53,756,398,754.25	100.00



5.1.2 Categories of the Liabilities

Table 26 is a summary of the total liabilities per category, where foreign commercial loans had the largest percentage at 28.55 percent and unremitted HELB loans account for the lowest with 0.001 percent.

Table 26: Summary of Total Liabilities per Category

S/No.	Categories	Amount (KES)	Percentage of total
1	Commercial Loans (Local)	4,009,372,683.14	7.5
2	Bank Overdraft	2,052,303,966.49	3.8
3	Commercial Loans (Foreign)	15,328,285,074.00	28.5
4	National Housing Corporation (NHC) Loans	250,564,719.93	0.5
5	Local Government Loans Authority (LGLA) Guaranteed Loans	3,776,405,365.46	7.0
6	Unremitted taxes (KRA)	1,282,948,817.78	2.4
7	Unremitted National Hospital Insurance Fund (NHIF) Deductions	52,288,406.00	0.1
8	Unremitted National Social Security Fund (NSSF) Deductions	1,085,671,440.40	2.0
9	Unremitted LAPTRUST contribution	5,080,320,267.95	9.5
10	Unremitted LAPFUND contribution	3,812,845,140.23	7.1
11	Unpaid staff Emoluments	6,287,393,983.61	11.7
12	Unremitted HELB Loans	2,447,256.60	0.001
13	Unremitted staff Deductions – (Sacco, Union Dues, Staff Loans, Hire Purchase and HELB)	247,166,210.38	0.5
14	Unremitted Union dues	74,975,505.70	0.1
15	Unpaid Trade and other creditors	7,796,735,575.44	14.5
16	Unpaid Audit Fees – KENAO	152,648,575.00	0.3
17	Unpaid Legal Fees	2,464,025,766.14	4.6
	Total	53,756,398,754.25	100.0

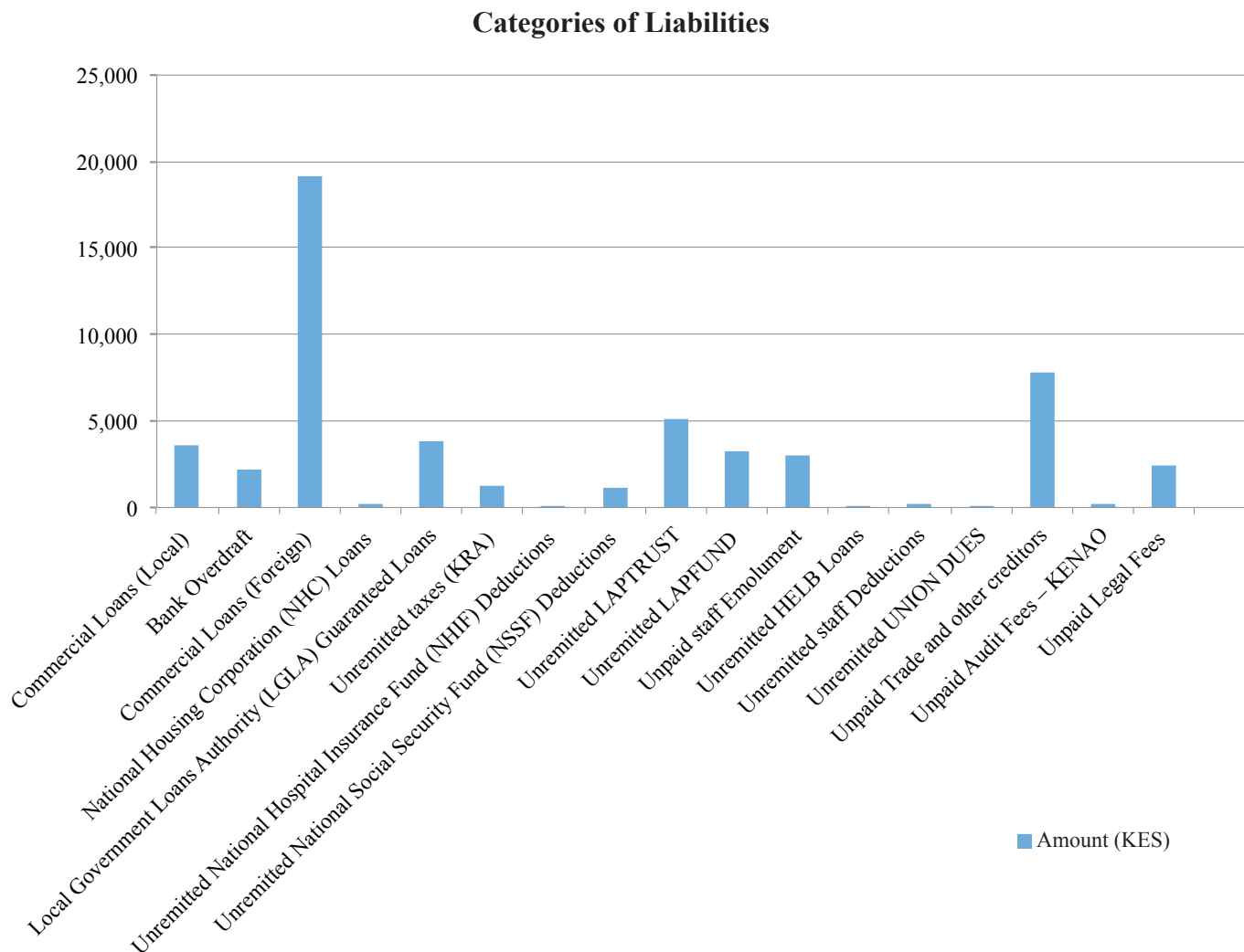


Figure 8: Different Categories of the Liabilities

5.2 General Observations on Liabilities

5.2.1 Commercial Loans

The DLAs in fifteen (15) counties acquired local and foreign commercial loans from various financial institutions for purchase of motor vehicles, equipment, infrastructural development and water projects amounting to KES 19,302,607,756.71. However, some DLAs were unable to regularly service their loans. Table 27 gives the details of the actual sums borrowed.

5.2.2 Loans Borrowed from National Housing Corporation

DLAs in twenty one (21) counties acquired loan facilities from the NHC to finance construction of residential buildings but failed to service the loans. The amount outstanding as at 27th March, 2013 was KES 250,980,075.93. Table 28 shows the distribution of the defaulted amount per counties.



Table 27: Analysis of Commercial Loans per County

S.No.	COUNTY	Commercial Loans	Commercial Loans	Total Commercial	Percentage (%)
		(Local)	(Foreign)	Loans	
		Amount (KES)	Amount (KES)	Amount (KES)	
1.	Nairobi	3,665,968,840.00	15,328,285,074.00	18,994,253,914.00	98.58
2.	Kajiado	93,349,605.43	0	93,349,605.43	0.48
3.	Embu	35,000,000.00	0	35,000,000.00	
4.	Kisii	34,043,897.00	0	34,043,897.00	0.00
5.	Nakuru	32,881,684.00	0	32,881,684.00	0.17
6.	Kitui	30,000,000.00	0	30,000,000.00	0.16
7.	Narok	24,000,000.00	0	24,000,000.00	0.12
8.	Garissa	22,993,860.71	0	22,993,860.71	0.12
9.	Kakamega	20,000,000.00	0	20,000,000.00	0.10
10.	Migori	16,859,395.00	0	16,859,395.00	0.09
11.	Kericho	16,425,320.00	0	16,425,320.00	0.09
12.	Bungoma	8,168,262.00	0	8,168,262.00	0.04
13.	Muranga	4,364,041.00	0	4,364,041.00	0.02
14.	Nyeri	4,050,000.00	0	4,050,000.00	0.02
15.	Homa Bay	1,265,810.00	0	1,265,810.00	0.01
16.	Makueni	1,968.00	0	1,968.00	0.00
	Total	4,009,372,683.14	15,328,285,074.00	19,337,657,757.14	100.00

Table 28: National Housing Corporation Loans per County

S/No.	County	National Housing Corporation (NHC) Loans Amount (KES)	Percentage (%) total
1	Siaya	37,569,911.00	16.54
2	Machakos	26,208,093.00	11.54
3	Homa Bay	24,013,857.00	10.57
	Kisii	23,803,533.00	9.48
4	Taita Taveta	22,705,780.88	9.99
5	Kitui	21,400,947.20	9.42
6	Bungoma	20,034,000.00	8.82
7	Kericho	18,035,744.00	7.94
8	Vihiga	15,280,379.00	6.73
9	Isiolo	13,583,115.00	6.16
10	Kakamega	10,821,154.00	4.76
11	Kilifi	5,164,129.45	2.27
12	Meru	2,868,566.00	1.26
13	Garissa	1,854,470.40	0.82
14	Nyamira	1,512,540.00	0.67
15	Baringo	1,255,036.00	0.55
16	Kirinyaga	1,221,143.00	0.54
17	Kiambu	1,200,000.00	0.53
18	Marsabit	862,600.00	0.38
19	Bomet	574,000.00	0.25
20	West Pokot	336,792.00	0.15
21	Nyeri	258,929.00	0.11
	Total	250,564,719.93	100.00

5.2.3 Loans Guaranteed by the Local Government Loans Authority

The Local Government Loans Authority, no longer in operation, guaranteed loans to DLAs for infrastructural development and working capital support amounting to KES 3,776,405,365.46. This amount is still reflecting in respective DLAs' books of accounts as unpaid. Records on loan agreements indicating the principal amounts issued, interest payable and the loan period have not been provided for verification. Table 29 shows the amount outstanding per county.



Table 29: Local Government Loans Authority guaranteed loans

S/No.	County	National Housing Corporation (NHC) Loans Amount (KES)	Percentage (%) total
1	Siaya	37,569,911.00	16.54
2	Machakos	26,208,093.00	11.54
3	Homa Bay	24,013,857.00	10.57
	Kisii	23,803,533.00	9.48
4	Taita Taveta	22,705,780.88	9.99
5	Kitui	21,400,947.20	9.42

5.2.4 Bank Overdrafts

The exercise revealed that DLAs had bank overdrafts amounting to KES 2,052,303,966.49 which remain unpaid to date. This situation affects twelve counties. However, the supporting documents outlining the terms of the overdrafts were not available for scrutiny. In addition, some of the banks retained ownership documents of movable properties as collateral. Table 30 shows the outstanding bank overdrafts per county.

Table 30: Bank Overdrafts per County

S.No.	County	Bank Overdraft Amount (KES)	Percentage
1	Nairobi	1,809,803,584.00	83.5508
2	Mombasa	239,051,147.58	9.8657
3	Machakos	1,486,932.00	0.0686
4	Busia	1,007,249.17	0.0465
5	Narok	790,822.00	0.0365
6	Kisumu	66,508.79	0.0031
7	Nyeri	51,226.09	0.0024
8	Siaya	20,507.00	0.0009
9	Bomet	11,343.64	0.0005
10	Tharaka Nithi	5,861.01	0.0003
11	Taita Taveta	5,183.91	0.0002
12	Kiambu	3,601.30	0.0002
	Total	2,052,303,966.49	100.00

5.2.5 Unpaid Traders and Other Creditors

The DLAs in all counties incurred debts amounting to **KES 7,811,518,792.44** and **KES 152,648,575.00** in relation to unpaid creditors and audit fees (KENAO) respectively. These arose out of normal operations that had not been cleared as at March 27, 2013. In relation to other creditors, the debts incurred included unpaid utilities, supplies for goods and services and contractors. Some CALC reports indicated that records such as ledgers, invoices, statements, delivery notes, certificates of work done and LPOs to support the liabilities were not verified. Table 31 shows the breakdown of the unpaid trade and other creditors per county.

5.2.6 Unremitted Statutory Deductions

Unremitted statutory deductions include monies deducted from the staff remittance to statutory bodies such as NSSF, NHIF, LAPFUND, LAPTRUST and unremitted taxes to Kenya Revenue Authority amounting to KES 2,420,908,664.18. Most of the DLAs violated the legal requirement that statutory deductions be remitted within a given period. This led to interests and penalties which substantially raised the amounts owed. Table 32 present the breakdown of the unremitted staff deductions per county. Three counties, Tana River, Turkana and Muranga did not record any unremitted statutory deductions.

Table 31: Unpaid Trade and Other Creditors per County Ranked from Highest to Lowest

S.No.	County	Unpaid Trade and Other Creditors Amount (KES)	Percentage
1.	Nairobi	2,240,824,973.30	28.51
2.	Mombasa	1,671,991,009.71	21.27
3.	Nakuru	716,900,243.00	9.12
4.	Trans Nzoia	673,653,202.00	8.57
5.	Kakamega	298,050,478.00	3.79
6.	Kajiado	259,225,460.00	3.30
7.	Narok	226,772,369.00	2.89
8.	Kisumu	192,631,386.00	2.45
9.	Kericho	180,721,116.00	2.30
10.	Busia	114,434,898.63	1.46
11.	Laikipia	107,990,860.00	1.37
12.	Machakos	93,293,586.00	1.19
13.	Migori	92,729,764.00	1.18
14.	Kitui	77,307,483.00	0.98
15.	Baringo	73,280,582.00	0.93
16.	Kilifi	67,771,926.80	0.86
17.	Nyeri	60,961,517.00	0.78
18.	Kiambu	59,033,758.00	0.75
19.	Isiolo	49,161,502.00	1.68
20.	Kwale	48,773,913.00	0.62
21.	Siaya	47,160,820.00	0.60
22.	Bungoma	45,272,782.00	0.58
23.	Meru	39,262,704.00	0.50
24.	Homa Bay	32,832,507.00	0.42
25.	Kisii	32,132,394.00	0.41
26.	Embu	31,170,755.70	0.40
27.	Turkana	29,849,435.00	0.38
28.	Taita Taveta	28,144,922.00	0.36
29.	Kirinyaga	27,386,869.00	0.35
30.	Nyamira	23,262,193.00	0.02
31.	Marsabit	22,945,902.00	0.29
32.	Vihiga	21,941,462.00	0.28
33.	Mandera	18,169,529.00	0.23
34.	Tana River	14,879,701.30	0.19
35.	Wajir	14,590,720.00	0.19
36.	Garissa	13,246,000.00	0.17
37.	Samburu	13,245,336.00	0.17
38.	Uasin Gishu	8,581,633.00	0.11
39.	Nyandarua	7,432,239.00	0.09
40.	West Pokot	6,269,095.00	0.08
41.	Nandi	3,130,886.00	0.04
42.	Elgeyo Marakwet	2,309,855.00	0.03
43.	Tharaka Nthi	2,229,611.00	
44.	Lamu	2,130,636.00	0.03
45.	Muranga	1,670,084.00	0.02
46.	Bomet	1,240,064.00	0.02
47.	Makueni	737,413.00	0.01
	Total	7,796,735,575.44	100.00

Table 32: Unremitted Statutory Deductions per County

S.No.	County	Unremitted taxes (KRA) Amount (KES)	Unremitted National Hospital Insurance Fund (NHIF) Deductions Amount (KES)	Unremitted National Social Security Fund (NSSF) Deductions Amount (KES)	Total Unpaid Statutory deductions Amount (KES)	Percentage
1	Mombasa	245,230,803.00	7,452,600.00	1,102,660.00	253,786,063.00	10.57
2	Kwale	-	-	365,336.00	365,336.00	0.02
3	Kilifi	4,208,284.95	153,180.00	7,622,931.85	11,984,396.80	0.50
4	Lamu	-	383,080.00	1,514,240.00	1,897,320.00	0.08
5	Taita Taveta	7,451,530.20	49,450.00	60,620.00	7,561,600.20	0.32
6	Garissa	8,548,928.00	8,000.00	10,000.00	8,566,928.00	0.36
7	Wajir	7,846,202.13	-	-	7,846,202.13	0.33
8	Mandera	180,600.00	-	-	180,600.00	0.01
9	Marsabit	3,083,078.00	69,400.00	1,097,500.00	4,249,978.00	0.18
10	Isiolo	37,462,733.00	-	-	37,462,733.00	1.56
11	Meru	9,265,600.00	149,760.00	3,927,129.00	13,342,489.00	0.56
12	Tharaka Nithi	4,891,527.00	56,800.00	875,820.20	5,824,147.20	0.21
13	Embu	40,275,251.32	-	1,990,533.00	42,265,784.32	1.76
14	Kitui	1,393,211.00	-	404,789.90	1,798,000.90	0.07
15	Machakos	16,509,023.00	-	16,896,800.00	33,405,823.00	1.39
16	Makueni	862,831.00	-	726,352.00	1,589,183.00	0.07
17	Nyandarua	4,848,566.00	-	-	4,848,566.00	0.20
18	Nyeri	82,137.00	-	26,927,359.00	27,009,496.00	1.13
19	Kirinyaga	234,744.00	-	49,672,140.00	49,906,884.00	2.08
20	Kiambu	645,833.00	-	20,887,848.25	21,533,681.25	0.90
21	West Pokot	1,186,362.00	124,800.00	33,160.00	1,344,322.00	0.06
22	Samburu	107,049.00	-	6,869,400.00	6,976,449.00	0.29
23	Trans Nzoia	55,518,355.00	25,214,418.00	23,465,511.00	104,198,284.00	4.34
24	Uasin Gishu	-	-	42,386,974.20	42,386,974.20	1.77
25	Elgeyo Marakwet	419,145.00	-	-	419,145.00	0.02
26	Nandi	-	-	11,285,933.00	11,285,933.00	0.47
27	Baringo	1,400,952.00	-	1,517,840.00	2,918,792.00	0.12
28	Laikipia	6,006,968.00	27,840.00	16,357,341.00	22,392,149.00	0.93
29	Nakuru	21,658,535.00	-	-	21,658,535.00	0.90
30	Narok	16,546,133.00	-	3,161,980.00	19,708,113.00	0.82
31	Kajiado	105,238,691.50	-	-	105,238,691.50	4.31
32	Kericho	-	-	2,005,250.00	2,005,250.00	0.08
33	Bomet	3,588,152.83	1,209,600.00	1,133,452.00	5,931,204.83	0.25
34	Kakamega	60,532,859.00	2,240,840.00	62,217,122.00	124,990,821.00	5.21
35	Vihiga	5,124,500.00	480.00	1,457,331.00	6,582,311.00	0.27
36	Bungoma	20,173,717.00	1,240,720.00	11,136,896.00	32,551,333.00	1.36
37	Busia	12,476,880.00	393,610.00	550,000.00	13,420,490.00	0.56
38	Siaya	10,956,614.85	4,045,268.00	4,320,029.00	19,321,911.85	0.81
39	Kisumu	9,208,949.00	-	284,000.00	9,492,949.00	0.40
40	Homa Bay	7,211,175.00	86,080.00	679,000.00	7,976,255.00	0.33
41	Migori	24,976,628.00	495,200.00	2,228,080.00	27,699,908.00	1.15
42	Kisii	61,642,845.00	172,120.00	69,635,726.40	131,450,691.40	5.48
43	Nyamira	13,013,411.00	5,146,200.00	22,059,593.00	40,219,204.00	1.63
44	Nairobi	452,940,013.00	3,568,960.00	668,804,722.00	1,125,313,695.00	46.88
	Total	1,282,948,817.78	52,288,406.00	1,085,671,440.40	2,420,908,664.18	100.00

100.00	100.00
2,420,908,664.18	2,420,908,664.18
1,085,671,440.40	1,085,671,440.40
52,406.00	52,406.00
1,282,948,817.78	1,282,948,817.78
Total	



5.2.7 Unremitted Staff Deductions

Unremitted staff deductions include monies deducted from staff salaries for onwards remittance to SACCOs, Unions, LAPTRUST and LAPFUND, lending institutions like hire purchase companies, HELB and commercial banks. It is a requirement for the employer to remit all monies deducted from employees to the institutions, but some of the DLAs failed to remit, leading to an accumulation of debts that are still attracting penalties and /or interest. Unremitted LAPFUND and LAPTRUST amounted to KES 8,893,165,408.18 while other unremitted staff deductions under SACCOs, HELB etc amounted to KES. 324,588,972.68

Five counties did not record any unremitted staff deductions to LAPTRUST and LAPFUND. These are Turkana, Trans Nzoia, Nakuru, Kajiado and Migori.

Tables 33 and 34 show the breakdown of the staff deductions per counties.

Table 33: Unremitted Staff Deductions (LAPTRUST and LAPFUND)

S.No	County	Unremitted LAPTRUST Amount (KES)	Unremitted LAPFUND Amount (KES)	Amount (KES)
1.	Mombasa	597,463,328.00	861,336,193.00	1,458,799,521.00
2.	Kwale	2,354,633.30	31,704,091.00	34,058,724.30
3.	Kilifi	19,837,979.00	16,615,309.05	36,453,288.05
4.	Tana River	4,841,677.00	0	4,841,677.00
5.	Lamu	535,454.00	3,192,232.00	3,727,686.00
6.	Taita Taveta	668,470.00	1,926,394.73	2,594,864.73
7.	Garissa	4,185,240.00	71,364,335.00	75,549,575.00
8.	Wajir	228,518.00	12,467,977.20	12,696,495.20
9.	Mandera	68,647.00	0	68,647.00
10.	Marsabit	0	5,991,999.00	5,991,999.00
11.	Isiolo	3,091,274.00	39,711,222.00	42,802,496.00
12.	Meru	4,164,736.28	663,764.00	4,828,500.28
13.	Tharaka Nithi	7,469,378.00	2,951,092.40	10,420,470.40
14.	Embu	4,374,927.00	17,773,873.64	22,148,800.64
15.	Kitui	3,696,795.00	42,828.00	3,739,623.00
16.	Machakos	131,210,656.00	30,321,936.00	161,532,592.00
17.	Makueni	14,398,355.40	50,245,950.30	64,644,305.70
18.	Nyandarua	13,677,530.79	10,411,917.00	24,089,447.79
19.	Nyeri	21,630,106.56	38,310,696.99	59,940,803.55
20.	Kirinyaga	22,416,152.00	2,315,138.50	24,731,290.50
21.	Muranga	49,319,720.00	0	49,319,720.00
22.	Kiambu	130,864,160.00	10,645,684.00	141,509,844.00
23.	West Pokot	1,512,131.87	33,671,143.00	35,183,274.87
24.	Samburu	11,488,576.00	1,146,771.12	12,635,347.12
25.	Uasin Gishu	54,633,595.73	0	54,633,595.73
26.	Elgeyo Marakwet	0	1,303,449.60	1,303,449.60
27.	Nandi	4,977,652.55	1,542,287.50	6,519,940.05
28.	Baringo	11,526,138.00	1,861,288.00	13,387,426.00
29.	Laikipia	19,429,076.00	19,623,029.00	39,052,105.00
30.	Narok	36,792,774.00	89,633,973.00	126,426,747.00
31.	Kericho	2,974,903.00	19,371,553.00	22,346,456.00
32.	Bomet	7,236,311.00	32,306,083.90	39,542,394.90
33.	Kakamega	110,998,119.00	53,152,147.00	164,150,266.00
34.	Vihiga	9,811,851.00	0	9,811,851.00
35.	Bungoma	34,240,619.00	84,396,538.00	118,637,157.00
36.	Busia	63,828,398.47	64,115,841.50	127,944,239.97
37.	Siaya	8,364,014.00	27,059,689.00	35,423,703.00
38.	Kisumu	14,874,624.00	18,260,233.00	33,134,857.00
39.	Homa Bay	7,445,861.00	42,099,095.80	49,544,956.80
40.	Kisii	15,361,680.25	634,867,400.00	650,229,080.25
41.	Nyamira	69,316,656.00	58,111,639.00	127,428,295.00
42.	Nairobi	3,559,009,550.00	1,422,330,345.00	4,981,339,895.00
	Total	5,080,320,267.95	3,812,845,140.23	8,893,165,408.18

Table 34: Unremitted Staff Deductions (Sacco, Union Dues, Staff Loans, Hire Purchase and HELB)

S/No	County	Unremitted staff Deductions Amount (KES)	Unremitted HELB Loans Amount (KES)	Unremitted UNION DUES Amount (KES)	Total Amount (KES)
1.	Mombasa	0	0	11,727,520.00	11,727,520.00
2.	Kwale	200,000.00	187,325.60	1,803,730.00	2,191,055.60
3.	Kilifi	107,221,365.00	106,042.00	714,059.00	108,041,466.00
4.	Lamu	1,798,904.00	0	304,246.00	2,103,150.00
5.	Taita Taveta	695,955.00	0	1,588,915.00	2,284,870.00
6.	Garrissa	0	0	403,900.00	403,900.00
7.	Marsabit	1,242,376.00	0	63,000.00	1,305,376.00
8.	Isiolo	0	0	659,290.00	659,290.00
9.	Meru	1,034,353.00	0	1,325,097.00	2,359,450.00
10.	Tharaka Nithi	1,737,564.00	0	1,697,161.00	3,434,725.00
11.	Embu	143,097.00	0	141,430.00	284,527.00
12.	Kitui	23,600.00	14,108.00	579,060.00	616,768.00
13.	Machakos	1,932,531.00	361,757.00	1,654,593.00	3,948,881.00
14.	Makueni	8,281,793.00	0	680,890.00	8,962,683.00
15.	Nyandarua	0	0	332,250.00	332,250.00
16.	Nyeri	2,657,904.00	0	599,372.00	3,257,231.00
17.	Muranga	4,658,811.00	68,121.00	933,332.00	5,660,264.00
18.	Kiambu	0	0	355,854.00	355,854.00
19.	West Pokot	720,853.00	0	521,285.00	1,242,138.00
20.	Samburu	962,957.00	0	255,400.00	1,218,357.00
21.	Baringo	4,737,416.00	16,284.00	3,838,374.00	8,592,074.00
22.	Laikipia	500,456.00	20,430.00	1,392,640.00	1,913,526.00
23.	Nakuru	0	0	1,216,931.00	1,216,931.00
24.	Narok	44,608,825.00	90,184.00	657,260.00	45,356,269.00
25.	Kericho	0	321,464.00	251,470.00	572,934.00
26.	Bomet	890,345.00	0	259,284.00	1,149,629.00
27.	Kakamega	28,912,714.00	595,964.00	2,186,281.00	31,694,959.00
28.	Vihiga	0	0	225,871.00	225,400.00
29.	Bungoma	4,821,527.00	124,692.00	4,409,575.00	9,355,794.00
30.	Busia	14,091,040.38	89,700.00	2,177,396.00	16,358,136.38
31.	Siaya	2,760,535.00	110,587.00	3,002,384.00	5,873,506.00
32.	Kisumu	0	60,581.00	9,728,396.00	9,788,977.00
33.	Homa Bay	709,000.00	155,017.00	712,480.00	1,576,497.00
34.	Migori	3,915,391.00	0	5,546,117.00	9,461,508.00
35.	Kisii	7,906,898.00	0	7,251,765.00	15,158,663.00
36.	Nyamira	0	125,000.00	5,006,398.00	5,131,398.00
37.	Nairobi	0	0	772,499.70	772,499.70
	Total	247,166,210.38	2,447,256.60	74,975,505.7	324,588,972.68

DLAs in thirty six (36) counties did not remit staff deductions for SACCOs, Union Dues, Staff Loans, Hire Purchase and HELB as shown in Table 34.

5.2.8 Unpaid Staff Emoluments

Staff emoluments included unpaid salaries arising from Collective Bargain Agreements (CBAs), allowances to staff, staff gratuity and retirees' benefits. These amounted to KES. 6,287,393,983.61. Table 35 shows the breakdown of the unpaid staff emoluments per county.

5.2.9 Outstanding Legal Fees

The CALC reports indicate that advocates who had been engaged by some of the DLAs for various services were owed **KES 2,464,025,766.14**. Documentary evidence to support some of the claims was not available. Table 36 shows the breakdown of the unpaid legal fees in the thirty-seven (37) counties that recorded outstanding legal fees.

5.3 Specific Observations on Liabilities

Within the liabilities category there are three cases worth special mention because of their uniqueness; these are the onlet water project, a Nairobi City Council project funded by a foreign loan guaranteed by the GoK and Soko Mugdi in Garissa.

5.3.1 Foreign Loan on Onlet Water Project by Nairobi City Council

The defunct City Council of Nairobi had an outstanding loan of **KES 15,328,285,074** from Onlet Water. However, documentary evidence to support the details of this loan such as the loan amount, interest rate repayment period had not been availed. It was however, explained that the loan was utilized for the development of Nairobi water projects in Ndakaini dam and other related infrastructure. As a result of lack of documentary evidence, the validity of the loan amount of **KES. 15,328,285,074** could not be confirmed by the Nairobi CALC.

5.3.2 Nairobi City Council GoK Guaranteed Foreign Loan

In June 1985 the Government of Kenya entered into a development agreement with the United States of America through the United States Agency for International Development (USAID). The agreement entitled the then Nairobi City Commission to participate in the United States Housing Guaranty Program and to this end NCC borrowed the sum of **\$17,000,000** which was guaranteed by the GoK.

The proceeds of this loan were to be used in financing the development of Phase II of the Umoja Housing Estate in Nairobi, which would comprise of low cost tenant purchase housing units, and/or serviced plots; community facilities consisting of schools, health centres, social halls, play grounds, markets, industrial/commercial plots; landscaping of public areas; and an employment generation loan to provide short-term credit and related facilities and services to small businesses and industries in the estate.

The loan was to be repaid in 30 years with 10 years' grace period on repayment of the principal sum. The interest was payable at the rate of 0.4 percent above the interest rate of 26 week obligations of the United States Treasury, as adjusted monthly, plus a USAID guarantee fee of 0.5% per annum on any outstanding principal amount. The loan was, therefore, expected to be fully repaid by 2025. The amount outstanding on this loan as at 27th March 2013 was **KES 3,815,640,733**.

Table 35: Unpaid Staff Emoluments per County

S.No.	County	Unpaid staff Emolument Amount (KES)	Percentage
1	Mombasa	329,538,564.00	10.83
2	Kwale	725,070.00	0.02
3	Kilifi	26,720,191.20	0.88
4	Tana River	5,040,000.00	0.17
5	Lamu	9,387,976.00	0.31
6	Taita Taveta	146,682,938.00	4.82
7	Garrissa	87,003,310.00	2.86
8	Wajir	10,819,911.00	0.36
9	Mandera	3,977,093.00	0.13
10	Marsabit	3,152,860.00	0.10
11	Isiolo	49,427,493.00	1.62
12	Meru	20,230,920.00	0.66
13	Tharaka Nithi	9,849,786.00	0.32
14	Embu	32,341,037.00	1.06
15	Kitui	56,697,601.10	1.86
16	Machakos	55,982,653.00	1.84
17	Makueni	19,300,256.00	0.63
18	Nyandarua	18,918,430.00	0.62
19	Nyeri	138,014,838.00	4.54
20	Kirinyaga	20,460,191.00	0.67
21	Muranga	79,777,957.00	2.62
22	Kiambu	382,429,859.00	12.57
23	Turkana	4,487,419.00	0.15
24	West Pokot	6,202,072.00	0.20
25	Samburu	25,419,664.00	0.84
26	Trans Nzoia	131,659,833.00	4.33
27	Uasin Gishu	97,954,266.00	3.22
28	Elgeyo Marakwet	18,928,284.00	0.62
29	Nandi	14,097,701.66	0.46
30	Baringo	12,536,031.00	0.41
31	Laikipia	165,337,669.00	5.43
32	Nakuru	29,041,728.00	0.95
33	Narok	39,967,430.00	1.31
34	Kajiado	7,431,895.00	0.24
35	Kericho	33,354,516.00	1.10
36	Bomet	526,568.00	0.02
37	Kakamega	35,296,366.00	1.16
38	Vihiga	12,569,082.00	0.41
39	Bungoma	135,203,093.00	4.44
40	Busia	102,387,015.00	3.37
41	Siaya	97,430,823.60	3.20
42	Kisumu	246,107,163.85	8.09
43	Homa Bay	64,543,885.20	2.12
44	Migori	64,355,666.00	2.12
45	Kisii	217,317,562.00	3.46
46	Nyamira	190,951,444.00	6.28
47	Nairobi	3,027,807,872.00	48.16
	Total	6,287,393,983.61	100.00

Table 36: Unpaid Legal Fees per County

S.No.	County	Unpaid Legal Fees Amount (KES)	Percentage
1	Nairobi	1,190,576,213.50	48.30
2	Mombasa	501,371,602.34	20.34
3	Kiambu	220,031,807.00	8.93
4	Kakamega	93,619,915.00	3.80
5	Siaya	69,974,640.00	2.84
6	Kisii	64,543,885.20	2.62
7	Kirinyaga	59,710,692.00	2.42
8	Kilifi	40,458,863.00	1.64
9	Narok	38,782,668.00	1.57
10	Kajiado	34,202,000.00	1.39
11	Kitui	18,275,812.00	0.74
12	Bungoma	14,943,951.00	0.61
13	Uasin Gishu	14,909,243.00	0.60
14	Kisumu	14,198,051.00	0.58
15	Busia	12,397,522.70	0.50
16	Taita Taveta	10,499,774.00	0.43
17	Kericho	7,164,000.00	0.29
18	Vihiga	7,088,592.40	0.29
19	Garissa	6,741,500.00	0.27
20	Muranga	6,629,519.00	0.27
21	Nakuru	6,229,000.00	0.25
22	Migori	5,709,852.00	0.23
23	Meru	4,749,092.00	0.19
24	Isiolo	4,100,000.00	0.17
25	Baringo	3,768,915.00	0.15
26	Makueni	2,829,707.00	0.11
27	Trans Nzoia	2,570,248.00	0.10
28	Nyamira	1,182,000.00	0.08
29	Nandi	1,750,000.00	0.07
30	West Pokot	1,572,000.00	0.06
31	Bomet	1,000,000.00	0.04
32	Tharaka Nithi	953,000.00	0.04
33	Turkana	450,000.00	0.02
34	Homa Bay	394,212.00	0.02
35	Marsabit	350,000.00	0.01
36	Nyeri	247,489.00	0.01
37	Machakos	50,000.00	0.00
	Total	2,464,025,766.14	100.00



5.3.3 Breach of Contract by Garissa Municipal Council on Management of Soko Mugdi

Soko Mugdi is an open public market situated within Garissa Town covering about two hectares. The market was upgraded with support from the Government of Japan. A contractor was engaged to manage the operations of the market and remit monthly revenue to the defunct Garissa Municipal Council. However, the signed agreement between the contractor-Mr. Gamadid and defunct Garissa Municipal Council, and which is still in force, was breached twice by the defunct Garissa local authority prompting Mr. Gamadid to seek legal redress. The court awarded him damages amounting to KES 6 million of which the council gave him a cheque of KES 4.4 million which was dishonored. The case is still in court.

5.4 Liabilities Paid after 27 March, 2013

Although most of the debts are still outstanding some county governments have made efforts to discharge some of the debts that they had inherited. The debts repaid by the county governments' amount to KES 5,422,865,330.13 leaving a balance of KES 48,333,533,424.12. Table 37 shows the liabilities paid by county governments and Table 38 shows paid liabilities per categories.

Table 37: Paid Liabilities per County

S.No	County	Outstanding Liabilities as at 27 March, 2013 Amount (KES)	Paid Liabilities by 31 August, 2018 Amount (KES)	Balance Amount(KES)
1	Mombasa	4,466,265,427.63	0	4,466,265,427.63
2	Kwale	88,417,828.90	0	88,417,828.90
3	Kilifi	300,490,261.30	1,804,256.00	298,686,005.30
4	Tana River	24,761,378.30	17,475,222.00	7,286,156.30
5	Lamu	19,246,768.00	0	19,246,768.00
6	Taita Taveta	221,279,933.72	1,384,086.00	219,895,847.72
7	Garissa	218,359,544.11	2,975,000.00	215,384,544.11
8	Wajir	46,453,328.33	0	46,453,328.33
9	Mandera	22,395,869.00	0	22,395,869.00
10	Marsabit	40,276,715.00	0	40,276,715.00
11	Isiolo	199,196,629.00	70,066,585.00	211,859,398.00
12	Meru	130,333,219.28	66,097,602.00	64,235,617.28
13	Tharaka Nithi	35,020,600.61	0	34,186,455.61
14	Embu	170,050,904.66	84,607,703.00	50,443,201.66
15	Kitui	215,829,480.20	0	215,829,480.20
16	Machakos	409,041,853.00	0	409,041,853.00
17	Makueni	98,815,515.70	0	98,815,515.70
18	Nyandarua	58,020,932.79	18,134,143.00	39,886,789.79
19	Nyeri	662,867,286.84	0	662,867,286.84
20	Kirinyaga	189,780,089.50	0	189,780,089.50
21	Muranga	152,113,585.00	924,035.00	151,189,550.00
22	Kiambu	830,404,290.55	0	830,404,290.55
23	Turkana	35,686,854.00	0	35,686,854.00
24	West Pokot	57,723,693.87	0	57,723,693.87
25	Samburu	59,819,153.12	0	59,819,153.12
26	Trans Nzoia	912,081,567.00	55,212,179.35	856,869,387.65
27	Uasin Gishu	310,294,540.93	97,000,000.00	213,294,540.93
28	Elgeyo Marakwet	24,091,129.65	19,435,959.00	4,655,170.65
29	Nandi	38,158,460.71	0	38,158,460.71
30	Baringo	204,005,244.00	54,167,652.00	149,837,592.00
31	Laikipia	339,414,309.00	1,850,000.00	337,564,309.00
32	Nakuru	956,139,325.21	238,668,989.30	717,470,335.91
33	Narok	525,308,418.00	322,759,925.00	202,548,493.00
34	Kajiado	499,447,651.93	106,059,000.43	343,676,285.07
35	Kericho	281,030,736.00	49,110,102.00	231,920,634.00
36	Bomet	53,027,204.37	0	53,027,204.37
37	Kakamega	794,265,959.00	46,097,229.00	748,168,730.00
38	Vihiga	76,297,548.40	16,240,982.00	60,056,566.40
39	Bungoma	394,448,372.00	273,307,456.00	121,140,916.00
40	Busia	393,188,551.85	130,443,066.00	262,745,485.85
41	Siaya	323,931,526.45	0	323,931,526.45
42	Kisumu	508,879,892.64	42,849,896.80	466,029,995.84
43	Homa Bay	194,449,673.00	0	194,449,673.00
44	Migori	216,816,093.00	0	216,816,093.00
45	Kisii	1,184,466,368.20	0	1,184,466,368.20
46	Nyamira	389,687,074.00	0	389,687,074.00
47	Nairobi	36,384,317,966.50	3,706,194,261.25	32,678,123,705.25
	Total	53,756,398,754.25	5,422,865,330.13	48,333,533,424.12



Table 38: Paid Liabilities per Category

S.No	Category	Outstanding Liabilities as at 27 March 2013 Amount(KES)	Paid Liabilities as at 31 August, 2018 Amount (KES)	Balance Amount (KES)
1	Commercial Loans (Local)	4,009,372,683.14	182,275,861.43	3,827,096,821.71
2	Bank Overdraft	2,052,303,966.49	27,991,373.91	2,024,312,592.58
3	Commercial Loans (Foreign)	15,328,285,074.00	0	15,328,285,074.00
4	National Housing Corporation (NHC) Loans	250,564,719.93	1,804,256.00	248,760,463.93
5	Local Government Loans Authority (LGLA) Guaranteed Loans	3,776,405,365.46	0	3,777,885,526.46
6	Unremitted taxes (KRA)	1,282,948,817.78	143,669,873.00	1,138,444,799.78
7	Unremitted National Hospital Insurance Fund (NHIF) Deductions	52,288,406.00	882,000.00	51,406,406.00
8	Unremitted National Social Security Fund (NSSF) Deductions	1,085,671,440.40	35,446,617.00	1,050,224,823.40
9	Unremitted LAPTRUST	5,080,320,267.95	64,300,434.00	5,016,019,833.95
10	Unremitted LAPFUND	3,812,845,140.23	154,823,686.00	3,658,012,454.23
11	Unpaid staff Emolument	6,287,393,983.61	4,138,480,975.50	2,148,913,008.11
12	Unremitted HELB Loans	2,447,256.60	239,932.00	2,207,324.60
13	Unremitted staff Deductions	247,166,210.38	58,173,320.00	187,566,128.38
14	Unremitted UNION DUES	74,975,505.70	1,508,484.00	71,986,860.70
15	Unpaid Trade and other creditors	7,796,735,575.44	560,322,918.29	7,237,839,419.15
16	Unpaid Audit Fees – KENAO	152,648,575.00	6,310,000.00	146,338,575.00
17	Unpaid Legal Fees	2,464,025,766.14	46,635,599.00	2,417,390,167.14
	Total	53,756,398,754.25	5,422,865,330.13	48,333,533,424.12

Table 39: Variation between TA Inventory and IGRTC Findings on Liabilities

S. No	COUNTY	TA Inventory (KES)	IGRTC Findings (KES)	Variation (KES)
1	Mombasa	4,807,752,074.19	4,466,265,427.63	(341,486,646.56)
2	Kwale	88,605,155.66	88,417,828.90	(187,327)
3	Kilifi	361,707,947.34	300,490,261.30	(61,217,686)
4	Tana River	37,196,602.93	24,761,378.30	(12,435,225)
5	Lamu	38,174,936.00	19,246,768.00	(18,928,168)
6	TaitaTaveta	104,210,828.72	221,279,933.72	117,069,105
7	Garissa	187,663,223.43	218,359,544.11	30,696,321
8	Wajir	117,053,619.20	46,453,328.33	(70,600,291)
9	Mandera	37,031,785.65	22,395,869.00	(14,635,917)
10	Marsabit	41,696,715.00	40,276,715.00	(1,420,000)
11	Isiolo	168,035,984.00	199,196,629.00	31,160,645
12	Meru	167,071,065.38	130,333,219.28	(36,737,846.10)
13	Tharaka Nithi	35,096,005.60	35,020,600.61	(909,550)
14	Embu	147,094,940.66	170,050,904.66	22,955,964.00
15	Kitui	202,703,001.40	215,829,480.20	13,126,479
16	Machakos	579,443,803.10	409,041,853.00	(170,401,950)
17	Makueni	95,612,273.85	98,815,515.70	3,203,241.85
18	Nyandarua	35,019,931.00	58,020,932.79	23,001,002
19	Nyeri	909,355,054.25	662,867,286.84	(246,487,767)
20	Kirinyaga	163,453,192.00	189,780,089.50	26,326,898
21	Muranga	153,555,450.40	152,113,585.00	(1,441,865)
22	Kiambu	544,094,537.10	830,404,290.55	286,309,753
23	Turkana	35,686,854.00	35,686,854.00	-
24	West Pokot	86,892,108.13	57,723,693.87	(29,168,414)
25	Samburu	16,192,983.00	59,819,153.12	43,626,170
26	Trans Nzoia	1,405,835,584.85	912,081,567.00	(493,754,018)
27	Uasin Gishu	308,798,671.00	310,294,540.93	1,495,870
28	Elgeyo Marakwet	25,221,525.70	24,091,129.65	(1,130,396)
29	Nandi	46,320,224.90	38,158,460.71	(8,161,764)
30	Baringo	248,437,985.90	204,005,244.00	(40,352,604)
31	Laikipia	301,457,325.92	339,414,309.00	37,956,983
32	Nakuru	1,494,417,522.69	956,139,325.21	(538,278,197)
33	Narok	578,268,046.25	525,308,418.00	(52,959,628)
34	Kajiado	360,415,803.44	499,447,651.93	139,031,848.49
35	Kericho	269,414,515.00	281,030,736.00	11,616,221
36	Bomet	91,679,618.43	53,027,204.37	(38,652,414)
37	Kakamega	1,430,652,319.01	794,265,959.00	(636,386,360)
38	Vihiga	117,771,054.00	76,297,548.40	(41,473,506)
39	Bungoma	416,925,819.42	394,448,372.00	(22,477,447)
40	Busia	298,181,210.71	393,188,551.85	95,007,341
41	Siaya	240,616,392.24	323,931,526.45	83,315,134
42	Kisumu	510,357,777.78	508,879,892.64	(1,477,885)
43	Homa Bay	167,283,712.50	194,449,673.00	27,165,961
44	Migori	314,155,103.69	216,816,093.00	(97,339,011)
45	Kisii	937,267,273.68	1,184,466,368.20	247,199,095)
46	Nyamira	357,947,685.80	389,687,074.00	31,739,388.00
47	Nairobi	40,571,982,985.00	36,384,317,966.50	(4,187,665,019)
	Total	59,653,808,229.90	53,756,398,754.25	(5,897,409,475.65)



5.5 Variation between TA inventory and IGRTC findings on Liabilities

Evidence from the verification exercise indicate that there was a variation of KES 5,897,409,475.65 between the unaudited TA inventory of liabilities and IGRTC findings. Whereas the TA inventory reported liabilities amounting to KES 59,653,808,229.90, the IGRTC figure is KES 53,756,398,754.25 posting a reduction of KES 5,897,409,475.65.

Table 39 compares the two findings.

5.6 Recommendations on Liabilities

In view of the findings and subsequent observations on liabilities the following are recommended;

- i) Forensic audits be undertaken to determine the accuracy of liabilities before settlement by county governments.
- ii) All legal fees claims should undergo taxation in court to ascertain appropriateness of the legal fees charged. (Taxation is an assessment of the legal fees charged, and is usually undertaken by the Registrar of the Court to ensure that the fees charged are in accordance with the Advocates Remuneration Order).
- iii) County governments should ensure that the claims arising from unpaid legal fees are properly supported by the necessary documents.
- iv) County governments should aim to negotiate with relevant statutory institutions for waiver of interests and penalties on unremitted dues.
- v) County governments should reconcile their liabilities against funds in suspense accounts in NSSF, NHIF, KRA, LAPTRUST and LAPFUND to determine the actual position of the outstanding liabilities.
- vi) County governments should reconcile the liabilities records to determine what might have been paid by the county government since 27 March 2013 before settlement.

5.7 Liquidation Options for the Liabilities

The IGRTC was not only mandated to verify the liabilities inherited by the counties but to also propose liquidation options. This was to be done in consultation with relevant stakeholders as provided by Gazette Notice No.2701 of 24 March 2017 and the subsequent Gazette Notice No.4370 of 11 May 2018. The IGRTC held a stakeholder's forum where several options were comprehensively discussed and validated. This section presents the proposed liquidation options.

In the development of liquidation options proposals, IGRTC was guided by defunct TGDA, 2012, the constitutional principle of resources follow functions and the traditional accounting principles that assets came into being as a result of incurring liabilities and revenues generated from such assets should therefore used to pay for the liabilities.

5.7.2 Recommended Liquidation Options

IGRTC in consultation with stakeholders recommended liquidation options for the settlement of the all liabilities of defunct local authorities in accordance with Sec 2 (2) of Gazette Notices 2701 and 4370. The following are the broad liquidation options recommended.

- i. Counties to budget for the offsetting of the liabilities from their own respective equitable share of revenues.
- ii. National Government to consider allocating conditional grants for payment of the liabilities as a strategic intervention mechanism.
- iii. National Government and county governments to consult and agree on offsetting the liabilities jointly through an agreed percentage.
- iv. Government institutions e.g the Office of the Auditor General (OAG) to consider writing off debts owed.
- v. Where applicable, current assets be used to off-set the liabilities on a county by county basis. Secondly, liabilities arising from investments in income generating projects (water, housing etc), should be paid from the same facilities.
- vi. Debt swap as a liquidation option should be considered based on a framework that determines actual values as established through an appropriately developed legal framework/agreement.

Table 40 indicates the recommended liquidation options of each category of liabilities and the responsible agencies.

Table 40: Recommended Liquidation Options

No	Nature of Liability	Amount KES	Description	Recommended Liquidation Process and Settlement Options	Responsibility for any further dialogue
1.	Commercial Loans	4,009,372,683.14	<p>These are loan facilities that were advanced to the DLAs by various financial institutions to:-</p> <ol style="list-style-type: none"> Finance working capital requirements Finance capital projects on water and infrastructure Clear long outstanding statutory obligations (NHIF, NSSF, LAPTRUST, LAPFUND, PAYE) Unremitted employees bank loan deductions 	<p>Procedure/process for settlement</p> <ol style="list-style-type: none"> Counties with this category of liability should carry reconciliations of the commercial loans as reported as well as review and amend the existing financial agreements. Offset the outstanding loans by the DLAs' assets against outstanding property rates owed by the lenders (if any). Counties to negotiate for restructuring of outstanding unpaid loans and payment plans and for waiver of penalties and interests especially relating to the period before and as at 27 March 2013. Where waiver of penalties and interest is not possible, counties to negotiate for interests not to exceed the outstanding principal amount (caps). <p>Options for payment.</p> <ol style="list-style-type: none"> Counties to budget and pay the commercial loans from their equitable share. National government to consider providing conditional grants for payment of commercial loans. Through intergovernmental mechanisms, national government and county governments to consult and agree on settling of the commercial loans. 	<ol style="list-style-type: none"> IGRTC County governments Lending Institution Executive Office of the President (EOP) Intergovernmental Budget and Economic Council (IBEC) Commission on Revenue Allocation The Attorney General The National Treasury Council of Governors State Department for Devolution Controller of Budget Central Bank of Kenya
2.	Bank Overdrafts	2,052,303,966.49	Bank overdraft facilities were given to some local authorities for working capital financing.	<p>Procedure/process for settlement</p> <ol style="list-style-type: none"> Counties with this category of liabilities should carry out reconciliations of the bank overdrafts and negotiate for the review and amendment of the existing financial agreements. Counties to offset the outstanding loans through the use of DLAs' assets especially the outstanding property rates. Negotiation for restructuring of outstanding unpaid loans and payment plans as well as for the waiver of penalties and interests. 	<ol style="list-style-type: none"> IGRTC County governments Lending Institution Executive Office of the President. Intergovernmental Budget and Economic Council (IBEC) Commission on Revenue Allocation. Attorney General The National Treasury Council of Governors

Table 40: Recommended Liquidation Options (Cont'd)

No	Nature of Liability	Amount KES	Description	Recommended Liquidation Process and Settlement Options	Responsibility for any further dialogue
3.	Foreign Loans	15,328,285,074.00	The loan is for the defunct City Council of Nairobi from Onlet Water, utilized for the development of Nairobi water projects in Ndakaini Dam and other related infrastructure relating to this loan	<p>iv. Where waiver of penalties and interests is not possible, negotiate for interests not to exceed the outstanding principal amount (caps).</p> <p>Options for payment.</p> <p>i. Counties to budget and pay the bank overdrafts from their equitable share.</p> <p>ii. National government to consider providing conditional grants for payment of commercial loans.</p> <p>iii. Through intergovernmental mechanisms, national government and county governments to negotiate and agree on settling the bank overdrafts.</p> <p>Procedure/process for settlement</p> <p>i. The Nairobi City County Government should carry out reconciliations of the foreign loan and where documents are not available; consult The National Treasury and the lending institution. The county should also negotiate for a review and amendment of the existing financial agreement.</p> <p>ii. Negotiation for restructuring of outstanding loan and payment plans and for waiver of penalties and interests.</p> <p>iii. Where waiver of penalties and interest is not possible, negotiate for interests not to exceed the outstanding principal amount (caps).</p> <p>Options for payment.</p> <p>i. Nairobi City County Government to settle the liability from revenue generated from Nairobi Water and Sewerage Company.</p> <p>ii. The national government to consider providing a conditional grant for payment of the foreign loan.</p>	<p>j. State Department for Devolution</p> <p>k. Controller of Budget</p> <p>l. Central Bank of Kenya</p>
					<p>a. IGRTC</p> <p>b. Nairobi County Government (Executive and County Assembly)</p> <p>c. Onlet Water</p> <p>d. The National Treasury</p> <p>e. Council of Governors</p> <p>f. State Department for Devolution.</p> <p>g. Controller of Budget</p> <p>h. Central Bank of Kenya</p> <p>i. Attorney General</p> <p>j. Commission on Revenue Allocation.</p> <p>k. Executive Office of the President</p> <p>l. Intergovernmental Budget and Economic Council (IBEC)</p>

Table 40: Recommended Liquidation Options (Cont'd)

No	Nature of Liability	Amount KES	Description	Recommended Liquidation Process and Settlement Options	Responsibility for any further dialogue
4.	National Housing Corporation (NHC)	250,564,719.93	<p>i) Loans from NHC to finance construction of residential buildings.</p> <p>ii) Unremitted payments to NHC which were collected from the tenants (The local authorities were acting as collection agents to NHC).</p> <p>iii) Some counties entered into management agreements with NHC</p>	<p>Procedure/process for settlement</p> <p>i. Counties to carry out reconciliation of the NHC loans and the outstanding balances and total amounts collected by NHC (management agreements) to arrive at accurate balances.</p> <p>ii. Negotiation for restructuring of outstanding loans and payment plans and for waiver of penalties and interests.</p> <p>iii. Where waiver of penalties and interests is not possible, negotiate for interests not to exceed the outstanding principal amount (caps).</p> <p>Options for payment.</p> <p>i. Counties to pay the liability from revenue generated from the investments (Housing schemes/Estates)</p>	<p>i. IGRTC</p> <p>ii. County governments</p> <p>iii. National Housing Corporation</p> <p>iv. State Department for Housing</p> <p>v. The National Treasury</p> <p>vi. Council of Governors</p> <p>vii. State Department for Devolution</p> <p>viii. Controller of Budget</p> <p>ix. Central Bank of Kenya</p> <p>x. Judiciary (reported cases)</p> <p>xi. State Department for Public Works</p> <p>xii. Parliament</p>
5.	Local Government Loans Authority(LG LA)	3,776,405,365.46	<p>These are loans received from the Kenya Local Government Authority for infrastructural development.</p>	<p>Procedure/process for settlement</p> <p>i. Counties to carry out reconciliations of the LGLA loans. The CALCs identified the existence of LGLA loans although currently the LGLA exists in law but it's no longer operational.</p> <p>ii. Reconcile the outstanding balances with records from the former Ministry for Local Government (Now State Department for Devolution) as well as the National Treasury</p> <p>Options for payment.</p> <p>i. Ministry of Devolution which is the inheritor of the former Ministry for Local Governments to consider writing off the LGLA loans since the Authority is no longer operational. [Guidelines as per PFMA, 2012 (sec 69) and PFMR, 2015 (Sec 145-159) on procedures for losses and write offs to be followed].</p>	<p>i. IGRTC</p> <p>ii. County governments</p> <p>iii. State Department for Devolution</p> <p>iv. The National Treasury</p> <p>v. Intergovernmental Budget and Economic Council (IBEC)</p> <p>vi. Controller of Budget</p> <p>vii. Council of Governors</p>

Table 40: Recommended Liquidation Options (Cont'd)

No	Nature of Liability	Amount KES	Description	Recommended Liquidation Process and Settlement Options	Responsibility for any further dialogue
6.	Unremitted Taxes (KRA)	1,282,948,817.78	This liability arose from unremitted taxes and penalties (outstanding taxes which ought to have been paid by DLAs for example PAYE, Withholding taxes and VAT)	<p>Procedure/process for settlement</p> <p>i. Counties with this category of liability should undertake reconciliations of the unremitted taxes (KRA) as reported. The reconciliations should take into account any monies in suspense accounts at KRA</p> <p>ii. Negotiate for restructuring of outstanding unremitted taxes with KRA for a payment plan and also negotiate for waiver of penalties and interests.</p> <p>iii. Where waiver of penalties and interests is not possible, negotiate for interests not to exceed the outstanding principal amount (caps).</p> <p>Options for payment.</p> <p>i. Counties to budget and pay the unremitted taxes from the equitable share.</p> <p>ii. National government to consider providing conditional grants for payment of the unremitted taxes.</p>	<p>i. IGRTC</p> <p>ii. County governments</p> <p>iii. Kenya Revenue Authority</p> <p>iv. The National Treasury</p> <p>v. State Department for Devolution</p> <p>vi. Controller of Budget</p> <p>vii. Parliament</p> <p>viii. Commission on Revenue Allocation</p> <p>ix. Council of Governors</p> <p>x. Intergovernmental Budget and Economic Council</p>
7.	National Hospital Insurance Fund (NHIF)	52,288,406.00	This liability arose from unremitted employees' statutory deductions to NHIF.	<p>Procedure/process for settlement</p> <p>i. Counties with this category of liability should undertake reconciliations of the unremitted NHIF deductions as reported. The reconciliations should take into account any monies in suspense accounts at NHIF.</p> <p>ii. Negotiate for restructuring of outstanding unremitted NHIF deductions for a payment plan and also negotiate for waiver of penalties and interests.</p> <p>iii. Where waiver of penalties and interests is not possible, negotiate for interests not to exceed the outstanding principal amount (caps).</p> <p>Options for payment.</p> <p>i. Counties to budget and pay the unremitted NHIF deductions from the equitable share.</p> <p>ii. National government to consider providing conditional grants for payment of the unremitted NHIF deductions.</p>	<p>i. IGRTC</p> <p>ii. County governments</p> <p>iii. National Hospital Insurance Fund (NHIF)</p> <p>iv. The National Treasury</p> <p>v. Controller of Budget</p> <p>vi. County Governments</p> <p>vii. State Department for Devolution</p> <p>viii. Commission on Revenue Allocation</p> <p>ix. Council of Governors</p>

Table 40: Recommended Liquidation Options (Cont'd)

No	Nature of Liability	Amount KES	Description	Recommended Liquidation Process and Settlement Options	Responsibility for any further dialogue
8.	National Social Security Fund (NSSF)	1,085,671,440.40	This liability arose from unremitted employees' statutory deductions to NSSF.	<p>Procedure/process for settlement</p> <ul style="list-style-type: none"> i. Counties with this category of liability should undertake reconciliations of the unremitted NSSF deductions as reported. The reconciliations should take into account any monies in suspense accounts at NSSF. ii. Negotiate for restructuring of outstanding unremitted NSSF deductions and also negotiate for waiver of penalties and interests. iii. Where waiver of penalties and interests is not possible, negotiate for interests not to exceed the outstanding principal amount (caps). <p>Options for payment.</p> <ul style="list-style-type: none"> i. Counties to budget and pay the unremitted NSSF deductions from the equitable share. ii. National government to consider providing conditional grants for payment of the unremitted NSSF deductions. 	<ul style="list-style-type: none"> a. IGRTC b. County governments c. National Social Security Fund (NSSF) d. The National Treasury e. Controller of Budget f. g. State Department for Devolution h. Commission on Revenue Allocation i. Council of Governors
9.	LAPTRUST-Remittances It is a Defined Benefits Scheme where the employees of local authorities are paid a lump sum and monthly pension at retirement.	5,080,320,267.95	<p>This liability arose from:</p> <ul style="list-style-type: none"> a. Penalties charged against the local authorities on amounts (historical) that were not remitted to the retirement benefits scheme b. Substantial amounts in respect to actuarial deficits (difference between what the LAPTRUST will need to pay out in future and the income rate of the fund at the valuation date) 	<p>Procedure/process for settlement</p> <ul style="list-style-type: none"> i. Counties with this category of liability should undertake reconciliations of the unremitted LAPTRUST remittances as reported. The reconciliations should take into account any monies in suspense accounts at LAPTRUST. Counties should also reconcile the accrued interests and penalties between county records and LAPTRUST records in order to agree on actuarial deficit calculations. During reconciliations, counties should cross-check records such as LATF clearance certificates especially from the period ending March 2013. ii. Negotiate for restructuring of outstanding unremitted LAPTRUST deductions for a payment plan. <p>Options for payment.</p> <ul style="list-style-type: none"> i. Counties to budget and pay the unremitted LAPTRUST remittances from their equitable share. 	<ul style="list-style-type: none"> i. IGRTC ii. County governments iii. LAPTRUST iv. Retirements Benefits Authority v. Salaries and Remuneration Commission vi. Public Service Commission vii. Council of Governors viii. The National Treasury ix. State Department for Devolution x. Attorney General xi. Pensions Department xii. Parliament

Table 40: Recommended Liquidation Options (Cont'd)

No	Nature of Liability	Amount KES	Description	Recommended Liquidation Process and Settlement Options	Responsibility for any further dialogue
10.	LAPFUND - Remittances It is a Provident Fund where one is paid a one off payment at retirement.	3,812,845,140.23	This liability arose from penalties charged against the local authorities on historical amounts that were not remitted to the fund	<p>ii. National Government to consider providing conditional grants for payment of the unremitted LAPTRUST.</p> <p>Procedure/process for settlement</p> <p>i. Counties with this category of liability should undertake reconciliations of the unremitted LAPFUND remittances as reported. The reconciliations should take into account any monies in suspense accounts at LAPFUND. Counties should also reconcile the accrued interests and penalties between county records and LAPFUND records in order to agree on actuarial deficit calculations. During reconciliations, counties should cross-check records such as LATF clearance certificates especially from the period ending March 2013.</p> <p>ii. Negotiate for restructuring of outstanding unremitted LAPFUND deductions for a payment plan.</p> <p>Options for payment.</p> <p>i. Counties to budget and pay the unremitted LAPFUND remittances from the equitable share.</p> <p>ii. National government to consider providing conditional grants for payment of their unremitted LAPFUND.</p>	<p>a. IGRTC</p> <p>b. County governments</p> <p>c. LAPFUND</p> <p>d. Retirements Benefits Authority</p> <p>e. Salaries and Remuneration Commission</p> <p>f. Public Service Commission</p> <p>g. Council of Governors</p> <p>h. The National Treasury</p> <p>i. State Department for Devolution</p> <p>j. Attorney General</p> <p>k. Pensions Department</p> <p>l. Parliament</p>
11.	Unpaid Staff Emoluments/ Benefits	6,287,393,981.61	These include; a. unpaid salary arrears arising from Collective Bargaining Agreements (CBAs), b. staff allowances, c. staff gratuity and d. retirees' benefits All due to the former employees of the DLAs	<p>Procedure/process for settlement</p> <p>i. Counties with this category of liability should undertake reconciliations of the unpaid staff emoluments/benefits.</p> <p>ii. Counties to sensitize the unpaid staff members on the payment plan to avoid litigation and other attendant costs.</p> <p>Options for payment.</p> <p>i. Counties to budget and pay the unpaid staff emoluments/benefits from their equitable share.</p>	<p>i. IGRTC</p> <p>ii. County Public Service Board</p> <p>iii. County Assembly Public Service Board</p> <p>iv. Salaries and Remuneration Commission</p> <p>v. Public Service Commission</p> <p>vi. Council of Governors</p> <p>vii. The National Treasury</p> <p>viii. State Department for Devolution</p> <p>ix. Judiciary (decided cases)</p> <p>x. Kenya County Government Workers Union</p>

Table 40: Recommended Liquidation Options (Cont'd)

No	Nature of Liability	Amount KES	Description	Recommended Liquidation Process and Settlement Options	Responsibility for any further dialogue
12.	Unremitted HELB deductions	2,447,256.60	These are HELB dues deducted from employees but not remitted.	<p>Procedure/process for settlement</p> <p>i. Counties with this category of liability should undertake reconciliations of the unpaid HELB remittances.</p> <p>Options for payment.</p> <p>i. Counties to budget and pay the unremitted HELB from their equitable share.</p>	<p>i. IGRTC</p> <p>ii. Higher Education Loans Board</p> <p>iii. County Public Service Board</p> <p>iv. County Governments</p> <p>v. The National Treasury</p> <p>vi. Ministry of Education</p>
13.	Unremitted Staff Deductions (SACCOS, hire purchase and lending institutions	247,166,210.38	These include moneys deducted from staff salaries for remittance to; i) SACCOS, ii) lending institutions like hire purchase firms, and commercial banks	<p>Procedure/process for settlement</p> <p>i. Counties with this category of liability should undertake reconciliations of the unpaid staff deductions remittances.</p> <p>ii. Counties to consult with the SACCOS to ascertain the status of the employees' benefits.</p> <p>Options for payment.</p> <p>i. Counties to budget and pay the unremitted staff deductions from their equitable share.</p>	<p>a. IGRTC</p> <p>b. SACCOS</p> <p>c. County governments</p> <p>d. County Public Service Board</p> <p>e. Lending institutions</p> <p>f. The National Treasury</p>
14	Union Dues	74,975,505.70	Union Dues not remitted to various Unions	<p>Procedure/process for settlement</p> <p>i. Counties with this category of liability should undertake reconciliations of the unpaid union dues remittances.</p> <p>ii. Counties to consult with the Unions to ascertain the status of the employees' benefits.</p> <p>Options for payment.</p> <p>i. Counties to budget and pay the unremitted staff deductions from their equitable share.</p>	<p>i. IGRTC</p> <p>ii. County Public Service Board</p> <p>iii. Council of Governors</p> <p>iv. National Treasury</p> <p>v. State Department for Devolution</p> <p>vi. Judiciary (decided cases)</p> <p>vii. Central Organization of trade union(COTU)</p> <p>viii. Unions eg Kenya County Government Workers Union</p>
15.	Traders and Other Creditors	7,796,735,575.44	The debts arose out of normal operations and include debts for utilities, supply of goods and services and contractual obligations.	<p>Procedure/process for settlement</p> <p>i. Counties to reconcile the unpaid balances between county records and Traders/other Creditors' records.</p> <p>ii. Counties to sensitize the creditors on the payment plan to avoid litigation cases</p> <p>iii. Counties to negotiate for waiver of penalties and interests.</p>	<p>i. IGRTC</p> <p>ii. Affected Traders and other Creditors</p> <p>iii. County governments</p> <p>iv. National Treasury</p> <p>v. Council of Governors</p> <p>vi. State Department for Devolution</p> <p>vii. Controller of Budget</p>

Table 40: Recommended Liquidation Options (Cont'd)

No	Nature of Liability	Amount KES	Description	Recommended Liquidation Process and Settlement Options	Responsibility for any further dialogue
16	Office of the Auditor-General (formerly KENAO) Audit Fees	152, 648,575.00	Outstanding audit fees due to the Office of the Auditor-General (formerly KENAO) as part of AIA	<p>Options for payment.</p> <p>i. Counties to budget and pay debts from their equitable share.</p> <p>Procedure/process for settlement</p> <p>i. Counties to carry out reconciliation exercise of the audit fees.</p> <p>ii. Reconciliation to be done between county records and the office of the Auditor General records to determine the total outstanding amount.</p> <p>Options for payment.</p> <p>i. The Auditor General should consider writing off the liabilities as the previously owed entity was the Kenya National Audit Office and secondly this was a government to government liability.</p>	<p>i. IGRTC</p> <p>ii. Office of the Auditor General</p> <p>iii. County governments</p> <p>iv. Council of Governors</p> <p>v. The National Treasury</p> <p>vi. State Department for Devolution</p> <p>vii. Attorney General</p>
17.	Legal Fees	2, 464,025,766.14	Arose from provision of legal services to the DLAs.	<p>Procedure/process for settlement</p> <p>i. Counties to carry out reconciliations for legal fees and the debts be subjected to the taxation process.</p> <p>ii. Counties negotiate payment plans and sensitize the unpaid legal service providers on the payment plan especially where there is no dispute on costs.</p> <p>Options for payment</p> <p>i. The counties to settle the outstanding legal fees</p>	<p>i. IGRTC</p> <p>ii. Affected Legal Service Providers</p> <p>iii. County government</p> <p>iv. National Treasury</p> <p>v. Attorney General</p> <p>vi. Judiciary</p>

5.8 Recommendations and Way Forward on Liquidation Options

Below is the recommended way forward on the proposals for liquidation;

5.8.1 Liquidation Plans

It is recommended that both levels of governments immediately engage in consultations in order to develop and implement liabilities liquidation plans. The liquidation plans should be factored in respective national and county governments' budgets and provided for in law where necessary.

5.8.2 National Government Intervention

It is recommended that where a county government is unable to clear the liabilities, the same should engage the national government for an intervention. It is proposed that the national government intervenes in the manner prescribed below:

- i. Where possible the national government institutions grant waivers of interests and penalties.
- ii. National government to consider providing financial conditional grants to county governments to settle the outstanding taxes, charges and fees.

5.8.3 Liquidation Period

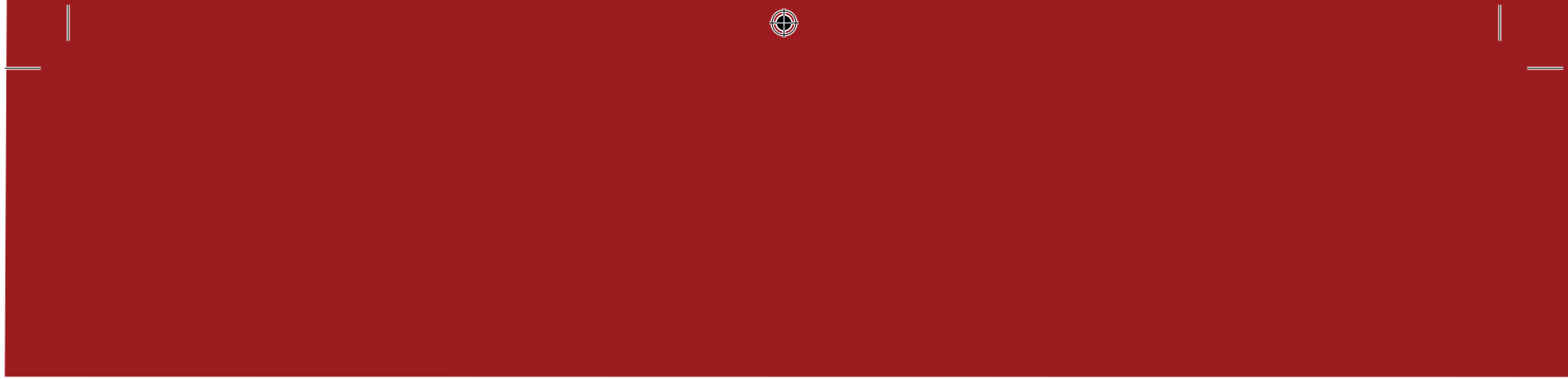
It is recommended that all pending liabilities of the defunct local authorities be cleared within a period of not more than three (3) financial years from the time the recommended liquidations options are adopted.

5.8.4 Pension Contributions

It is recommended that a team comprising of national and county governments be constituted to negotiate with trustees of the pension schemes (NSSF/LAPTRUST/LAPFUND) to agree on the modalities to clear the liabilities.

5.8.5 Alternative Dispute Resolution Mechanisms

In accordance with the Constitution and the law, IGRTC recommends that any disputes that may arise on the matter of liabilities should be handled through Alternative Dispute Resolution (ADR) Mechanisms in the first instance.



Challenges, Recommendations and Conclusion



6

6.0 Introduction

This chapter discusses challenges experienced during the assignment. It also presents recommendations and conclusion on implementing the outcomes of the exercise.

6.1 Challenges

In the course of undertaking the exercise of identification, verification and validation of the assets and liabilities of the DLAs, a number of challenges were experienced. The challenges were mainly on capacity, administration, poor state of public records and inadequate financial resources.

6.1.1 Timing of the Exercise

The first Gazette Notice No. 2701 establishing institutional structures for the identification, verification and validation of the assets and liabilities of the DLAs was issued on 24th March, 2017 directed that the final reports be submitted by 31st July, 2017. This was only four months within which various processes including the appointment of the IATT and CALC memberships, development of guidelines and templates for data capturing, training of CALC teams, data capturing and report writing were all to be undertaken. The situation was also compounded by the fact that 2017 was a general election year thus leaders' focus was on electoral campaigns rather than dealing with issues of assets and liabilities.

This posed challenges that culminated into the exercise not meeting its timeline. The IGRTC sought for extension which was granted through Gazette Notice 4730 dated 11th May 2018 which extended the deadline to 31st August 2018. The activity which was to last only three months lasted a year.

6.1.2 Financial Resources

The most daunting challenge in executing the assignment was limitation in financial resources. It was clear that the direction on budgetary allocation for the exercise highly underestimated the resources required. The Gazette Notice No. 2701 of 27th March, 2017 and Gazette Notice No. 4730 of 11th May, 2018, stated in part that the IGRTC would meet the operational expenses of IATT. The county governments would meet the operational costs of their respective CALCs. This Notice was issued in the middle of the implementation of the 2017/2018 Budget year meaning that the exercise was not budgeted for. Consequently, counties were hard pressed to re-allocate resources for it. This caused inordinate delays. The IGRTC had to visit the counties numerous times in order to consult with the governors over the funds situation. Some CALCs did not start the exercise until after the subsequent financial year.

For counties that embarked on the exercise immediately; numerous interruptions made the exercise difficult. This mode of operation is likely to have affected the veracity of the exercise as it could have compromised the level of commitment by the CALC members. It is important to note that most of the CALCs were not able to complete the assignment in time mainly due to lack of budgetary facilitation.

6.1.3 State of Public Records

When the country transitioned to the new system of governance, very little attention was paid to proper transfer of assets and liabilities. Thus no transfer records were developed. Furthermore, any records that might have been kept by the DLAs were not stored and preserved properly. The transition period was followed by a season of rapid installation of new county governments. In the process of change and

renovations, public records were thrown in disarray, with some of them being dumped in open garages and yards. By the time the CALCs were launched to carry out identification and verification of assets and liabilities there was no systematic retrieval or access to critical records. This posed a challenge to the CALCs hence the efficacy of the records used for this exercise could be compromised.

6.2 RECOMMENDATIONS

The report has covered the issues enumerated in the terms of reference provided in the Gazette Notice No. 2701 of 27th March, 2017 and 4730 of 11th May, 2018. In each case, the report has provided commensurate recommendations. The recommendations provided below are therefore global and cross cutting.

6.2.1 Policy

Given the experience of the country in regard to the transition, the national government should ensure a policy to provide for the management of transitions including transition in government offices. In this regard, there should be a requirement that before any change of personnel or infrastructure is effected in public institutions all records should be secured.

In the case of assets, the policy should, for example, detail what can be changed or replaced in an office to accommodate an incoming officer and what must be retained to reduce wastage. In the first phase of devolution, the new county administrations wasted a lot of movable public assets that could still have been used. Wastage resulted from dumping of furniture and fittings in the open unsecured yards thus exposing public assets to destruction and vandalism.

6.2.2 Closure and Transfer of Public Records and Information

During the current exercise, public assets and liabilities were identified where some key supporting documents were missing. This includes parcels of land without title deeds or minutes of the DLAs that deliberated on land transactions. In case of vehicles there were instances where log books were not available for verification. As stated above, security of records is critical to this type of exercise. It is therefore, recommended that county governments carry out thorough searches of the records inherited from the DLAs and secure them appropriately. In this regard, IGRTC has developed a program to assist in the search and security of the records in all counties.

6.2.3 Land Registration and Physical Planning

CALC reports contain detailed accounts of the status of public land that was under the DLAs. The report identifies parcels of land across counties that are not duly registered and/or planned. This compromises the security of public land.

It is recommended that all identified lands that are not registered and/or are unplanned be registered and planned accordingly. This activity should include repossession of all the public lands that were identified to have been registered under private individuals, or were irregularly or illegally allocated to private individuals. Secondly, county governments should continue to investigate cases of illegal transfer or privatization of public land under DLAs.

6.2.4 Delineation of Community Land

Much of the land within DLAS is community land as defined by the Constitution and the Community Land Act. Some of these lands were held by the DLAs as trust lands on behalf of communities. While



these lands are not assets of the County, the Counties remain custodians in trust. There has been significant encroachment on these trust lands and other community lands. It is important that as a matter of urgency, the boundaries of community lands be delineated to avoid illegal occupation and alienation.

6.2.5 Land and Buildings Data Variations

Except for nine counties (Mombasa, Kilifi, Wajir, Mandera, Marsabit, Isiolo, Muranga, Turkana and Uasin Gishu), there are wide ranging disparities in the land parcels identified in TA Inventory and the number identified by IGRTC through respective CALCs. There is a great concern where CALC reports recorded less parcels of land, as these are public assets that need to be protected. It is therefore, recommended that detailed forensic audits be undertaken to address the discrepancies.

In the case of buildings, there were data variations in counties except twelve (Kwale, Tana River, Garissa, Wajir, Mandera, Isiolo, Nyeri, Kiambu, Turkana, West Pokot and Laikipia). In addition, out of 8465 buildings identified, 3526 did not have records of Land Registration Numbers, Parcel Numbers or Allotment Letter Numbers. This exposes all these public assets to risk.

It is recommended that forensic audits be undertaken to address the discrepancies and that all counties having acquired these assets on “as is where is” basis make urgent arrangements to regularize all records of public buildings in their jurisdictions. The process of identifying and resolving all land and buildings issues including resolution of all disputes, where applicable, should be instituted upon adoption of this report.

6.2.6 Investments

It was not possible to identify and verify the level of investments the DLAs had in various investment vehicles. Most DLAs invested in water and sewerage companies that operated in the jurisdictions of the respective local authorities. In many instances, it was not easy to identify the exact status of investments in those water services companies. In most cases the number of shares was not disclosed and in other instances the share values are disclosed but total number of shares is not stated. This made it difficult to corroborate the efficacy of the information on investments.

It is recommended that since water and sanitation are a devolved function, the water and sanitation services companies should be formally handed over to the counties. This will automatically bring out the level and value of investments the DLAs had in the institutions. In this regard IGRTC is fast tracking the unbundling and clarifications of water and sanitation services function. Secondly, it is recommended that forensic audits on these investments be carried out to establish the assets, exact values and shares held by the public through the DLAs.

6.2.7 Liabilities

Liabilities are the areas where the public is likely to lose resources given the poor state of record keeping in counties. This report has identified variations between the TA figures and those of IGRTC as computed by the various CALCs except in Turkana where the figures tally. The unaudited inventory of the TA had KES. 59,699,122,382.87 as liabilities while IGRTC through CALCs indicated KES. 53,688,402,469.24 giving a variation of KES (6,010,719,914). This is a reduction of 11 percent which is commendable.

It is recommended that forensic audits be undertaken to get the exact position of liabilities in all the counties in order to ascertain the actual status. In the case of legal fees, claims should be subjected to taxation to arrive at justifiable liabilities.

6.3 Conclusion

The exercise of identification, verification and validation of assets and liabilities of the DLAs has largely achieved its objectives but the outcomes justify further work. It has provided salient information on the status of public land and buildings which are critical assets for future development. Where there are suspicions of asset grabbing, corrective measures should be taken as a matter of priority. The report has also discussed the status of liabilities and public investments by the DLAs, identifying shortcomings that require further investigation. In the case of liabilities, the report proposes that liquidation options after a consensus has been reached should be the way forward.


The contents of the report are critical to public interest as the report brings out issues that if not addressed would bring losses to the country. On issues of land and buildings, data variations must be dealt with urgently as there are risks of losing land that belongs to the public. Accountability for buildings is also a challenge due to a large number of public buildings standing on land with no requisite registration and on documents of legal ownership.

Once the Summit adopts the report, it may wish to consider requesting Parliament to enact legislation to give effect to the implementation of the recommendations that may have legal implications such as repossession of grabbed public land and buildings, mounting of forensic audits on matters that were questionable in the CALC reports.

Finally, given that some liabilities continue to attract interest and penalties, there is need to move with speed to liquidate the most perilous ones.

Annexures

Annex 1: Gazette notice of 24th March 2017



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CORRIGENDA

IN Gazette Notice No. 9867 of 2016, Cause No. 580 of 2016, amend the expression printed as "(1) Peter Nyaga Nthieri and (2) Silvano Nkarogano Njue" to read "(1) Leonard Paul Njeri and (2) Charles Njeru Njagi" as the first and second petitioners.

IN Gazette Notice No. 1851 of 2017, add title No. 4098" to the list of title Nos.

IN Gazette Notice No. 9071 of 2016, Cause No. 159 of 2016, amend the second petitioner's name printed as "John William Mayo" to read "John William Ngayo".

GAZETTE NOTICE NO. 2700

THE PUBLIC FINANCE MANAGEMENT ACT

(No. 18 of 2012)

APPOINTMENT

IN EXERCISE of the powers conferred by section 193 (4) of the Public Finance Management Act, the Cabinet Secretary for the National Treasury appoints:

Under paragraph (a) —

Bernard Muiruri Ndungu — (Chairman);

Under paragraph (b) —

Macklin Ogolla;

Under paragraph (c) —

Simon Nzivwa Mundu;

Under paragraph (e) —

Ann Elizabeth Owuor;

Under paragraph (f) —

Sophie Njeri Moturi;

Under paragraph (g) —

Esther Masiyo;

Under paragraph (h) —

Lazarus Kimang' a,

to be members of the Public Sector Accounting Standards Board, for a period of three (3) years, with effect from the 21st February, 2017, and revokes the appointment of Paul Otsola.

Dated the 21st February, 2017.

HENRY ROTICH,
Cabinet Secretary for the National Treasury.

GAZETTE NOTICE NO. 2701

THE INTERGOVERNMENTAL RELATIONS ACT

(No. 2 of 2012)

THE INSTITUTIONAL STRUCTURES FOR THE VERIFICATION AND TRANSFER OF THE ASSETS AND LIABILITIES OF THE DEFUNCT LOCAL AUTHORITIES

IT IS notified for the general information of the public that in exercise of the powers conferred by section 12 (b) of the Intergovernmental Relations Act, 2012, and pursuant to the resolution of the Intergovernmental Budget and Economic Council made at its meeting held on the 28th September, 2016, the Intergovernmental Relations Technical Committee has established the following institutional structures to facilitate the verification and transfer of the assets and liabilities that belonged to the defunct local authorities —

Transfer and Vesting of Assets

1. All the assets belonging to the defunct local authorities as on the 27th March, 2013, are hereby transferred to, and shall vest in, the respective county governments on an "as is, where is" basis.

Verification, Validation and Liquidation of Liabilities

2. (1) All the liabilities of the defunct local authorities as on the 27th March, 2013, shall be verified and validated by the Intergovernmental Relations Technical Committee.

(2) The Intergovernmental Relations Technical Committee, in consultation with relevant stakeholders, shall develop liquidation options for the settlement of the liabilities of the defunct local authorities.

Co-ordinating Agency

3. The Intergovernmental Relations Technical Committee shall co-ordinate the process of the identification, verification and validation of the assets and liabilities of the defunct local authorities as on the 27th March, 2013.

Functions of the Intergovernmental Relations Technical Committee

4. The Intergovernmental Relations Technical Committee shall —

(a) co-ordinate the process of the identification, verification and validation of the assets and liabilities of the defunct local authorities by providing policy and leadership direction to the County Assets and Liabilities Committees;

(b) submit the verified reports of the assets and liabilities of the defunct local authorities to the respective county governments and the National Treasury;

(c) submit the verified reports of the assets and liabilities of the defunct local authorities to the Intergovernmental Budget and Economic Council and the National and County Governments Co-ordinating Summit;

(d) develop and implement a communications strategy for the identification, verification and validation of the assets and liabilities of the defunct local authorities; and

(e) develop procedures for the proper functioning of the Intergovernmental Relations Technical Team.

Establishment and Members of the Interagency Technical Team

5. (1) There is established the Interagency Technical Team which shall comprise of —

(a) the chief executive officer of the Intergovernmental Relations Technical Committee, who shall be the chairperson;

(b) the Auditor-General;

(c) the Controller of Budget;

(d) a representative from the Ministry of Devolution and Planning;

(e) a representative from the National Treasury;

(f) a representative from the National Land Commission;

(g) a representative from the Ministry of Lands and Physical Planning;

(h) a representative from the Commission on Revenue Allocation;

(i) a representative from the Council of Governors; and

(j) a representative of the Attorney-General.

(2) The Intergovernmental Relations Technical Committee shall provide a secretariat to the Interagency Technical Team.

Functions of the Interagency Technical Team

6. The Interagency Technical Team shall —

(a) prepare the guidelines for the identification, verification and validation of the assets and liabilities of the defunct local authorities, including —

(i) principles;

(ii) appeals mechanisms; and

(iii) monitoring and control mechanisms;

(b) provide technical support and quality control of the work of the County Assets and Liabilities Committees;

(c) monitor and evaluate the exercise on the verification and validation of the assets and liabilities of the defunct local authorities;

(d) ensure the preparation of the registers of assets and liabilities of the defunct local authorities; and

(e) perform any other function as may be assigned by the Intergovernmental Relations Technical Committee.

Establishment and members of County Assets and Liabilities Committees

7. (1) There is established for each county government a County Assets and Liabilities Committee.
- (2) Each County Assets and Liabilities Committee shall comprise of—
- a chairperson appointed by the Governor;
 - three public officers from the county public service appointed by the Governor;
 - the County Commissioner;
 - the Clerk to the county assembly;
 - a representative of the National Land Commission;
 - a representative of the Ministry of Lands and Physical Planning;
 - an officer from the Internal Audit Services Department of the National Treasury; and
 - an officer from the Internal Audit Services Department of the County Government.
- (3) In appointing the members under paragraph (2) (b), the Governor shall appoint officers who have experience in matters relating to land, finance or law.
- (4) The officers nominated under paragraph 2 (g) and (h) shall be the joint secretaries to the Committee.

Functions of County Assets and Liabilities Committees

8. (1) Each County Assets and Liabilities Committee shall be responsible for the identification, verification and validation of the assets and liabilities of the defunct local authorities as on the 27th March, 2013.
- (2) Despite the generality of subparagraph (1), each County Assets and Liabilities Committee shall—
- identify, verify and validate all the assets and liabilities of the defunct local authorities;
 - identify, record and secure all relevant documents in relation to the assets and liabilities of the defunct local authorities;
 - corroborate the information collected in accordance with subparagraphs (2) (a) and (b) with the information contained in the unaudited inventory of assets and liabilities of the defunct local authorities that was prepared by the Transition Authority;
 - identify and document the disputed assets or liabilities of the defunct local authorities;
 - prepare a comprehensive register of the assets and liabilities of the defunct local authorities as on the 27th March, 2013; and
 - submit periodic reports to the Intergovernmental Relations Technical Committee as may be required.
- (3) The unaudited inventory of assets and liabilities of the defunct local authorities that was prepared by the Transition Authority shall form the basis of the work of the County Assets and Liabilities Committees.

Financial Matters

9. (1) The Intergovernmental Relations Technical Committee shall meet the operational costs of the Interagency Technical Team.
- (2) Each county government shall meet the operational costs of the respective County Assets and Liabilities Committee.

Reports

10. (1) Each County Assets and Liabilities Committee shall finalize the identification, verification and validation of the assets and liabilities of the defunct local authorities and submit its final report to the Intergovernmental Relations Technical Committee by the 30th June, 2017.
- (2) The Intergovernmental Relations Technical Committee shall notify, within the shortest time possible, the Council of Governors for directions on the failure of a county government to appoint a County Assets and Liabilities Committee by the 31st March, 2017.
- (3) The Intergovernmental Relations Technical Committee shall refer to the Intergovernmental Budget and Economic Council and the National and County Government Co-ordinating Summit for directions upon the failure by a County Assets and Liabilities Committee to complete the identification, verification and validation of the assets

and liabilities of the defunct local authorities or to submit a final report by the 31st July, 2017.

Revocation

11. Gazette Notice No. 858 of 2017, is revoked.

Secretariat

12. The Secretariat of the Intergovernmental Relations Technical Committee shall be at Parklands Plaza Building, 3rd Floor, P.O. Box 44880-00100, Nairobi, email: info@igrtc.go.ke and website: www.igrtc.go.ke.

Dated the 14th March, 2017.

MWANGI KIUNJURI,
Cabinet Secretary for Devolution and Planning.

GAZETTE NOTICE No. 2702

THE NATIONAL CRIME RESEARCH CENTRE ACT

(No. 4 of 1997)

MEMBERSHIP

IT IS notified for information of the general public that the following are members of the Governing Council of the National Crime Research Centre under section 6 (2) of the National Crime Research Centre Act, 1997.

Under paragraph (d)—

Noah Sanganyi, Commissioner for Social Services;

Under paragraph (f)—

Mary Mbau, Principal Probation Officer.

Dated the 17th March, 2017.

GITHU MUGAI,
Attorney-General.

GAZETTE NOTICE No. 2703

THE EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT ACT, 2004

REVOCAION OF APPOINTMENT

IN ACCORDANCE with the powers conferred by section 12 (3) of the East African Community Customs Management Act, 2004, the Commissioner of Customs and Border Control revokes the appointment of the premises of Corrugated Sheets Limited' as a transit shed. Gazette Notice No. 9345 of 2015, is revoked.

Dated the 7th March, 2017.

JULIUS N. MUSYOKI,
PTG/086900 Commissioner, Customs and Border Department.

GAZETTE NOTICE No. 2704

THE LAND REGISTRATION ACT

(No. 3 of 2012)

ISSUE OF A PROVISIONAL CERTIFICATE

WHEREAS (1) Douglas Kamau Githinji, (2) Charles Ngugi Kamau, (3) Joan Waithira Githinji and (4) Sally Wairimu Mworio, as administrators of the estate of James Githinji Kamau (deceased), all of P.O. Box 42935-00100, Nairobi in the Republic of Kenya, are registered as proprietors lessees of all that piece of land known as L.R. No. 14970, situate in the city of Nairobi in the Nairobi Area, by virtue of a grant registered as L.R. 55629/1, and whereas sufficient evidence has been adduced to show that the said grant has been lost, notice is given that after the expiration of sixty (60) days from the date hereof, I shall issue a provisional certificate of title provided that no objection has been received within that period.

Dated the 24th March, 2017.

MR/2483959 S. C. NJOROGE,
Registrar of Titles, Nairobi.

Annex 2: Gazette Notice of 11th May 2018

11th May, 2018

THE KENYA GAZETTE

1415

- (g) a representative of the Ministry of Lands and Physical Planning;
- (h) a representative of the Commission on Revenue Allocation;
- (i) a representative of the Council of Governors; and
- (j) a representative of the Attorney-General.

(2) The Intergovernmental Relations Technical Committee shall provide a secretariat to the Inter Agency Technical Team.

Functions of the Inter-Agency Technical Team

6. The Inter-Agency Technical Team shall—

- (a) prepare the guidelines for the identification, verification and validation of assets and liabilities of the defunct local authorities, including—
- principles;
 - appeals mechanism; and
 - monitoring and control mechanism.
- (b) provide technical support and quality control of the work of the County Assets and Liabilities Committees;
- (c) monitor and evaluate the process of identification, verification and validation of assets and liabilities of the defunct local authorities;
- (d) ensure the preparation of the registers of assets and liabilities of the defunct local authorities; and
- (e) perform any other function as may be assigned by the Intergovernmental Relations Technical Committee or the Cabinet Secretary responsible for intergovernmental relations.

Establishment of the County Assets and Liabilities Committees

7. (1) There is established a County Assets and Liabilities Committee, in each of the counties listed in the Schedule to this framework.

(2) Each County Assets and Liabilities Committees shall comprise of—

- a chairperson appointed by the County Governor;
- three public officers from the county public service appointed by the Governor;
- the County Commissioner;
- the Clerk of the County Assembly;
- a representative of the National Land Commission;
- a representative of the Ministry of Lands;
- a representative of the National Treasury;
- a representative of the State Department of Devolution;
- an officer from the Internal Audit Services Department of the National Government; and
- an officer from the Internal Audit Services Department of the County Government.

(3) In appointing the members under paragraph (2) (b), the Governor shall consider persons with experience in matters relating to land, finance or law.

(4) An officer nominated under paragraph 2 (b) and (c) shall be the joint secretaries to the Committee.

Functions of the County Assets and Liabilities Committees

8. (1) Each County Assets and Liabilities Committee shall be responsible for the identification, verification and validation of assets and liabilities of the defunct local authorities as at the 27th March, 2013.

(2) Despite paragraph (1), each County Assets and Liabilities Committee shall—

- identify, verify and validate all the assets and liabilities of the defunct local authorities;

- identify, record and secure all relevant documents relating to the assets and liabilities of the defunct local authorities;

(c) corroborate the information collected in accordance with paragraphs 2 (a) and (b) with the information contained in the unaudited inventory of assets and liabilities of the defunct local authorities that was prepared by the Transition Authority;

(d) identify and document the disputed assets and liabilities of the defunct local authorities;

(e) prepare a comprehensive register of the assets and liabilities of the defunct local authorities as at the 27th March, 2013; and

(f) submit periodic reports to the Intergovernmental Relations Technical Committee, as may be required.

(3) The unaudited inventory of assets and liabilities of the defunct local authorities that was prepared by Transition Authority shall form the basis of the work of the County Assets and Liabilities Committees.

Financing

9. (1) The Intergovernmental Relations Technical Committee shall meet the operational expenses of the Inter Agency Technical Team.

(2) The County Governments shall meet the operational costs of their respective County Assets and Liabilities Committees.

Reports

10. (1) Each County Assets and Liabilities Committee shall finalize the identification, verification and validation of the assets and liabilities of the defunct local authorities and submit its final report to the Intergovernmental Relations Technical Committee by the 31st August, 2018.

(2) The Intergovernmental Relations Technical Committee shall notify, within the shortest time possible, the Council of Governors and the Intergovernmental Budget and Economic Council for directions on—

- the failure of the county government to establish a County Assets and Liabilities Committee;
- where the County Assets and Liabilities Committee has been established but has failed to begin operations within seven (7) days of the publication of this notice; or
- where a County Assets and Liabilities Committee is established and is operational but fails to complete the exercise by the 31st August, 2018.

Secretariat

11. The secretariat of the Intergovernmental Relations Technical Committee and the Inter Agency Technical Team shall be at Parklands Plaza Building, 3rd Floor, P.O. Box 4488 00100, Nairobi, E-mail: info@igrtc.go.ke and Website: www.igrtc.go.ke.

SCHEDULE (p.7(1))

Schedule of counties required to establish County Assets and Liabilities Committees

SNo.	County
	Kisumu
	Nandi
	Transzoia
	Samburu
	Machakos
	Embu
	Tharaka Nithi
	Meru
	Garissa
	Taita Taveta

- (g) a representative of the Ministry of Lands and Physical Planning;
- (h) a representative of the Commission on Revenue Allocation;
- (i) a representative of the Council of Governors; and
- (j) a representative of the Attorney-General.

(2) The Intergovernmental Relations Technical Committee shall provide a secretariat to the Inter Agency Technical Team.

Functions of the Inter-Agency Technical Team

6. The Inter-Agency Technical Team shall—

- (a) prepare the guidelines for the identification, verification and validation of assets and liabilities of the defunct local authorities, including—
- principles;
 - appeals mechanism; and
 - monitoring and control mechanism.
- (b) provide technical support and quality control of the work of the County Assets and Liabilities Committees;
- (c) monitor and evaluate the process of identification, verification and validation of assets and liabilities of the defunct local authorities;
- (d) ensure the preparation of the registers of assets and liabilities of the defunct local authorities; and
- (e) perform any other function as may be assigned by the Intergovernmental Relations Technical Committee or the Cabinet Secretary responsible for intergovernmental relations.

Establishment of the County Assets and Liabilities Committees

7. (1) There is established a County Assets and Liabilities Committee, in each of the counties listed in the Schedule to this framework.

(2) Each County Assets and Liabilities Committees shall comprise of—

- a chairperson appointed by the County Governor;
- three public officers from the county public service appointed by the Governor;
- the County Commissioner;
- the Clerk of the County Assembly;
- a representative of the National Land Commission;
- a representative of the Ministry of Lands;
- a representative of the National Treasury;
- a representative of the State Department of Devolution;
- an officer from the Internal Audit Services Department of the National Government; and
- an officer from the Internal Audit Services Department of the County Government.

(3) In appointing the members under paragraph (2) (b), the Governor shall consider persons with experience in matters relating to land, finance or law.

(4) An officer nominated under paragraph 2 (b) and (c) shall be the joint secretaries to the Committee.

Functions of the County Assets and Liabilities Committees

8. (1) Each County Assets and Liabilities Committee shall be responsible for the identification, verification and validation of assets and liabilities of the defunct local authorities as at the 27th March, 2013.

(2) Despite paragraph (1), each County Assets and Liabilities Committee shall—

- (a) identify, verify and validate all the assets and liabilities of the defunct local authorities;

- (b) identify, record and secure all relevant documents relating to the assets and liabilities of the defunct local authorities;

(c) corroborate the information collected in accordance with paragraphs 2 (a) and (b) with the information contained in the unaudited inventory of assets and liabilities of the defunct local authorities that was prepared by the Transition Authority;

(d) identify and document the disputed assets and liabilities of the defunct local authorities;

(e) prepare a comprehensive register of the assets and liabilities of the defunct local authorities as at the 27th March, 2013; and

(f) submit periodic reports to the Intergovernmental Relations Technical Committee, as may be required.

(3) The unaudited inventory of assets and liabilities of the defunct local authorities that was prepared by Transition Authority shall form the basis of the work of the County Assets and Liabilities Committees.

Financing

9. (1) The Intergovernmental Relations Technical Committee shall meet the operational expenses of the Inter Agency Technical Team.

(2) The County Governments shall meet the operational costs of their respective County Assets and Liabilities Committees.

Reports

10. (1) Each County Assets and Liabilities Committee shall finalize the identification, verification and validation of the assets and liabilities of the defunct local authorities and submit its final report to the Intergovernmental Relations Technical Committee by the 31st August, 2018.

(2) The Intergovernmental Relations Technical Committee shall notify, within the shortest time possible, the Council of Governors and the Intergovernmental Budget and Economic Council for directions on—

- the failure of the county government to establish a County Assets and Liabilities Committee;
- where the County Assets and Liabilities Committee has been established but has failed to begin operations within seven (7) days of the publication of this notice; or
- where a County Assets and Liabilities Committee is established and is operational but fails to complete the exercise by the 31st August, 2018.

Secretariat

11. The secretariat of the Intergovernmental Relations Technical Committee and the Inter Agency Technical Team shall be at Parklands Plaza Building, 3rd Floor, P.O. Box 4488 00100, Nairobi, E-mail: info@igrtc.go.ke and Website: www.igrtc.go.ke.

SCHEDULE (p.7(1))

Schedule of counties required to establish County Assets and Liabilities Committees

SNo.	County
	Kisumu
	Nandi
	Transzoia
	Samburu
	Machakos
	Embu
	Tharaka Nithi
	Meru
	Garissa
	Taita Taveta

	Mombasa
	Migori
	Homa Bay
	Vihiga
	Narok
	Kisii

Dated the 2nd May, 2018.

EUGENE WAMALWA,
Cabinet Secretary, Ministry of Devolution and ASAL.

GAZETTE NOTICE No. 4371

THE LAND REGISTRATION ACT
(No. 3 of 2012)

ISSUE OF A PROVISIONAL CERTIFICATE

WHEREAS Francis Gitau Nganga, of P.O. Box 65642-00607, Nairobi in the Republic of Kenya, is registered as proprietor lessee of all that piece of land known as L.R. No. 13537/205, situate southwest Thika Municipality in the district of Thika, by virtue of a certificate of title registered as I.R. 74436/1, and whereas sufficient evidence has been adduced to show that the said certificate of title has been lost, notice is given that after the expiration of sixty (60) days from the date hereof, I shall issue a provisional certificate of title provided that no objection has been received within that period.

Dated the 11th May, 2018.

S. C. NJOROGE,
Registrar of Titles, Nairobi.
MR/4812816

GAZETTE NOTICE No. 4372

THE LAND REGISTRATION ACT
(No. 3 of 2012)

ISSUE OF A PROVISIONAL CERTIFICATE

WHEREAS (1) Jackson Wanjohi Gachuri and (2) Gladys Njoki Wanjohi, both of P.O. Box 47573-00200, Nairobi in the Republic of Kenya, are registered as proprietors lessees of all that piece of land known as L.R. No. 20833/3, situate east of Nakuru Municipality in Nakuru District, by virtue of a certificate of title registered as I.R. 116059/1, and whereas sufficient evidence has been adduced to show that the said certificate of title has been lost, notice is given that after the expiration of sixty (60) days from the date hereof, I shall issue a provisional certificate of title provided that no objection has been received within that period.

Dated the 11th May, 2018.

G. M. MUYANGA,
Registrar of Titles, Nairobi.
MR/4806044

GAZETTE NOTICE No. 4373

	THE LAND REGISTRATION ACT (No. 3 of 2012)
	ISSUE OF A PROVISIONAL CERTIFICATE
	WHEREAS Gatekeeper Limited, of P.O. Box 16219-00100, Nairobi in the Republic of Kenya, is registered as proprietor lessee, of all that piece of land known as L.R. No. 337/4773, situate in Mavoko Municipality in Machakos District, by virtue of a grant registered as I.R. 128553/1, and whereas sufficient evidence has been adduced to show that the said grant has been lost, notice is given that after the expiration of sixty (60) days from the date hereof, I shall issue a provisional certificate of title provided that no objection has been received within that period.
	Dated the 11th May, 2018.
	G. M. MUYANGA, Registrar of Titles, Nairobi. MR/4812848

GAZETTE NOTICE No. 4374

THE LAND REGISTRATION ACT
(No. 3 of 2012)

ISSUE OF A PROVISIONAL CERTIFICATE

WHEREAS Khadija Abubakar, of P.O. Box 2303, Mombasa in the Republic of Kenya, is registered as proprietor in fee simple of all that piece of land containing 0.0252 hectare or thereabouts, known as plot No. 4753/II/MN, situate in Mombasa Municipality in Mombasa District, registered as C.R. 28273/1, and whereas sufficient evidence has been adduced to show that the certificate of title issued thereof has been lost, notice is given that after the expiration of sixty (60) days from the date hereof, I shall issue a provisional certificate of title provided that no objection has been received within that period.

Dated the 11th May, 2018.

S. K. MWANGI,
Registrar of Titles, Mombasa.
MR/4807084

GAZETTE NOTICE No. 4375

THE LAND REGISTRATION ACT
(No. 3 of 2012)

ISSUE OF A NEW CERTIFICATE OF LEASE

WHEREAS Merriot Hotel Limited, of P.O. Box 7155-30100, Eldoret in the Republic of Kenya, is registered as proprietor in leasehold interest of all that piece of land containing 0.3022 hectare or thereabouts, situate in the district of Uasin Gishu, registered under title No. Eldoret/Municipality Block 14/1155, and whereas sufficient evidence has been adduced to show that the certificate of lease issued thereof has been lost, notice is given that after the expiration of sixty (60) days from the date hereof, I shall issue a new certificate of lease provided that no objection has been received within that period.

Dated the 11th May, 2018.

M. KIRUI,
Land Registrar, Uasin Gishu District.
MR/4798607

GAZETTE NOTICE No. 4376

THE LAND REGISTRATION ACT
(No. 3 of 2012)

ISSUE OF A NEW LAND TITLE DEED

WHEREAS Joel Wanyoike Kimani (ID/3936337), of P.O. Box 4318, Eldoret in the Republic of Kenya, is registered as proprietor in absolute ownership interest of all that piece of land containing 0.82 hectare or thereabouts, situate in the district of Uasin Gishu, registered under title No. Tarakwa/Lainguse Block 5 (Rukuini)/290, and whereas sufficient evidence has been adduced to show that the land title deed issued thereof has been lost, notice is given that after the expiration of sixty (60) days from the date hereof, I shall issue a new title deed provided that no objection has been received within that period.

Dated the 11th May, 2018.

E. J. KETER,
Land Registrar, Uasin Gishu District.
MR/4798641

GAZETTE NOTICE No. 4377

THE LAND REGISTRATION ACT
(No. 3 of 2012)

ISSUE OF A NEW LAND TITLE DEED

WHEREAS Asha Chemeli Kibet (ID/1232209), of P.O. Box 3173-30100, Eldoret in the Republic of Kenya, is registered as proprietor in absolute ownership interest of all that piece of land containing 1.6 hectares or thereabouts, situate in the district of Uasin Gishu, registered under title No. Uasin Gishu/Tapsagoi/485, and whereas sufficient evidence has been adduced to show that the land title deed issued thereof has been lost, notice is given that after the expiration of sixty (60) days from the date hereof, I shall issue a new title deed provided that no objection has been received within that period.

Dated the 11th May, 2018.

E. J. KETER,
Land Registrar, Uasin Gishu District.
MR/4812822

Annex 3: Newspaper Publication

WEDNESDAY, MAY 10, 2017 **The Standard** 5



IGRTC
INTERGOVERNMENTAL
RELATIONS TECHNICAL
COMMITTEE
Consultation, Cooperation & Coordination in Devolution

PRESS STATEMENT

THE INSTITUTIONAL STRUCTURES FOR THE IDENTIFICATION, VERIFICATION, VALIDATION AND TRANSFER OF ASSETS AND LIABILITIES OF THE DEFUNCT LOCAL AUTHORITIES

The Intergovernmental Relations Technical Committee (IGRTC) is established under section 11 of Intergovernmental Relations Act No. 2 of 2012. Its mandate includes the day to day administration of the National and County Government Coordinating Summit (the Summit) and the Council of Governors (the Council), implementation of the resolutions of the Summit and the Council, and implementation of the residual functions taken over from the defunct Transition Authority. IGRTC also promotes intergovernmental relations through consultation, cooperation and coordination to ensure success of the devolved system of governance in the country.

The IGRTC wishes to inform Kenyans on the progress it has made in regard to the transfer of assets and liabilities of the defunct local authorities.

The transfer of assets and liabilities has been effected through Gazette Notice No. 2701 in the Kenya Gazette Vol. CXIX No.37 dated 24th March, 2017. The Notice transferred to and vested in the respective county governments all the assets belonging to the defunct local authorities as on 27th March, 2013 on an "as is, where is" basis.

The notice provides that all the liabilities of the defunct local authorities as on 27th March, 2013 are to be identified, verified and validated by the IGRTC, and upon consultation with the relevant stakeholders, develop liquidation options for their settlement. The notice subsequently provides the structures and guidelines for the identification, verification and validation of assets and liabilities by the IGRTC.

The structures established to deal with the matters include the Inter Agency Technical Team (IATT) chaired by IGRTC and the County Assets and Liabilities Committees (CALCs) to be chaired by persons appointed by the Governors of the respective counties.

The IATT has been operationalized as per the Gazette Notice with members drawn from various institutions namely; the Council of Governors, Ministry of Devolution and Planning, the National Treasury, Ministry of Lands and Physical Planning, National Land Commission, Commission on Revenue Allocation, Office of the Auditor General, Controller of Budget, and Office of the Attorney-General. The IATT is responsible for preparation of guidelines for the identification, verification, and validation of the assets and liabilities of the defunct local authorities especially in relation to principles; appeal mechanisms; monitoring and control mechanisms. The IATT is also responsible for providing technical support and quality control for the work of the CALCs by providing technical backstopping of the exercise. It will also ensure that comprehensive registers of assets and liabilities of the defunct local authorities are prepared.

The CALC in each county is comprised of a chairperson appointed by the Governor; three public officers from the county public service appointed by the Governor; the County Commissioner; the Clerk to the County Assembly; the National Land Commission; Ministry of Lands and Physical Planning; and an officer each from the Internal Audit Services Department of the National Treasury and Internal Audit Services Department of the respective county government who shall be the joint secretaries to the Committee.

The CALCs of approximately 500 members have been established and majority have gone through the training on the guidelines and procedures of identification, verification and validation of various categories of assets and liabilities of the defunct local authorities as on 27th March, 2013.

The induction workshops for CALC members were held from 24th to 29th April, 2017 in six regions. The centers for the regions were as follow:

Region	Group 1 24 – 26 April, 2017	Group 2 27 – 29 April, 2017
1. MOMBASA	Kwale	Lamu
	Kilifi	Taita/Taveta
	Makueni	Tana River
	Mombasa	
2. MACHAKOS	Nakuru	Wajir
	Mandera	Kiambu
	Kajiado	Garissa
	Embu	Murang'a
3. EMBU	Machakos	Marsabit
	Kitui	Nyeri
	Meru	Kirinyaga
	Isiolo	Tharaka/Nithi
4. KISUMU	Siaya	Kisii
	Homa Bay	Vihiga
	Migori	Kakamega
	Nyamira	Busia
5. ELDORET	Kericho	West Pokot
	Trans Nzoia	Nandi
	Elgeyo/Marakwet	Bungoma
	Turkana	Kisumu
6. NAIVASHA	Nairobi	Samburu
	Uasin Gishu	Laikipia
	Bomet	Nyandarua
	Narok	Baringo

The exercise shall involve identifying, verifying, validating and recording all assets and liabilities as well as securing all the relevant documents related to those assets and liabilities. The CALCs will also corroborate information collected, identify and document the disputed assets and liabilities. It will be expected to prepare comprehensive register of the assets and liabilities and submit their reports to the IGRTC by 30th June, 2017 as per the Gazette Notice. IGRTC from this week expects all CALCs to immediately operationalize their activities without any delays. For this reason, IGRTC appeals to all the key stakeholders at the county level to cooperate and support this important national exercise.

Finally, Kenyans will recall that the development of the inventories by the defunct Transition Authority was done with full participation of the public as such we expect all interested parties to support the CALCs so that this important national exercise can be completed in the shortest time possible.

Prof. Karega Mutahi, CBS
CHAIRMAN

An agency of the Summit and the Council of County Governors

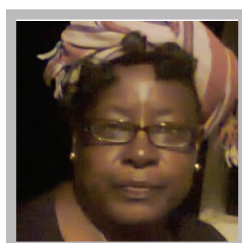
Annex 4: IGRTC Members



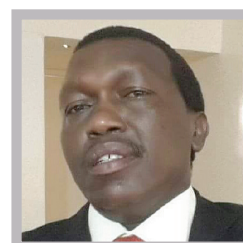
*Prof Karega Mutahi,
CBS-Chairman*



*Ms. Allyce Kureiya
Vice Chairperson*



*Prof Judith Miguda-
Attyang - Member*



*Dr. Nyeris Raymond
Member*



*Prof Shanyisa
Khasiani - Member*



*Dr. Francis Fondo
Member*



*Dr. Billow Khalid
Member*



*Mrs. Njambi Muchane
Member*



*Mrs Angeline Hongo
Alt Member*



*Mr Peter Leley
Chief Executive Officer*

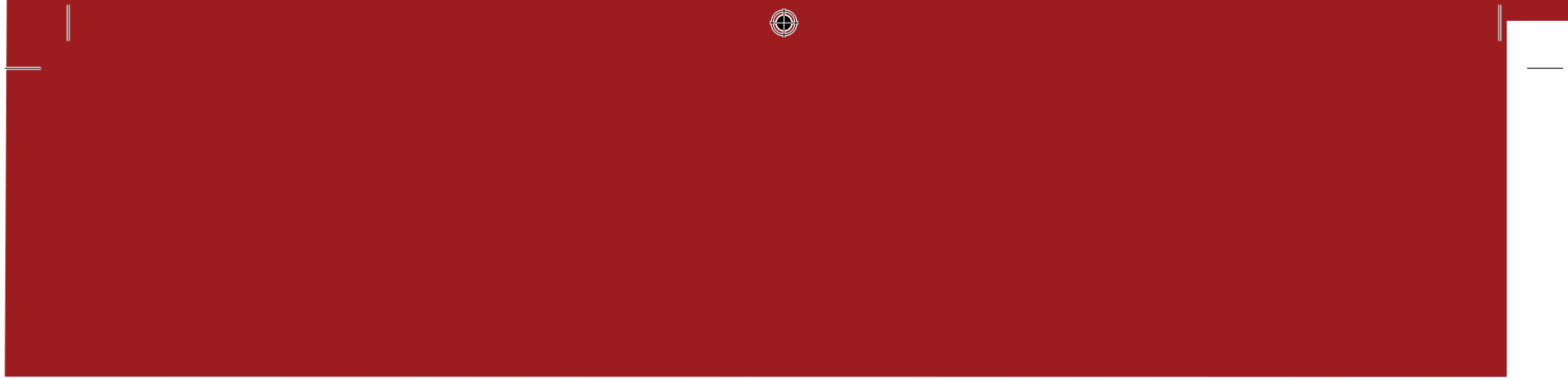


Annex 5: IATT and Coopted members

NAME	INSTITUTION
1. Nancy Gathungu	Office of the Auditor General
2. Micah Kilonzo	The National Treasury
3. Jackson Mwangi	State Department of Devolution
4. Joseph M. Tulula	Office of the Controller of Budget
5. Mr. David Shikumo	Commission on Revenue Allocation
6. Isaac Kamau	National Land Commission
7. Mary K. Ngundo	National Land Commission
8. Henry Wanyundi	National Land Commission
9. Victor Odanga	Council of Governors
10. Eva Sawe	Council of Governors

Coopted Members

1. Patrick Karanja	Former Chairperson of IATT
2. Mahat Shalle	Director
3. Agnes Muthoni	Director
4. Caroline Lentupuru	Director
5. Gregory Kiteme	Chief Finance Officer
6. Monicah Wambua	Assistant Director
7. Sophie Amutavy	Assistant Director
8. Faith Adu	Assistant Director
9. Peter Ochieng	Chief Devolution Officer
10. Edith Kanini	Former Chief Accountant
11. Evelyn Gatiu	Assistant Director
12. Roman Aketch	Assistant Director
13. Fatuma Mohamed	Assistant Director
14. Margaret Korir	ICT Officer
15. Winfred Waweru	Senior Assistant Office Administrator







REPUBLIC OF KENYA

SUPPORTED BY



USAID
FROM THE AMERICAN PEOPLE

AHADI
AGILE AND HARMONIZED ASSISTANCE
FOR DEVOLVED INSTITUTIONS

Intergovernmental Relations Technical Committee,
Parklands Plaza, 3rd Floor,
Chiromo Lane / Muthithi Road Junction,
P.O. Box 44880 – 00100,
Nairobi.

Website: <http://www.igrtc.go.ke/>
Email: info@igrtc.go.ke / igrtc2015@gmail.com