PUBLIC SERVICE COMMISSION

COUNTY GOVERNMENT OF NANDI

COUNTY GOVERNMENT OF NANDI

HUMAN RESOURCE AUDIT REPORT

FOR THE PERIOD

1ST JULY 2022 – 30TH APRIL 2024

1ST AUGUST 2024

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ABBREVIATIONS AND ACRONYMS

Abbreviations	Description
ADP	Annual Development Plan
CARPS	Capacity Assessment and Rationalization of the Public Service
CBAs	Collective Bargaining Agreements
CECM	County Executive Committee Member
CEO	Chief Executive Officer
CG	County Government
CHRAC	County Human Resource Advisory Committee
CIDP	County Integrated Development Plan
CO	Chief Officer
CoG	Council of Governors
CPMSC	County Performance Management Steering Committee
CPS	County Public Service
CPSB	County Public Service Board
CS	County Secretary
CSFP	County Fiscal Strategy Paper
DHRMAC	Departmental Human Resource Advisory Committee
DPMC	Departmental Performance Management Committee
ECDE	Early childhood Development and Education program
HR	Human Resource
HRM	Human Resource Management
ICT	Information, Communications and Technology
IGRTC	Inter-Governmental Relations Committee
IPPD	Integrated Personnel and Payroll Database
NCPWD	National Council for Persons with Disabilities
PE	Personnel Emoluments
PSC	Public Service Commission
PWDs	Persons with Disabilities
SRC	Salaries and Remuneration Commission
ToRs	Terms of References

DEFINITION OF TERMS

"***Acting Appointment***": temporary conferment upon a public officer by the relevant appointing authority, the power to perform duties of a public office other than the office the officer is substantively appointed to hold, while the public officer continues to have the substantive appointment.

"Appointment": engagement of a person to a position or a job and includes acting appointment, re-appointment, promotion and re-designation in the public service.

"***Authorized Officer***": any officer, body or authority in the public service, appointed by the relevant appointing authority in writing to perform its delegated functions.

"***Capacity Building***": the ongoing process through which organizations enhance their ability to identify and deal with their developmental needs to meet intended objectives.

"***Career Progression Guidelines***": a tool that facilitates the recruitment, retention, training and development of officers in the public service.

"***Casual Employee":*** a person whose terms of engagement provide for his payment at the end of each day and who is not engaged for a longer period than twenty-four hours at a time.

"Code of Conduct": any written standard issued by any lawful authority to guide the behaviour of public officers or bodies to ensure ethical, efficient and effective performance of the public service.

"Conditions of Service": any right or obligation relating to a public officer.

"Confirm in Appointment": placement of a public officer on permanent and pensionable terms or contract, as the case may be, upon completion of the probation period.

"***County Public Service":*** the collectivity of all individuals performing functions within any department of the county government or its agency but does not include the governor, deputy governor, members of the county executive committee and the members of the county assembly.

"Deployment": the distribution of public officers within a public body and without grade change.

"Disciplinary Control": due process in handling discipline matters in accordance with the constitution, legislation and regulations.

"Human Resource Audit": the systematic method of investigating the HR department's systems, processes, policies, standards and procedures.

"Integrated Personnel and Payroll Database": an automated human resource management information system that utilizes software and electronic tools to capture, manage and streamline data in the staff registers and payrolls.

"Manual Payroll": the processing of the payroll through use of paper-based documents and spreadsheets to capture, manage and process personnel remuneration.

"***Marginalized Group":*** a group of people who, because of laws or practices are disadvantaged by discrimination on one or more of the grounds.

"***Optimal Staffing Level":*** the right number of personnel required to undertake the functions and mandate of an organization in an efficient and effective manner.

"Organizational Structure" **(or organogram):** a visual or graphic representation defining how job titles, roles, responsibilities are assigned within an organization.

"Payroll Audit": the analysis or review of organizations payroll system and processes to facilitate achievement of accurate, reliable and timely financial reporting.

"Personnel Practices": the standards, norms and practices applicable to entry, conduct, retention and removal of an officer in the public service.

"Public Service": the collectivity of all individuals, other than state officers, performing a function within a state organ.

"Staff establishment": the approved jobs and number of posts created for the normal and regular requirements of an organization.

"Staffing Level": the number of employees or staff members assigned to a directorate, department, section or unit in an organization.

"State Officer": a person holding a state office.

REMARKS BY CHAIRPERSON, PUBLIC SERVICE COMMISSION



The Public Service Commission is an independent Commission established under Article 233 of the Constitution. The Commission's mandate is provided in Article 234 of the Constitution and includes investigation, monitoring and evaluation of the organisation, administration and personnel practices of the public service. This is the function where human resource audit falls.

The Commission is also mandated to support County Governments through capacity building and technical support under Schedule Four of the Constitution. The Commission may do this on its own volition, through scheduled functions, conferences and workshops and on invitation by the County Governments.

Accordingly, the Commission has offered technical support and capacity building since the inception of the devolved system of government in 2013. The technical support also helps strengthen the framework on common norms and standards in human resource management as contemplated under Article 235 of the Constitution.

The Commission received an invitation from the County Government of Nandi to support the County in the Human Resource audit of its public service. The key areas of focus were personnel practices and payroll management.

The main objective stated in the request for the audit was to assist the County Government come up with strategies for a sustainable wage bill. The Commission considers this an opportunity to proactively flag out issues that could eventually present as appeals for determination by the Commission under its function of hearing and determining appeals from the County Public Service. This, therefore, is a collaborative venture between the Commission and the County Government to help stem and mitigate risks that may undermine the efficiency and effectiveness of County public services.

Some of the key findings and recommendations in the report covers the County structure and staff establishment, the institutional framework, personnel practices, payment of salaries and allowances, the role of the County Public Service Board and HR Committees and the management of records.

The Commission expects that the County Government will implement the recommendations from the findings as contained in the report. While submitting the report, the Commission is open for continuous consultation and collaboration with the County Government of Nandi in all areas of public service management.

Anthony Muchiri (Amb)
Chairperson
Public Service Commission

FORWARD



I am honored to introduce this Staff and Payroll Audit Report for the County Government of Nandi, a collaborative effort between our county and the Public Service Commission. This report represents an important step in our ongoing mission to enhance the effectiveness and the accountability of Nandi County Public Service.

The main aim of this Audit was to examine the current staffing levels and recommend optimal staffing levels, conduct Integrated Payroll and Personnel Database (IPPD) and outside system Audit, identify areas of improvement and ensure that we have the right personnel in place to deliver quality services to our citizens. By doing so, we aim to create a more effective public service to improve service delivery to our residents.

I would like to extend my deepest gratitude to the Public Service Commission for their invaluable expertise and support throughout the process. Their approach and dedication have been instrumental in producing this detailed and insightful report.

The findings and recommendations in this report will serve as a roadmap for us to implement necessary reforms. We are committed to transparency, integrity, continuous improvement, and this will be pivotal in guiding our efforts to build a more responsive and efficient county government.

This report not only highlights our current strengths and weaknesses but also sets as a step to a future where our public service is characterized by professionalism and dedication to serving people of Nandi County.

I look forward to the positive changes it will bring.

Thank you.

Dr. Francis Sang, MBS
County Secretary and Head of Public Service
County Government of Nandi

PREFACE



The County Public Service Board is established under Section 57 of the County Governments Act, 2012, and conferred with functions and powers by Section 59(1) of the said Act. Specific attention is drawn to Sections 59 (1)(g) and (h), which mandate the Board to facilitate the development of coherent, integrated human resource planning and budgeting for personnel emoluments and advise the county government on human resource management and development.

In recognising the independence of the Board in executing its mandate, consideration is made to the fact that the Board performs the said functions, for and on behalf of the County Government of Nandi.

In the current circumstance, the County Government of Nandi in liaison with the Nandi County Public Service Board sought the services of the Public Service Commission to advise on Human Resource matters and Human Resource Systems that would enhance and foster service delivery in the County Public Service. As it may be noted, Counties were established in 2010 after the promulgation of the Constitution and the implementation of the devolved system of Government commenced in March 2013, following the general elections held then.

On the other hand, the Public Service Commission has existed since independence. It ideally performs the same functions in the National Government as those conducted by the Board in the County Government. Article 234(2)(f) of the Constitution of Kenya, 2010 mandates the Commission to develop Human Resources in the Public Service, which mandate is replicated to the Board under Section 59 (1)(g) and (h) of the County Governments Act, 2012. This clearly indicates that they have a wide knowledge of experience, expertise and systems that if embraced by the County Government, would enhance and foster service delivery in the County Public Service.

The findings and advice from the Commission will help the Public Service Board and the County Government of Nandi at large in scaling the heights as far as human resource matters are concerned.

Ms. Eliseba Jemutai Arusei
Acting Chairperson
Nandi County Public Service Board

EXECUTIVE SUMMARY

This report presents the findings and recommendations of the human resource audit conducted by the Public Service Commission on the request for public service of the County Government of Nandi. The County Government made the request to the Commission after the wage bill conference held in Nairobi from 15th to 17th April 2024 in which stakeholders agreed that the wage bill to total revenue ratio was high, at both the National and County Governments. The recommended wage bill-to-revenue ratio is 35%. The main objective of the audit was to identify areas contributing to the high wage bill and make proposals on how the County Government could address the same.

The County Government of Nandi requested the Public Service Commission to assist it in undertaking an audit on its personnel practices and staff payroll covering a period of 22 months from July 2022 to April 2024. The Commission appointed a technical team, which did data collection in Nandi County from 13th May to 14th June, 2024 and the exit meeting was held on 18th July, 2024. The audit report writing exercise was done from 19th to 29th July, 2024. The audit report was presented and approved by the Commission board on 1st August, 2024.

The county government also set up a steering committee to work with the technical team, especially in accessing necessary documentation for the audit exercise. The teams agreed on the interpretation of the terms of reference to guide the process and developed an audit roadmap and plan.

The audit covered personnel practices in the county departments, which were evaluated and analysed against the information in the IPPD system, the staff registers, applicable laws, policies, and procedures.

All the information required for the audit of the IPPD payroll system was available except for the month of September 2023. The County Government also operated a manual payroll. information availed for the manual payroll was only for the three months of February, March and April 2024 out of the 22 months in the review period. The manual payments for 19 months from July 2022 to December and for the month of January 2024 were not availed for audit.

A successful audit process is dependent on the availability of documented business processes, which set the standards upon which the discharge of the function is based. These documented processes are contained in source documents, which are primary reference materials in the audit process. The County Government of Nandi submitted 38% of the source documents requested for recruitment and selection process. Most of the information requested for the IPPD system were availed. The areas of focus in the audit process was on human resource practices and payroll management.

Human Resource Practices

It was observed from the information received from the county departments that there were lapses in some personnel practices, which may have led to loss of public funds. These included:

(a) **Functionality of the County Public Service Board**
The Board appears not to have sufficient autonomy and technical staff to discharge its mandate. The board had an acting Chairperson and acting Secretary and CEO. These two positions are critical proper functionality of the board. As a result, irregularities were noted in some of the HR functions such as unauthorised translation of terms of service for 782 staff. No signed board minutes were availed to support any of the board decisions that may have been made. The board had only one technical officer against a staff establishment of 16.

(b) **Lack of an authorized staff establishment to determine the optimal number of officers required by each department in the County Government.** The IPPD system does not indicate where each of the officers is deployed. It is therefore impossible to determine whether the departments are over- or under-established.

(c) **Poor record keeping that resulted in the unavailability of information critical for decision-making.** There were no signed minutes by the County Public Service Board (CPSB) or the County Human Resource Advisory Committee regarding the Board or Committee decisions on HR matters in the County. These include decisions on prolonged sick leave, appointments, promotions, transfers, translation of terms, or status of disciplinary processes.

(d) **Lack of structured communication between the different departments/offices.** There were no records from the County Secretary's office to show receipt of requests on human resource issues from the county departments and the communication on the decisions made back to the county departments or forwarding of the requests to the CPSB. There was also no record of communication of the CPSB decisions to the head of public service for onward transmission to the respective county departments. In the absence of records, it was unclear how decisions were communicated or transacted and how the implementation of decisions was monitored and evaluated.

(e) **Failure to update the IPPD system.** The status of persons who were on prolonged sick leave, undergoing disciplinary process or those who had exited service had not been updated in the IPPD system thus exposing the county to possible loss of funds through irregular payments.

(f) **Lack of proper checks and controls in the management of the IPPD system.** Processing of payments and data in the IPPD system is a five step process which requires five persons to provide checks and controls. In Nandi County only one staff initiated and finalized a transaction without verification by a different person.

(g) **Continued payment of staff using the manual payroll.** The manual payroll has no controls and is prone to manipulation which may lead to loss of funds through discretional and arbitrary payments. Two conflicting salary payment lists covered some sampled consecutive months within the audit period.

Payroll Management

An analysis of the payroll management revealed that there are several areas where payments of salaries and allowances may have been inflated, thus contributing to a high wage bill. Inflation of payments may have been occasioned through the operation of manual payroll, payment of special salaries, salary arrears and arbitrary placement of officers in higher salary points. There were inconsistencies in the number of staff receiving payments for hardship allowance over the period.

Salary Payments

(a) Use of manual payroll

The government policy is that all staff are paid using the more secure IPPD system, which has an audit trail. A total of Ksh. **5,072,361** was paid using manual payroll in February, March and April 2024. The total number of employees paid could not be ascertained as the data sets availed by the payroll unit and the CECM, Administration, Public Service and ICT did not agree. The data obtained from the payroll unit for the three months showed that a lesser number of staff were paid.

(b) Special salary

The number of staff and the total amount paid to the staff as special salaries varied over the audit period. The number of staff paid varied between 1,847 and 1,249 while the amounts ranged between **Ksh. 29,199,475** and **Ksh. 18,406,500**. Special salary was only paid to ECDE Teachers and which ranged between **Ksh. 15,500** and Ksh. **22,500** in April 2024. This is more than the limits set by the Salaries and Remuneration Commission (SRC) where ECDE Teachers outside Nairobi are supposed to be paid between **Ksh. 13,211** and **Ksh. 14,092** respectively. Since the salary scale of the ECDE teachers is already determined, it was not clear why ECDE teachers are paid 'special salaries'

(c) Salary arrears

The circumstances under which salary arrears may arise include delay in the introduction of a new employee into the IPPD system, delay in effecting promotions or implementing a collective bargaining agreement, or officers whose suspension or interdiction has been lifted,

or when effecting irregular deductions in the preceding period. While the CPSB records showed that there were 226 officers appointed or promoted, 3,048 officers received salary arrears totalling **Ksh. 50,885,038** over the review period.

(d) Salary entry points

The human resource policy provides guidelines on the salary point on which an officer may enter upon appointment. Guidance is provided on instances when incremental credits are to be given. An analysis showed that there were 1,776 officers whose salary scale points did not match their dates of appointments even if incremental credits were to be considered.

Allowances

Payment of irregular allowances can contribute to an inflated wage bill. An analysis of the payroll points to the possibility of some allowances being paid irregularly. The allowances include:

(a) Hardship allowance

The number of officers earning hardship allowance rose from 339 in April 2023 to 585 in April 2024, representing an increase of 246 officers (72.57%). The amount paid rose from a total of Ksh. **2,208,700** to Ksh. **4,598,400** respectively, representing an increase of 108.20% during the review period. A total of 54 officers were transferred during the review period. The 54 officers were transferred to various sub-counties in the county. The number of transfers did not account for the increase in payments of hardship allowances.

(b) Transfer Allowance

A total of 54 officers were paid transfer allowances totalling Ksh. **2,445,930** Most payments were made in October and November 2023 and January, February and March 2024. There were no CHRAC Minutes to support the transfers, which led to the allowance payment.

(c) Manipulation of Terms and Conditions of Service

The total number of officers whose contracts were reported to have been renewed was 1,166 out of which 557 were translated to permanent and pensionable terms of service. The translation of the terms of service of the 557 officers from contract to permanent and pensionable terms was not approved by the County Public Service Board.

Of the 609 officers who remained on contract terms, 230 had been placed on permanent and pensionable terms in the IPPD system without authority by the County Public Service Board. The 557 officers whose contracts were translated to permanent and pensionable terms and the 230 officers on contract terms reflected in the IPPD system as being on P&P were a total of 787 officers. There were no minutes of the County Public Service Board authorizing translation of the terms of the 557 officers to P&P and change of terms of the 230 officers to P&P.

Specific Recommendations

The County Government to urgently:

(a) Facilitate operational autonomy of the County Public Service Board.

(b) Operationalise the functions of the county public service board including monitoring and evaluation, HR audit and promotion of values and principles.

(c) Strengthen the functionality of CHRAC and DHRMAC Committees.

(d) Promote inter-departmental linkages in HR function.

(e) Fastrack finalization and approval of the county's organizational structure and staff establishment to inform optimal staffing levels and requirements.

(f) Reconstruct the IPPD system and undertake payroll cleansing.

(g) Undertake a staff headcount to confirm the number of employees serving in the County Public Service.

(h) Strengthen internal audit function to include HR and Payroll management

(i) Conduct capacity building in various areas including IPPD management, records management, report and minute writing.

(j) Institute disciplinary action against officers who may have facilitated irregularities in HR and Payroll management in the county.

General Recommendations

Some issues emerged from the audit, which may be general and cross-cutting to the counties.

a) The county governments need to develop a legislative and policy framework for compliance, and monitoring and evaluation of human resource functions to promote better accountability and transparency in the discharge of the function.

b) There is a need for the Senate to consider enacting legislation and regulations on the management of human resources in the counties. The provisions on the same in the County Government Act, 2012 are not elaborate or comprehensive on the function.

c) There is a need for the County Governments to develop county government policies and procedures manuals to guide the County Executive and County Public Service Boards on the management of human resource functions. Currently, the County Governments use the manual developed by the Commission to facilitate the transition to devolved governments in 2013. Some use the Commission's Policies and Procedures Manual, 2016, without having customised it.

d) The counties need to develop a framework for affirmative action to promote the inclusivity of non-dominant communities in the county's public services.

e) The Service Commissions, CPSBs forum and CoG need to develop a framework through which the management of human resources and public service governance issues can be canvassed across the service sectors to promote common norms and standards for human resource management and labour mobility issues.

CHAPTER ONE
INTRODUCTION

1.1 Background Information

County governments are established pursuant to the provisions in Chapter 11 Article 176 of the Constitution. There are 47 county governments and Nandi County is one of the 47 counties. The county government comprises the county executive and the county assembly. There are therefore two arms of government in the county government. Each arm of government has its public service board which oversights the relevant county public services – the county public service board for the county executive and the county assembly public service board for the county assembly. This audit report relates to the discharge of human resource functions in the county government of Nandi between 1st July 2022 to 30th April, 2024.

1.2 Nandi County

Nandi County is one of the Forty-Seven (47) counties of Kenya established by the Constitution. The county is in the North Rift region and covers an area of 2,884.4 square kilometres. It has a population of 885,711 as per the 2019 population census. The County comprises Six (6) sub-counties of Nandi Hills, Chesumei, Mosop, Aldai, Emgwen and Tinderet with its headquarters being Kapsabet Town. Tinderet sub-county is a designated hardship area.

Nandi County is cosmopolitan with a majority of inhabitants being the Nandi tribe of the larger Kalenjin community. Other ethnic communities in the county include Luhya, Kikuyu, Kisii, Luo and the Ogiek.

The county's cool highland climate is conducive for agriculture with maize, coffee, sugarcane and tea being the major crops. Further, the county has a vibrant tea processing industry with 15 thriving tea factories, which are major contributors to Kenya's economy and employ the local population.

1.2.1 Composition of Employees in the County

The County Government comprises three categories of employees:

(a) Former local authority employees;
(b) Employees seconded from National Government; and
(c) County Government's employees.

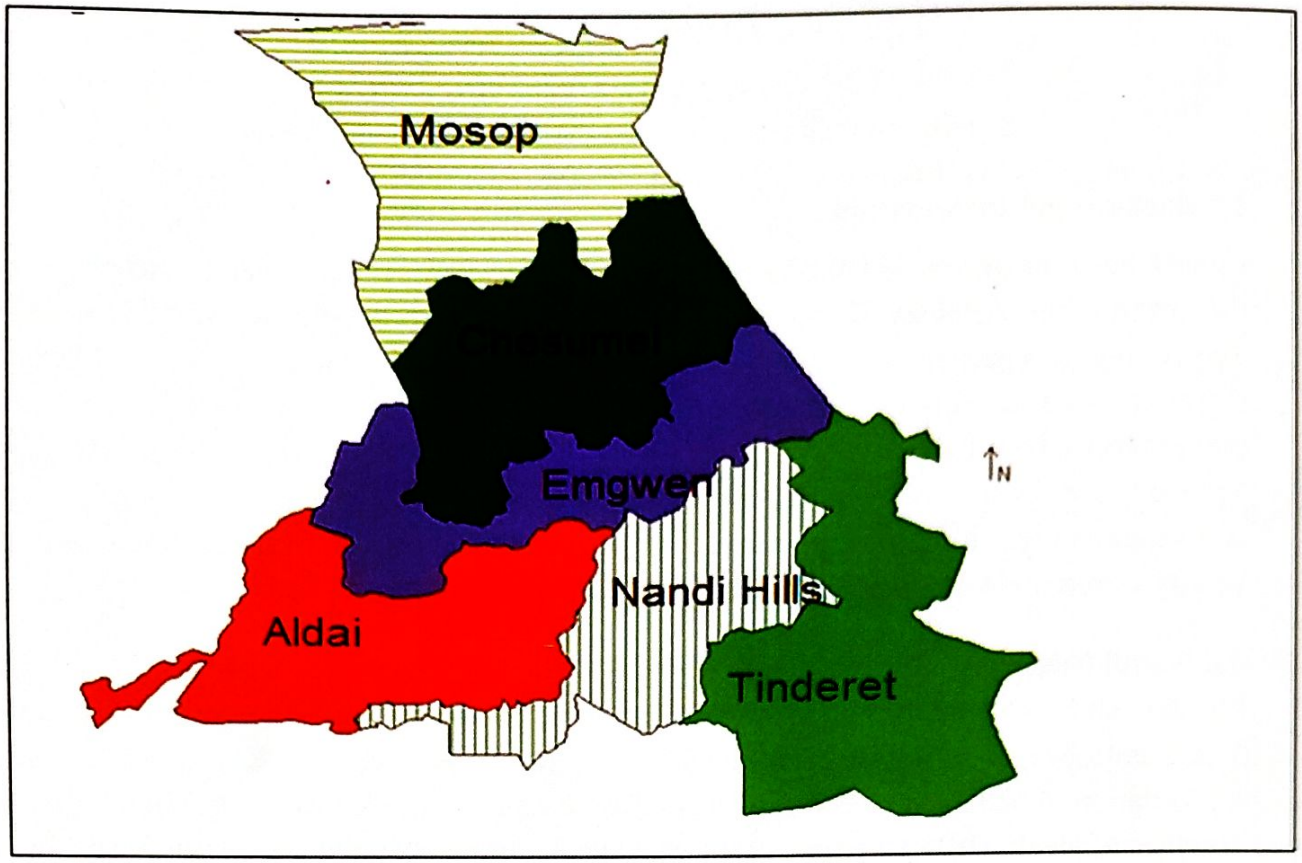


Figure 1.1: Map: Sub-Counties of Nandi County
***Source**: County Government of Nandi, County Integrated Development Plan 2023-2027*

1.3 Audit Assignment

The County Government of Nandi vide letter Ref. CG/NDI/HRM/2/27/VOL.III/116 dated 27th March 2024 wrote to the Public Service Commission requesting technical support to conduct a comprehensive human resource audit to provide actionable insights to improve the efficiency and effectiveness of the County's personnel management practices, payroll processes, organization structure and staff establishment. In response, the Commission appointed an HR Audit Team, which comprised Two (2) Commissioners and Five (5) Secretariat staff as follows:

(1) Dr. Reuben Chirchir: Commissioner
(2) Dr. Joyce Nyabuti, MBS: Commissioner
(3) Wesley Kipng'etich: Director, Values and Ethics (Team Leader)
(4) Mr. Andrew K. Njogu: Deputy Director, HR Audit
(5) Ms. Janet C. Kipchoge: Deputy Director, HRM&D
(6) Mr. Stalin Kipkorir: Assistant Director, HRM&D
(7) Ms. Selina Iseme: Director, Litigation & Appeals (co-opted)

The inaugural meeting was held on 13th May 2024 and was presided over by H.E Hon. Stephen A. Sang, EGH, the Governor of the County Government of Nandi. In attendance were the following Ten (10) Senior Staff from the County:

(1) Dr. Yulita Cheruiyot Mitei: Deputy Governor
(2) Dr. Francis K. Sang, MBS: County Secretary
(3) Mrs. Eliseba Kosgei: Chairperson, County Public Service Board
(4) Mr. Hillary Serem: CEC, Finance & Economic Planning
(5) Mr. Isaiah Keter: CEC, Administration, Public Service & ICT
(6) Mr. Stanley Baliach: Chief of Staff
(7) Mr. Jonathan Misoi: Chief Officer, Administration, Public Service & ICT
(8) Mrs. Prisca Muigei: Chief Officer, Finance & Economic Planning
(9) Ms. Nancy Jeruto: Secretary/CEO, County Public Service Board
(10) Mrs. Gorrety Rotich: Director, Human Resource

The County staff shared their expectations on audit to provide quick wins and measures for wage bill containment and sustainability. The County also requested technical support from the Commission on:

(a) Undertaking of headcount to confirm the total number of employees in the county.
(b) Authentication of certificates;
(c) Draft County Government organizational structure and staff establishment;
(d) Workload analysis for optimal staffing levels;
(e) Promotion of employees outside CBAs to address stagnation issues; and
(f) Manual payroll (payments outside the IPPD system).

1.4 Rationale of the Audit

The National and County Governments recognized that there is an unsustainable high wage bill at both levels of government. Following the resolutions of the 10th Summit, the Salaries and Remuneration Commission (SRC) vide a letter dated 8th February 2024, issued an advisory to County Governments to develop strategies and action plans for wage bill sustainability to achieve a 35 percent wage bill to revenue ratio in County Governments.

Further, the Summit resolved that SRC jointly with the National Technical Committee and Council of Governors (CoG) convene the Third National Wage Bill Conference and that the National Government committed to reducing its wage bill to 35 percent of revenue in line with the provisions of the Public Finance Management (County Governments) Regulation, 2015 by the year 2028 and urged the County Governments to align.

The identified major drivers of the wage bill in Kenya include:

(a) Unchecked and disproportionate increase in the number of employees in the public service;
(b) Proliferation of allowances payable in the public service;
(c) Weak controls in payroll management;
(d) Demand for higher wages not aligned to economic performance; and
(e) Weak enforcement mechanism for non-adherence to advisories and policies.

Based on the summit resolutions, the County Government embarked on an action plan and the fiscal strategy was to conduct HR audits to determine optimal staffing levels in the County Public Service.

1.5 Terms of Reference

The terms of reference included:

(a) To establish the County staffing and payroll management compliance status with the employment and labour laws, relevant policies and regulations, and acceptable standard operating procedures and best practices;

(b) To address gaps between theory and practice that need to be aligned with good staffing and payroll management practices as well as national and international staffing norms;

(c) To confirm the correctness, efficiency and effectiveness of the payroll system;

(d) To ensure consistency with established objectives, practices and policies of human resource staffing and practices in Kenya; and

(e) To establish the appropriateness of the human resource staffing to the county in light of the county's financial resources.

1.6 Objectives of the Audit

The main objectives of the HR audit were to:

(a) Establish the effectiveness of the strategies and action plans for wage bill sustainability at the county level;

(b) Establish the county staffing and payroll management compliance status with acceptable standard operating procedures and best practices, relevant laws, policies and service regulations;

(c) Identify operational gaps and weaknesses in payroll management and performance frameworks that impede fiscal sustainability of the wage bill;

(d) To confirm the correctness, efficiency, and effectiveness of the payroll system;

(e) Ensure consistency of human resource management with constitutional requirements, relevant laws, service regulations, policies and procedures;

(f) Evaluate the recruitment processes from advertisement to appointment;

(g) Establish the accuracy of employee pay records and compliance with existing laws, policies, and guidelines regarding the computation of earnings and recovery of deductions.

(h) Review the organizational structure and staff establishment; and

(i) Build capacity and provide technical support to the County Government.

1.7 Scope of the Audit

The audit period covered was between 1st July 2022 and 30th April 2024. The scope of the audit included: county personnel management practices, payroll processes, organization structure and staff establishment.

1.8 Audit Roadmap

To guide and track the audit progress, the PSC team developed a roadmap highlighting tasks to be performed, actors, expected timelines, resource requirements, performance indicators, and completion status for each task. ***(Appendix 1).***

1.9 Audit Plan

As part of the audit planning, the County Government facilitated the constitution and appointment of the ad-hoc County Steering Committee. The PSC team developed an operational audit work plan that identified auditable areas and assigned team roles ***(Appendix II).***

1.10 Audit Methodology

The HR audit employed a comprehensive methodology to gather valuable information on the current state of the County's HR operations.

The methodology included:

(a) Review of relevant documents, payroll systems and processes to gain in-depth insights into the County's HR practices and identify areas for improvement.

(b) Thorough review of HR policies, procedures, and documents to ensure compliance with relevant regulations and best practices.

To ensure the audit met the highest standards of quality and integrity, the team utilized a multi-faceted approach, including:

a) Oral interviews with key stakeholders.

b) Boardroom consultations to deliberate on findings and gather additional insights.

c) One-on-one meetings with functional heads and subject matter experts.

d) Review of data from responsible sources while maintaining confidentiality and integrity.

e) Providing clarification and assurance to stakeholders throughout the audit process.

1.10.1 Meeting with County Payroll Management Team

There was a delay in convening a meeting with the County Steering Committee as earlier scheduled and therefore, the Audit team held a working meeting with the County's payroll management team on 17th May 2024 to build consensus on required data items and agree on team roles.

1.10.2 Meeting with County Adhoc Steering Committee

The meeting between the County Adhoc committee and the PSC Audit team was held on Wednesday 22nd May 2024. The objective of the meeting was to identify specific resource requirements, team roles and clarification of auditable areas.

The members of the Committee included:

(a) Mr. Isaiah Keter : CECM (Chairperson);

(b) CPA Alfred Lagat : CECM (Member)
(c) Eng. Drice Rono : CECM (Member)
(d) Mr. Fredrick Kiptum : CO (Member)
(e) Mr. Jonathan Misoi : CO (Secretary)
(f) Mrs. Gorrety Rotich : HR Director (Member)
(g) CS. Nancy Jeruto : Acting CEO/Secretary (Member)

1.10.3 Review of Feedback

The Audit team reviewed issues discussed after every meeting. The aim was to assess issues raised and adjust the audit approach accordingly.

1.10.4 Compliance with Laws, Regulations, Standards and Best Practices

Primarily, the audit exercise set out to evaluate whether the County's personnel management practices, payroll processes including the organization structure and staff establishment met the recognizable internal standards, applicable laws, service regulations, policies and guidelines for improved efficiency and effectiveness.

1.10.5 Source Documents

A successful audit process depends on the availability of documented business processes, which set the standards upon which the discharge of the function is based. This information is contained in source documents, which are the primary reference documents in the audit process.

Source documents requested from the County HR Department included:

(1) County Public Service Human Resource Management Policies
(2) Collective Bargaining Agreement between Association of Local Government Employers & Kenya Local Government Workers Union
(3) IPPD system payrolls (1st July 2022 and 30th April 2024).
(4) Manual payrolls (1st July 2022 to 30th April 2024).
(5) Staff registers - IPPD system (from (1st July 2022 to 30th April 2024).
(6) Staff lists per Department (1st July 2022 to 30th April 2024).
(7) List of officers recruited and appointed by CPSB (1st July 2022 to 30th April 2024).
(8) List of officers recruited and appointed by CPSB (1st July 2022 to 30th April 2024).
(9) List of officers issued with appointment letters from HR (1st July 2022 to 30th April 2024).
(10) Lists of officers as prepared by respective Departments relating to HRM practices (1st July 2022 to 30th April 2024). The lists contained:
    (a) Discipline;
    (b) Secondment;
    (c) PWDs;
    (d) Leave of absence;
    (e) Unpaid leave;
    (f) Officers on training lasting more than 1 year;

(g) Promotions/reductions;
(h) Salary stoppages; and
(i) Exits

(11) County Human Resource Plans
(12) County confirmation of availability of funds
(13) Draft Indent(s) for Advertisement of Vacancies
(14) Approved Staff Establishment
(15) Authority Letters for Declaration of Vacancies
(16) Copies of Adverts
(17) Long list of Applicants (soft & hard copies)
(18) CPSB Minutes
(19) Shortlisting Reports
(20) Interview Schedules
(21) Adverts/Draft SMSs
(22) Authority Letters/CPSB Minutes
(23) Interview Schedules
(24) List of Selected Candidates
(25) Offer Letters
(26) Acceptance Letters
(27) Appointment Letters

The list of source documents that were availed by the county government and those that were not are as indicated in ***Appendix III.***

1.11 Organization of the Report

This report has been organized into Four (4) chapters as follows:

Chapter 1: Introduction
Chapter 2: Legal, Policy and Institutional Framework
Chapter 3: County's Personnel Management Practices
Chapter 4: Payroll Processes
Chapter 5: Organization Structure and Staff Establishment
Chapter 6: Summary of Audit Findings and Recommendations.

CHAPTER TWO

LEGAL POLICY AND INSTITUTIONAL FRAMEWORK

2.1 Introduction

This chapter contains the legislative, policy and institutional framework for the discharge of human resource function in the county governments, specifically the County Government of Nandi. The legislative framework includes the laws that govern and regulate human resource function and the policy framework includes the policies and procedures on HR management. The institutional framework includes the institutions at the intergovernmental level, the arms of county government including the county public service board, committees and authorities responsible for different aspects of HR function.

2.2 Legislative Policy

a) The Constitution

The Constitution requires all public organizations to utilize public resources prudently and deliver public services efficiently and effectively while observing fiscal discipline and economic sustainability. In making appointments, public organizations are obligated to observe the principles of fair competition and merit, transparency, accountability, diversity and inclusion.

The Constitution requires County Governments to discharge human resource functions guided by legislation, which prescribes uniform norms and standards. The human resource functions include establishing and abolishing offices in the public service, appointing persons to hold or act in those offices, confirming appointments, exercising disciplinary control, and removing persons holding or acting in public offices.

The uniform norms and standards are contained in various legislations, which include:

b) County Government Act, 2012

This gives effect to devolution. It establishes an additional institutional framework necessary for running devolved units and breaks down the responsibilities for the institutions already established in the Constitution. Under this Act, the CPSB, which is responsible for managing human resources in the county, is established.

The Act guides delivering the devolved services and managing human resources in the County Government. It requires county governments to ensure that at least 30 percent of the appointments in the county public service are from the non-dominant communities in the counties.

The Act also provides that the Cabinet Secretary responsible for matters relating to inter-governmental relations may make regulations for the better carrying out of the purposes and provisions of the County Government Act.

c) Public Finance Management Act, 2012 and Public Finance Management (County Governments) Regulations, 2015

The Act gives effect to the principles of public finance. It regulates financial management in public service organizations to ensure that all revenue, expenditure, assets and liabilities of these organizations are managed efficiently and effectively.

Regulation 25(a) and (b) provide that the County Executive Committee Member (with the approval of the County Assembly) shall set a limit on the county government's expenditure on wages and benefits for its public officers pursuant to section 107(2) of the Act; and the limit set shall not exceed thirty-five (35) percent of the county government's total revenue.

d) Employment Act, 2007

The Act declares and defines employees' fundamental rights and provides basic employment conditions. It prescribes what should be contained in the employment contract including the:

(a) Name, age, permanent address and sex of the employee;
(b) Name of the employer;
(c) Job description of the employment;
(d) Date of commencement of the employment;
(e) Form and duration of the contract;
(f) Place of work;
(g) Hours of work;
(h) Remuneration, scale or rate of remuneration,
(i) Method of calculating that remuneration and details of any other benefits;
(j) Intervals at which remuneration is paid; and
(k) Date on which the employee's period of continuous employment began, taking into account any employment with a previous employer that counts towards that period.

e) Public Service (Values and Principles) Act, 2015

The Act gives effect to Article 232 of the Constitution on values and principles of public service. It establishes the standards that public institutions must observe in promoting values and principles, including integrity, good governance, transparency, accountability, diversity and inclusion.

f) The Leadership and Integrity Act, 2012

The Act gives effect to Chapter Six of the Constitution. It prescribes a general code of conduct for state and public officers. It prescribes measures for managing conflict of interest and gifts received in the course of duty.

g) The Public Officer Ethics Act, 2003

The Act prescribes a code of conduct and ethics for public officers and makes requirements for public officers to file financial disclosures (wealth declarations).

h) The Public Service Commission Act, 2017

The Commission is responsible for hearing and determining appeals from the county government public service. The Act provides the guidelines for filing appeals and the principles that guide the Commission in determining the appeals.

i) The Commission on Revenue Allocation Act, 2011

The Act establishes the Commission on Revenue Allocation and provides guidelines for the sharing of revenue between the National and County Governments.

j) The Inter-Governmental Relations Act, 2012

The Act establishes an institutional framework for cooperation and consultation between the two levels of government. The institutions established include the Summit, the Council of Governors (CoG) and the Inter-Governmental Technical Relations Committee IGRTC). Matters discussed in these committees include human resource issues, the CoG has a committee responsible for human resource matters.

k) Salaries and Remuneration Commission Act, 2011

The Act gives effect to Article 230 of the Constitution and provides the standards to be observed by the SRC in setting and reviewing remuneration and benefits for all State officers, and advises National and County Governments on the remuneration and benefits of all other public officers to ensure fiscal sustainability.

2.3 Policy Framework

The policy framework which guide the County HR management include:

(a) Public Service Commission County Public Service Human Resource Manual, 2013

This Policy was issued by the Public Service Commission in 2013 to guide the County Governments in the management of human resource functions during the transition to devolved government. This was in recognition of the fact that the County Governments were newly established and had to discharge the functions assigned to them by the Constitution immediately upon inauguration. The County Governments were expected to customize the same for their use.

(b) Staff in the County Public Service

The County Government Act deemed public officers who were employees of the Defunct Local Authorities to be officers of the county government in line with the principle that resources follow functions. The national government officers performing devolved functions were deemed to be in the county's public service on secondment from the National Government.

(c) County Integrated Development Plan

The County Government Act provides that county plans shall be the basis of budgeting meaning no money shall be spent outside the county plans. The plans include the County Integrated Development Plan (CIDP), which is a five-year plan that sets clear goals and objectives and an implementation plan with clear outcomes, monitoring, evaluation and reporting framework.

(d) Annual Development Plan

The CIDP is implemented annually through the Annual Development Plan (ADP). The ADP details the programmes to be delivered in any given financial year together with details of the strategic priorities to which the programme will contribute the services or goods to be provided, measurable indicators of performance where feasible and the budget allocated to the programme.

(e) County Fiscal Strategy Paper

The PFM Act requires the County Treasury to prepare a County Fiscal Strategy Paper (CFSP), which specifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the medium term. The CFSP, which is to be approved by the County Assembly (CA), shall provide the financial outlook for county government revenues, expenditures, and borrowing for the coming financial year and over the medium term. The CSFP contains personnel emoluments (PE) and therefore the implications on sustainability or otherwise can be discerned from it.

(f) Performance Management Framework for County Governments, 2017

The Framework was developed to guide County Governments in terms of promoting accountability in service delivery by ensuring that tasks are performed efficiently, effectively and economically. The framework guides counties on the development of the CIDPs, and ADPs and aligns the same to the CFSP thus reducing the development priorities to performance contracts, which are then cascaded down to employees. It also establishes a mechanism for monitoring and evaluation.

(g) Capacity Assessment and Rationalization Programme

The National and County Governments coordinating summit agreed jointly to undertake the Capacity Assessment and Rationalisation of the Public Service (CARPS) in June 2013. The

objective of the programme was to ensure Government functions are properly structured and staffed to facilitate the transformation of the public service for efficient and effective service delivery at the National and County Government levels.

The CARPS programme had three phases. Phase one was undertaken in 2014 and had various sub-programs that included human resource audit and skills assessment, institutional/organizational reviews, workload analysis for optimal staffing levels, and development of options and incentives for employees who may be affected by the rationalization and deployment.

The findings of the first phase of the CARPS programme were:

i) Shortage of technical and professional skills in critical areas in the public service.
ii) Skewed distribution of scarce technical and professional skills.
iii) Weak controls in human resource information and payroll management.
iv) Non-compliance with constitutional and legislative provisions regarding ethnic diversity, gender balance and representation of persons with disabilities.
v) Staffing imbalances between support and technical/professional personnel.
vi) Duplication and overlap of functions within and across the two levels of Government.
vii) Disparities and inequity in human resource management (nomenclature, job titles, grading and salary structures and levels).

At the time the CARPS programme was undertaken, the personnel emoluments for Nandi County stood at 36% of the total revenue.

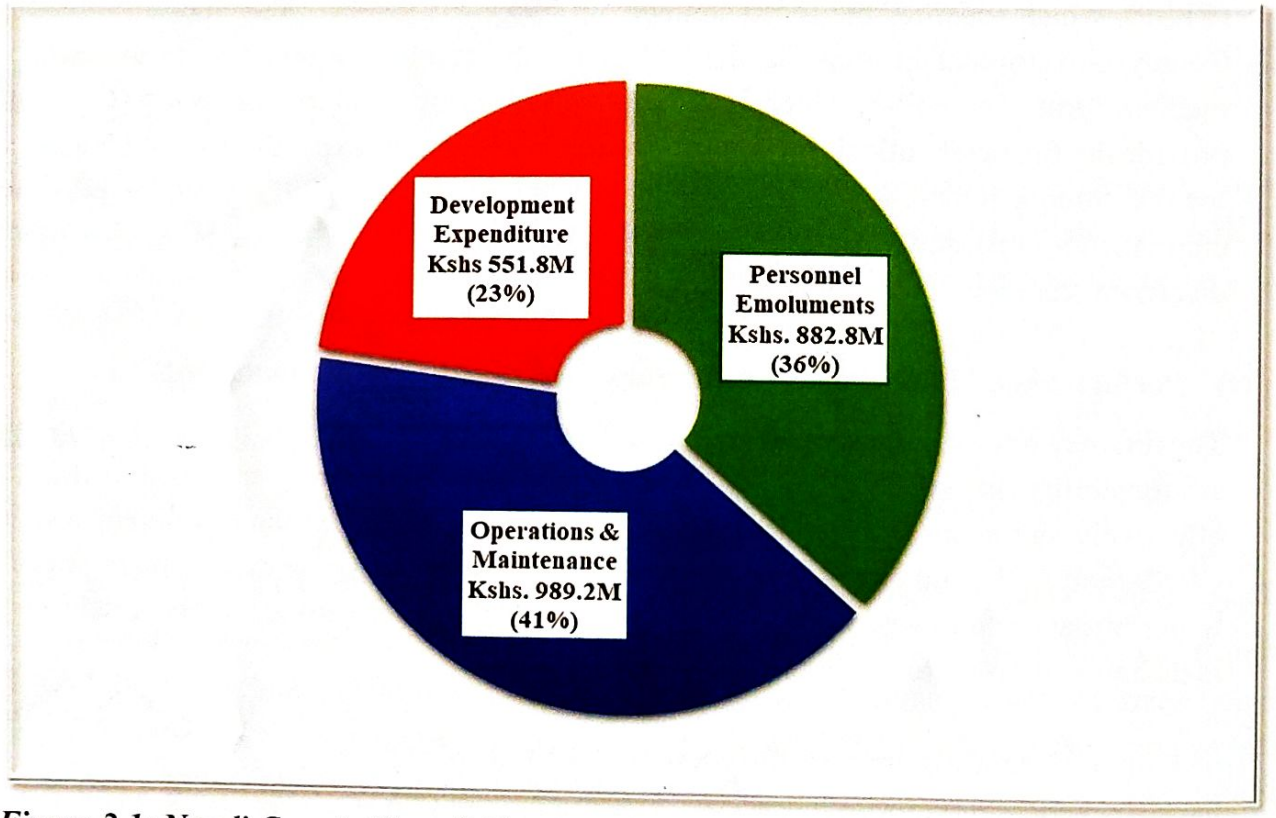


Figure 2.1: Nandi County Wage Bill to Revenue Ratio Report
Source: *Office of the Controller Budget Implementation Budget Review Reports for FY 2013/14*

2.4 Institutional Framework

(a) Human Resource, Labour and Social Welfare Committee

The Committee under the Council of Governors (CoG) promotes the workers' rights, remunerations, promotions, and general welfare in the counties. It also provides technical assistance in terms of information, research, policy analysis and capacity building for county governments across a range of human resources policy issues in pensions, capacity development and quality of services.

(b) The County Assembly

The County Assembly is responsible for:

i. Enactment of county legislations;
ii. Approval of county fiscal strategy paper;
iii. Approval of county budget;
iv. Oversight of implementation of county budget;
v. Approval of county staff establishment;
vi. Oversight of the county public service; and
vii. Approval of nominations for appointment by the county executive.

(c) County Public Service Board

The County Public Service Board (CPSB) is established under Section 57 of the County Government Act and comprises:

(i) A Chairperson nominated and appointed by the Governor with the approval of the County Assembly.
(ii) Not less than three but not more than five other members nominated and appointed by the Governor, with approval of the County Assembly.
(iii) A certified Public Secretary of good professional standing nominated and appointed by the Governor, with the approval of the County Assembly, who shall be the Secretary to the Board.

Powers and Functions of the County Public Service Board

The CPSB is responsible for:

(i) Establishing and abolishing offices in the county public service.
(ii) Appointment of persons to hold or act in the offices of the county public service, including in the boards of urban areas within the county and to confirm appointments.
(iii) Exercising disciplinary control over and removal of persons holding or acting in public office.
(iv) Preparing regular reports for submission to the county assembly on the execution of the functions of the Board.
(v) Promoting in the county public service the values and principles referred to in Articles 10 and 232 of the Constitution.

(vi) Evaluating and reporting to the county assembly on the extent to which the values and principles referred to in Articles 10 and 232 of the Constitution are complied with in the county public service.

(vii) Facilitating the development of coherent, integrated human resource planning and budgeting for personnel emoluments in the county.

(viii) Advising the County Government on human resource management and development.

(ix) Advising the County Government on implementing and monitoring the national performance management system in the county.

(x) Making recommendations to SRC on behalf of the County Government on remuneration, pensions and gratuities for county public service employees.

Composition of Nandi County Public Service Board

The Nandi County Public Service Board comprises a Chairperson, three Board members and a Secretary/CEO.

S/No	Name	Designation	Appointment Date
1	Ms. Eliseba Jemutai Arusei	Ag. Chairperson	31/10/2019
2	Mr. Ezekiel Kiplimo Chemwor	Member	31/10/2019
3	Mr. Daniel Kiptarbei Rutto Mwogoi	Member	31/10/2019
4	Ms. Irine Jepkorir Choge	Member	31/10/2019
5	Ms. Nancy Jeruto	Ag. Secretary/CEO	November 2023

Functionality of the County Public Service Board

The Board was duly constituted and had the requisite quorum to transact its business. The board however lacked a substantive Chairperson and Secretary/Chief executive officer. The Board had offices it operated from. The board lacked the technical capacity in the secretariat to discharge its mandate.

The board seemed to be operational evidenced by advertisements made and appointment letters. However, critical documents that were missing include signed Board Minutes, schedule of interviews, shortlisting and selection reports. Further, an analysis of the existing staff revealed that the Board had one technical officer out of the sixteen officers. The rest were support staff.

(d) County Executive Committee

This is the top policy-making body in the county. All nine county executive members were in place including the CECM in charge of Public Service and the County Secretary who serves as the CEC Secretary and Head of County Public Service.

The Committee is responsible for:

(i) Managing and coordinating the functions of the county administration and its departments.
(ii) Approving the staff establishment before submission to the county assembly.
(iii) Determining the organization of the County and its various departments;
(iv) Designing the performance management plan for the county and evaluating the performance of the county public service.
(v) Establishing and varying any department and determining the objects and purposes of the department.
(vi) Determining the number and nature of departments at the centralized units.
(vii) Abolishing any department.

(e) County Human Resource Management Advisory Committee (CHRMAC)

The Committee is responsible for advising the authorized officers on human resource management matters in the county, which include:

(i) Recruitment, selection and appointment;
(ii) Performance management;
(iii) Promotions;
(iv) Confirmation of appointment;
(v) Training and development;
(vi) Training impact assessment;
(vii) Management of skills inventory;
(viii) Establishment and complement control;
(ix) Payroll management;
(x) Deployment;
(xi) Promotion of values and principles of public service;
(xii) Recommendation for secondments and unpaid leave;
(xiii) Recommendation for retirement under the 50-year rule;
(xiv) Recommendation for retirement on medical grounds;
(xv) Recommendation for re-designation;
(xvi) Recommendation for renewal of contract;
(xvii) Discipline; and
(xviii) Pension administration.

Membership of County Human Resource Management Advisory Committee

The membership of County Human Resource Management Advisory Committee (CHRAC) comprises:

(a) County Secretary (Chairman);
(b) Ten (10) Chief Officers (Members);
(c) Director, Human Resource Management (Secretary).

Functionality of County Human Resource Management Advisory Committee

There was no evidence to support the functionality of the County Human Resource Management Advisory Committee (CHRAC) as no minutes of the committee meetings and transactions were provided to the team for review.

(f) Departmental Human Resource Advisory Committee (DHMAC)

This committee is composed of:

1) Chief Officer – Chairperson
2) Head of Human Resources – Secretary
3) Heads of Directorates – Members

The Departmental Human Resource Advisory Committee (DHRAC) is responsible for:

1) Ensuring effective management of the human resource function within the County Department;
2) Initiating disciplinary action against officers in the County Departments; and
3) Performance management in the County Department.

There was no evidence of the functionality of the committee as no committee minutes were submitted for the audit team for review.

(g) County Performance Management Steering Committee (CPMSC)

The Committee comprises the following:

1) Chairperson : Appointed by County Secretary (from among Chief Officers);
2) Secretary : Chief Officer in charge of Planning; and
3) Members : Chief Officers of other County Departments.

The Committee is responsible for:

1) Monitoring and evaluating performance management system in the County;
2) Coordinating the performance contracting system at the County level;
3) Ensuring integrity and credibility of employees' performance appraisal process; and
4) Proposing measures to improve employee performance management process.

There was no evidence of the functionality of the committee as no committee minutes were submitted for the audit team for review.

(h) Departmental Performance Management Committee (DPMC)

The Departmental Performance Management Committee (DPMC) is responsible for:

1) Ensuring the staff appraisal process conforms to County Departments' strategic objectives;
2) Ensuring the staff appraisal process is adequately linked to the County Department's objectives, work plans and performance contracts;
3) Ensuring that the performance of all officers in the county department is evaluated and feedback relayed to the officers in writing at the end of the financial year;
4) Arbitrating in case of disagreement on appraisal ratings between supervisors and appraisee;
5) Compiling the county department's annual performance appraisal reports; and
6) Implementing the internal monitoring and evaluation framework.

CHAPTER THREE

COUNTY'S PERSONNEL MANAGEMENT PRACTICES

3.1 Introduction

This chapter presents observations, findings, risk implications and recommendations for the personnel management processes conducted in the County public service of Nandi.

"Personnel practices" under Section 59 of the Public Service Commission Act, 2017 means the standards, norms and practices applicable to entry, conduct, retention, and removal of a public officer with respect to:

(a) Personnel records management;
(b) Human resource planning and management;
(c) Succession planning and talent management;
(d) Advertisement of vacancies, recruitment and selection procedures and criteria;
(e) Appointment, promotion, re-designation and related processes;
(f) Job and occupational classification and grading;
(g) Remuneration and other conditions of service;
(h) Salary and payroll administration;
(i) Job assignments;
(j) Working environment;
(k) Qualifications attached to a public office;
(l) Training and development;
(m) Employee performance management systems;
(n) Deployment and secondment;
(o) Disciplinary control;
(p) Removal from service;
(q) Grievance management;
(r) Management of cases of ill health;
(s) Employee's welfare; and
(t) Any other duty that a human resource officer undertakes in a public body.

3.2 Guiding Principles for HR Management Practices

The principles that guide recruitment and selection processes in the public service are contained in the Constitution, legislations and policies and include:

(a) The promotion of the purposes, values and principles of the Constitution;
(b) Equality and non-discrimination;
(c) Professionalism;
(d) Impartiality;
(e) Fair administrative action; and
(f) Observance of the principles of natural justice.

3.3 Recruitment and Selection Process

The recruitment and selection process refers to the on-boarding of employees in an organization. This may be either at the entry or promotional level. The process starts with identification of vacancies, preparation of indent, approval of funding, requisition for authority to recruit, placement of advert, preparation of list of applicants, appointment of shortlisting panel, shortlisting of candidates, preparation of interview schedule, invitation for interviews, constitution of interview panel, briefing of the interview panel, conduct of interviews, selection of successful candidates, notification of successful candidates, offer of appointment, acceptance of appointment, reporting on appointment, deployment, issuance of personal number, introduction into the payroll.

3.4 Terms and Conditions of Service

Employees serve on terms and conditions of service determined by the employer in conformity with the labour laws. The terms of service include permanent and pensionable terms which are appointments to an established position with a view of long-term employment subject to pension benefits; fixed-term employment contract in which an employee is hired for a specific period; casual employment is where an employee is hired for less than three months and the wages are payable daily.

3.5 Appointments

Article 10 (2) (b) and Article 232 (1) (c), (g), (h) & (i) of the Constitution outline the fundamental values and principles that guide the public service during recruitment such as gender parity, non-discrimination, inclusiveness and the protection of the marginalized groups. Additionally, the principles of impartiality, fair competition, merit, equal appointment opportunities, training, and advancement apply. The County Government Act of 2012 and the Employment Act of 2007 are crucial legal frameworks that govern the recruitment of employees in County Governments.

3.5.1 New Appointments

The County Government undertook recruitments between 1st July 2022 to 30th April 2024. A total of eighty-three (83) officers were appointed (***See Appendix I***).

Observations

During the review period, the County Government, through the CPSB:

(a) Appointed a total of 83 officers, 60 on permanent and pensionable terms and 23 on contract terms of service.

(b) Four (4) posts were not filled, as there were no responses.

(c) The majority of the employees were Kalenjin, accounting for 79 employees, followed by Luo (3) and Somali (1), representing 4.8 % against the 30% requirement of appointment of non-dominant communities.

(d) Gender representation comprised of twenty-five 25 (30%) female and fifty-eight 58 (70%) male; this fell below the 2/3 gender principle.

(e) There were three PWDs appointed representing 3.6%. This fell short of the 5% progressive realisation of recruitment of PWDs

Findings

(a) The sixty (60) officers appointed on P&P Terms were given letters of appointment that did not provide for a probationary period and confirmation of appointment. There were inconsistencies in the effective date of appointment, acceptance and reporting, where an officer would seem to have been appointed before the date of writing the decision letter. **(see *Appendix IV*)**

(b) The requirement for appointing 30% of persons from non-dominant communities was not met as only 4.8% of members of non-dominant communities were appointed.

Risk Implication

(a) The provision for probationary appointment and confirmation in appointment is a safeguard that allows the employer to evaluate the competencies and performance of an employee appointed before confirmation into the permanent and pensionable establishment. Failure to provide for a probationary period for new employees presents a risk to the employer if the employee fails to perform and the employer needs to terminate the employment contract and violates the provisions of section 71 of the County Government Act, 2012.

(b) The failure to meet the 30% threshold for appointments of members of non-dominant communities violated section 65(1) (e) of the County Government Act, 2012 and undermined the National and Public Service Values and Principles which the Board is mandated to promote, undertake Compliance evaluation and report on to the Governor and County Assembly. This may expose the county to litigations including nullification of appointments.

Recommendation

(a) The CPSB to review their appointment letters to include appointment on probationary terms for new employees and confirmation in appointments to P&P establishment upon satisfactory service on probation.

(b) The County Government to develop an affirmative action programme that promotes the inclusion of non-dominant communities in the county public service.

3.5.2 Acting Appointments

Acting appointments are temporary assignments where an employee is appointed to a higher-level position on a short-term basis. Acting appointments ensure that critical positions do not remain vacant, maintaining continuity of service delivery and minimizing disruptions to public services. Additionally, acting appointments provide employees with opportunities to develop assume higher responsibilities and gain experience, enhancing their career prospects and the overall performance of the organization.

Pursuant to Section 64 (2) of the County Government Act, 2012, acting appointments can be made only by lawful appointing authority for a specified period subject to the provisions of

sub-section 3 which provides for lawful delegation of duty and temporary deployment of an officer to act in a vacant office.

Observations

The County Departments reported that there were:

(a) Forty-one (41) Officers were serving in acting capacity in various Departments.

(b) Ten Acting Directors had letters of appointment from Chief Officers but no corresponding Board approval.

(c) Eight Acting Directors reported to be on acting appointment had expired appointment letters some dating back to 2019.

(d) Thirty-three (33) Acting Directors were not receiving acting allowances for the assignment of higher roles and responsibilities (from the Audit of the IPPD System).

(e) There were eight officers from different directorates, including the CEO CPSB, who were being paid acting allowances.

(f) The officers on acting appointments were in JGs "K" to "Q". Eleven of whom were drawn from Common Cadres JGs "K" to "N".

(g) All the forty-one offices have been vacant for more than six months.

Findings

(a) Forty-one (41) officers were on acting appointments without CPSB approval (***Appendix V***)

(b) Eight (8) officers were earning Acting Allowances without having been approved to Act by the CPSB.

(c) Officers on common cadre were appointed to act even though no officer on common cadre is eligible to serve on acting appointment.

(d) The appointments on acting capacity were issued irregularly by the Chief officers since some of the officers were not eligible to serve on acting appointment and no evidence of approvals or delegation to chief officers by the CPSB were availed.

Risk implication

(a) The irregular appointment of officers to act in vacant offices compromises the legitimacy of the transactions facilitated by the officers and exposes the county to possible litigations and losses

(b) Paying acting allowance to ineligible officers exposes the county to loss of funds.

(c) Failure of the county departments to substantively fill the vacant positions for periods longer than six months undermines the efficiency and effectiveness of service delivery since the persons acting irregularly lack the confidence and authority to execute the responsibilities of the offices.

Recommendations

The county departments to:

(a) Initiate competitive filling of the vacant posts through the CPSB.

(b) Vacate all letters of acting appointment issued irregularly to officers.

(c) All the acting appointments be reviewed to conform to the provisions of section 64 of the County Government Act, 2012.

(d) Effect recoveries of all the acting allowances paid irregularly to officers.

3.5.3 Staff Promotions

Promotion means the conferment upon a person in the public service of an office to which is attached added responsibility, higher salary or higher salary scale than that attached to the office to which the person was last substantively appointed.

An officer is eligible for promotion if the officer possesses the requisite qualifications, competencies, experience and skills necessary to perform the duties of the higher post. An officer serving on contract, probation and temporary terms is not eligible for promotion.

Article 232 (1) (g) of the Constitution states that promotions in the public service shall be based on fair competition and merit. Further, the promotions made shall ensure that men and women, members of all ethnic groups and persons with disabilities are given adequate and equal opportunities. For County Governments, 30% of the promotions shall comprise persons from the non-dominant communities.

Section B.25 (1) of the Human Resource Policies and Procedures Manual, 2016 requires that promotions in the public service should be based on qualifications and other requirements for appointment as stipulated in the career progression guidelines.

Observations

(a) An analysis of the IPPD transactions showed that 1,088 officers benefitted from elevation to higher grades at different points without promotional appointments from CPSB. ***(Appendix VI)***

(b) Records from the CPSB indicated that 158 officers were promoted during the audit period.

Findings

(a) More officers benefitted from elevated payments at different times than were promoted by the CPSB.

(b) The number of officers promoted and confirmed from the records held by the CPSB was 158 officers.

Risk Implications

(a) Payment of salaries at elevated grades without approval by the CPSB is fraudulent and irregular and may lead to loss of funds by the County Government through inflated wage bill.

(b) Lack of effective checks and controls in the operation of the IPPD system exposes the system to manipulation and abuse and may lead to irregular payments and loss of funds.

Recommendations

The County Government to:

(a) Undertake investigations to establish the circumstances under which the 1,088 officers received elevated payments at different points during the period under review.

(b) Strengthen checks and controls on the IPPD system to ensure that no officer can unilaterally and arbitrarily make any changes in payments in the IPPD system.

(c) Effect recoveries of any irregular payments of salaries and allowances that may have been paid to any of the 1,088 officers.

(d) Institute disciplinary action on officer(s) who may have occasioned the irregular payments to the 1,088 officers.

3.5.4 Fluctuations in Pay Grades

An analysis of the IPPD system revealed that some officers were moved to different job grades at different times in the review period without corresponding authority from the CPSB.

Observation

It was established that 109 officers were downgraded during the review period.

Finding

There were no minutes from the CPSB to support the downgrading of the 109 officers. ***(Appendix VII)***

Risk Implications

(a) Arbitrary downgrading of officers may lead to lowering of staff morale leading to underperformance of officers.

(b) Arbitrary downgrading may expose the County to possible litigations with attendant penalties to the County Government leading to unnecessary loss of funds.

(c) Failure to involve the CPSB in the downgrading of officers undermines the mandate of the Board in the execution of HR functions.

(d) Lack of effective checks and controls in the operation of the IPPD system exposes the system to manipulation and abuse and may lead to irregular payments, loss of funds and loss of confidence in the management of county finances.

Recommendations

The County Government to:

(a) Investigate the circumstances leading to downgrading of the 109 employees.

(b) Undertake periodic audits to monitor personnel changes in the IPPD system to ensure that all alterations in the payroll are duly authorized.

(e) Undertake investigations to establish the circumstances under which the 109 officers were downgraded during the audit period.

(f) Effect recoveries of any irregular payments of salaries and allowances that may have been paid to the 109 officers.

(g) Institute disciplinary action against any officer who may have occasioned irregular payments to the 109 officers.

(h) Strengthen checks and controls on the IPPD system to ensure that no officer is able to unilaterally and arbitrarily make any changes in payments in the IPPD system.

3.6 Disciplinary Control

Article 47 (1) of the Constitution on fair administrative action provides that every person has the right to administrative action that is expeditious, efficient, lawful, reasonable and procedurally fair.

Section K.3 (1) of the Human Resource Policies and Procedures Manual, 2016 provides that disciplinary cases in respect of affected officers should be dealt with promptly and resolved within Six (6) months.

An officer may be subject to disciplinary action if the officer has violated service regulations, code of conduct or any laws.

The discipline process involves:

(a) Reporting of misconduct against an officer;
(b) Issuance of a 'show cause letter' on the alleged misconduct;
(c) Where it is found necessary to interdict or suspend an officer;
(d) The officer shall be given a minimum of ten (10) days within which to respond to the charges specified in the show cause letter.
(e) officer's response to the allegations;
(f) Presentation of the case to DHRMAC for deliberation and recommendation.
(g) Appointment of an investigation team by the Authorized Officer;
(h) Presentation of the investigation report to DHRMAC for deliberation and recommendation;
(i) Issuance of fresh show cause letter to the officer where necessary;
(j) Appointment of the panel by DHRMAC to hear the case;
(k) Presentation of the hearing report to DHRMAC;
(l) Forwarding of DHRMAC recommendations to the Authorized Officer;
(m) Presentation of the DHRMAC recommendations to CHRAC;
(n) Presentation of the CHRAC recommendations to CPSB;
(o) Review of CHRAC decisions by the CPSB;
(p) Confirmation of or variance of CHRAC decisions;
(q) Communication of CPSB decision to the Authorized Officer; and
(r) Hearing and determination of appeals and reviews by the CPSB.

3.6.1 Staff on Discipline

Once an officer is placed on discipline, the IPPD system should be updated to reflect the disciplinary status of the officer. An analysis of the IPPD payroll against information received from the county departments revealed the following:

Observations

(a) The county departments reported a total of 24 officers to be on discipline but this information had not been reflected in the IPPD system.

(b) Of the 24 officers reported as undergoing disciplinary action, it was indicated that 6 were on interdiction, 2 were on suspension, 11 were on salary stoppage, and no action had been taken against 5 officers.

(c) Of the 24 officers reported to be on discipline by the county departments, 16 were reflected in the IPPD system as earning full pay at different times totalling Ksh. **989,326.95**.

(d) Two of the officers had been on a prolonged interdiction from August 2020 to April 2024, a period of over 45 months contrary to the requirements outlined in the Discipline Manual for the Public Service, which provides that disciplinary cases should be concluded within 6 months.

(e) The status of one of the interdicted officers was not provided.

Findings

(a) There was an inconsistency in the records maintained by the county departments and those in the IPPD system regarding the status of disciplinary cases.

(b) The 16 officers who county departments reported to be on discipline were still on full pay.

(c) In the absence of the requested data on manual payrolls, it was not possible to confirm or verify the authenticity or validity of the 8 eight officers not found in the IPPD system.

(d) The 24 officers who the county departments reported to be on discipline were still on full pay. ***(Appendix VIII)***

(e) Two officers had been subjected to prolonged interdictions for over 45 months, exceeding the 6 months provided in the discipline procedures manual.

Risk Implications

(a) The inconsistency in the reconciliation of disciplinary records between the County departments and the IPPD system exposes the County Government to loss of funds through irregular payments to officers on discipline.

(b) The continued payment of full salaries to officers on interdiction may result in the county losing funds should the disciplinary cases end up in dismissals.

(c) The non-adherence to the prescribed timelines in the disciplinary procedures may expose the county to litigations and loss of funds through court fines.

Recommendations

(a) Establish the status of all disciplinary cases in the county departments and confirm whether they are reflected in the IPPD system
(b) The County Government to undertake a reconciliation of discipline records between the county departments and the IPPD system.
(c) The County Government to harmonize the operations of HR functions between the DHRMAC, CHRAC and the CPSB.
(d) The CPSB to take disciplinary action against officers who may have occasioned irregularities or facilitated fraud in accordance with Section 75 of the County Government Act, 2012.
(e) Expedite the finalization of staff discipline cases in the county.

3.6.2 Salary Stoppages

An officer's salary may be stopped fully or partially depending on the circumstances warranting the stoppage. The salary of an officer may be partially stopped if an officer is on interdiction, suspension, or prolonged sick leave. Salary stoppages must be sanctioned by the relevant HR committee and captured in the committee minutes.

Salary stoppage may occur where an officer:

(a) Has undergone a disciplinary process and a sanction of dismissal has been imposed and the officer is removed from the payroll;
(b) Has been absent from duty for more than 10 days and efforts to trace the officer have been unsuccessful or the officer has not responded to a charge of absence without leave;
(c) Has passed away;
(d) Has resigned from office;
(e) Is on unpaid leave;
(f) Is on prolonged sick leave;
(g) Is on secondment;
(h) Is on transfer to another organization; and
(i) Where terms of service may have changed.

An analysis of the IPPD system staff register revealed the following:

Observations

(a) There were 29 cases of salary stoppages out of which 26 cases related to absence from duty and 3 for non-compliance during the review period. These cases had exceeded 6 months allowed under the HR Policies and Procedures Manual.
(b) There were no corresponding entries in the disciplinary module of the IPPD system, showing that the officers whose salaries had been stopped were placed on interdiction or a disciplinary process had been commenced.

Findings

(a) There were 29 cases of salary stoppages exceeding 6 months without corresponding entries in the IPPD system, which is against the provisions of the Discipline Manual for the Public Service. ***(Appendix IX)***

Risk Implications

The continued stoppage of salaries of the 29 officers without corresponding disciplinary action beyond the 6 months provided for in the Discipline Manual for the Public Service exposes the County Government to possible litigations by affected officers. This may lead to court cases resulting in penalties and may occasion loss of funds to the county.

Recommendations

The County Government to:

(a) Confirm the circumstances of the salary stoppages and expedite the disciplinary action, if any; and

(b) Review all cases of salary stoppages and ensure proper conformity with the requisite HR practice.

3.6.3 Prolonged Sick Leave

Section E 11. (2) of the Human Resource Policies and Procedures Manual provides that all officers on pensionable or contract terms of service are granted up to Three (3) months leave on full pay followed by Three (3) months on half pay and thereafter the officer will not be eligible for salary payment.

If the officer is unable to resume duty within the first Three (3) months of sick leave, the Authorized Officer will refer the case to the Director of Medical Services to convene a Medical Board. On the expiry of the Six (6) months, the officer cannot be reinstated in the payroll until the case is determined as provided above.

Once an officer is placed on prolonged sick leave, the officer's status should be updated in the IPPD system to avoid payment of salary beyond the allowed period.

Observations

(a) A total of eight (8) officers were reported to be on prolonged sickness for periods exceeding 6 months with some being on sick leave since 2019.

(b) The 8 officers on prolonged sickness had not been reflected as such in the IPPD system hence were still on full salary.

Finding

The 8 officers were paid full salary while on prolonged sick leave against policy requirements. ***(Appendix X)***

Risk Implication

Failure to reflect the sick leave status of the officers in the IPPD registers may lead to continued payment of full salary against the policy provisions resulting in the loss of funds by the County Government.

Recommendation

The County Government to establish the circumstances under which the officers on prolonged sickness were not reflected in the IPPD staff register as appropriate.

CHAPTER FOUR

PAYROLL PROCESSES

4.1 Introduction

This chapter presents observations, findings, risk implications and recommendations of the payroll audit conducted in the County public service of Nandi.

4.2 Payroll Management

Section 12(1)(e) of the PFM Act 2012 mandates the National Treasury to design and implement an efficient financial management system for both national and county governments, ensuring transparent financial management and standard financial reporting, in line with Article 226 of the Constitution. The regulations prescribed by the National Treasury respect and promote the distinctiveness of the national and county government operations.

4.2.1 Integrated Payroll and Personnel Database

Payroll management is a key HR function that requires uniform norms and standards to ensure correctness, completeness, consistency and transparent management of employee remuneration. To achieve this, the IPPD system is designed to automate and streamline the payroll process to minimize manual intervention and potential errors.

The Government utilizes the Integrated Payroll and Personnel Database (IPPD) system for payroll management. The IPPD system includes modules for establishment control, payroll administration, education and skills, and budgeting for personal emoluments. It maintains a comprehensive staff registers with employee biodata, employment, and deployment information.

The payroll process is governed by the principle of requisite authority, ensuring transparency and accountability in all decisions. The Head of HR is responsible for ensuring that authorized officers duly approve all changes or entries introduced or effected into the human resource management information systems and specifically on the IPPD payroll system.

The guidelines for the IPPD system require Five (5) personnel to modify the data capture sheet to maintain data accuracy, consistency and completeness. The process involves modification, authorization, data entry and verification. This ensures necessary modifications and approvals on the authorized data capture sheet are not undertaken by one person to promote data integrity, credibility and accountability in the payroll process.

4.2.2 Basic Salary

On appointment, an officer is paid a full salary from the date of assumption of duty. Appointment in the service includes both initial appointment and appointment to a higher position through promotion.

Observations

(a) There was an abnormal fluctuation in the number of employees in the IPPD system over the review period.

(b) No employees were paid using the IPPD system in September 2023.

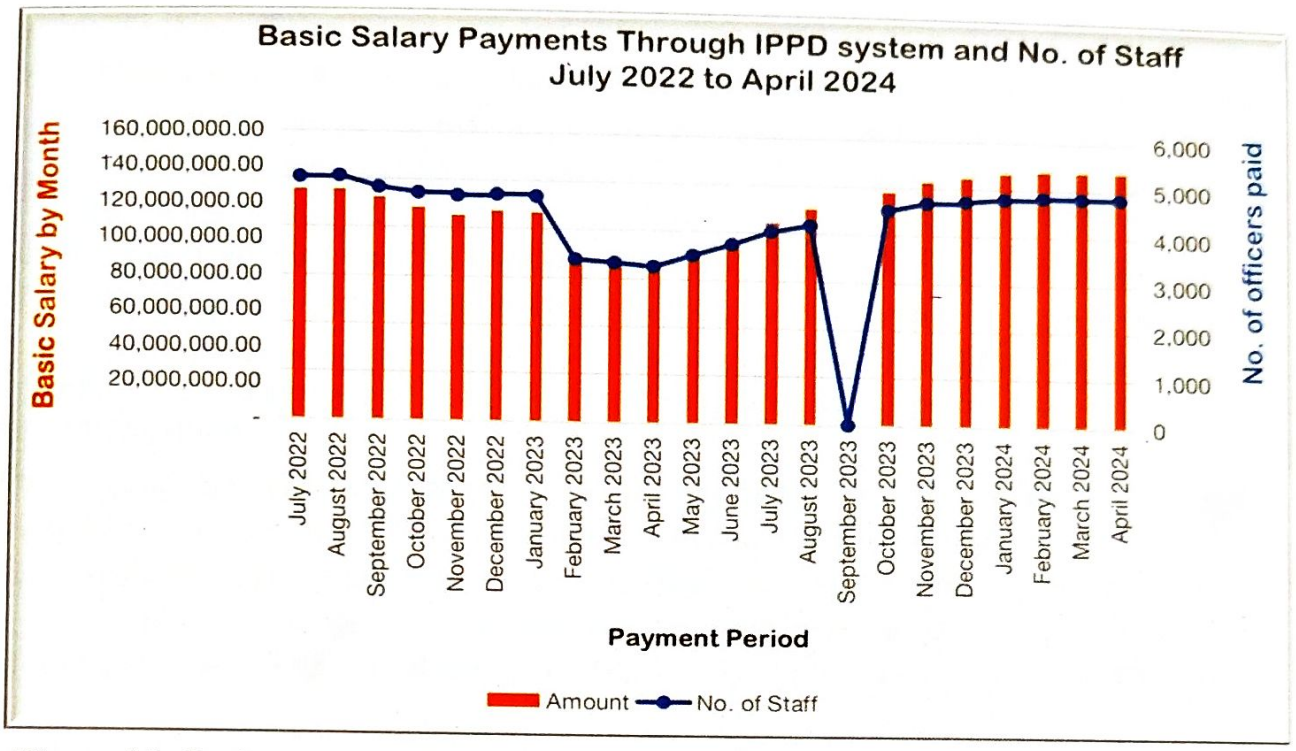


Figure 4.1: Basic salary payments through the IPPD system

Findings

(a) The number of employees paid through IPPD system decreased between January 2023 and April 2024 from 4,672 employees to 3,245 employees, a margin of 30.54%.

(b) The numbers rose again steadily to a peak of 4,814 in April 2024, an increase of 48.35%.

Risk Implications

(a) The abnormal fluctuation presents a possibility of fraudulent activities or budgeting challenges.

(b) It is impossible to determine the particulars of payments for the month of September 2023; hence the County could have been exposed to irregular payments.

Recommendations

The County Government to:

(a) Investigate what may have occasioned the fluctuation in the number of employees that were paid under the IPPD system between January 2023 and April 2024; and

(b) Audit the payments made to employees in September 2023 to establish regularity.

4.2.3 Hardship Allowance

Payment of hardship allowances is made to compensate employees serving in hardship areas for the difficulties they undergo while rendering services to the residents of those areas. An officer deployed in a designated hardship area is eligible for payment of hardship allowance as determined by the SRC from time to time. In Nandi County, the Tinderet sub-county is designated as a hardship area and therefore officers serving in this sub-county are eligible for payment of hardship allowance.

Observations

(a) The number of officers who received hardship allowance during the period under review grew from 315 in July 2022 to 585 in April 2024, an increase of 85.71%. ***(Appendix XI)***

(b) There was a sharp increase between November 2023, which rose by 72.57%, from 339 to 585 in April 2024.

(c) The least amount paid in hardship allowance was in April 2023 at Ksh. 2,208,700.00 and the highest amount was Ksh. 4,598,400.00 in April 2024, an increase of 108.20%.

(d) Officers were not mapped on the IPPD system against their areas of deployment save for Tinderet sub-county, a designated hardship area.

(e) Changes were made in the IPPD system without a duly signed IPPD data capture sheet.

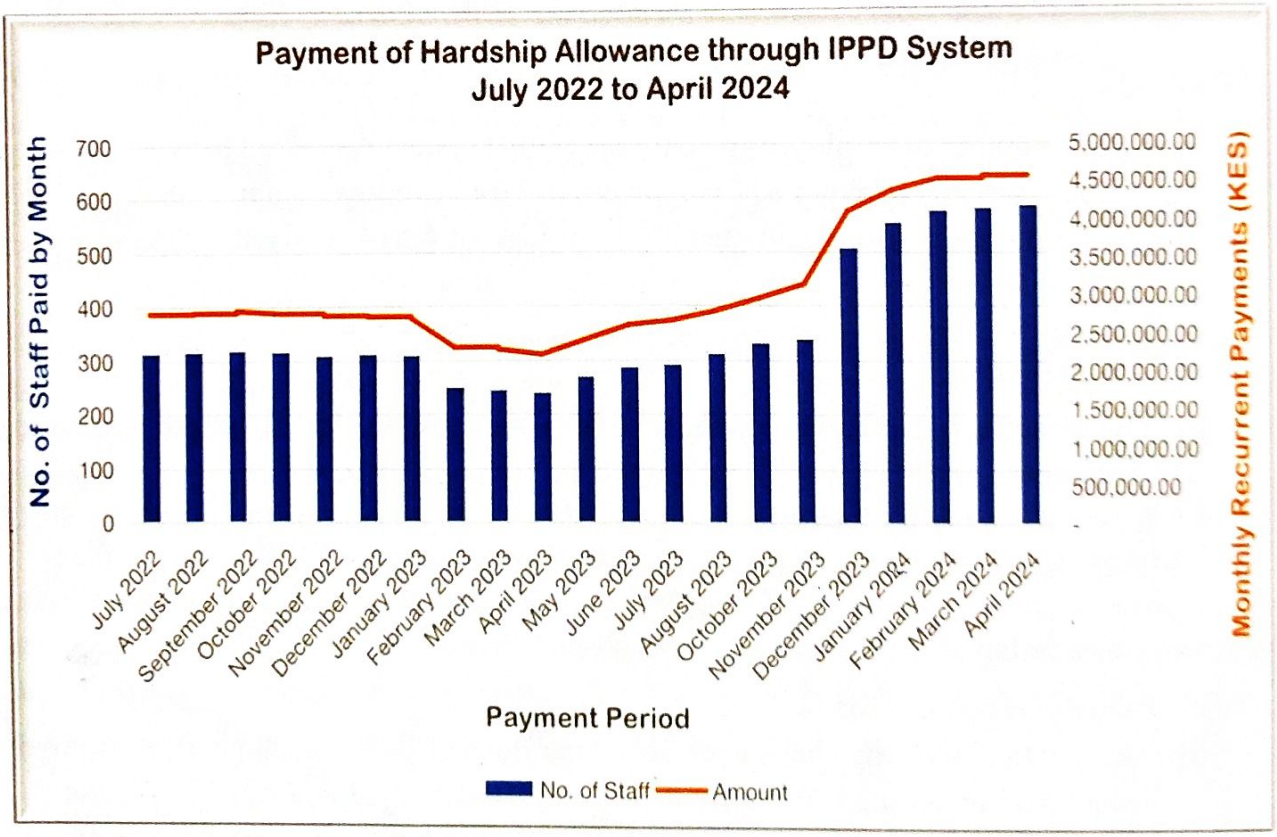


Figure 4.2: Payment of hardship Allowance

Findings

(a) In the absence of duly signed data capture sheets it was not possible to establish the regularity of payment of hardship allowance.

(b) The number of officers receiving hardship allowance increased astronomically during the review period while the number of officers transferred to other parts of the county over the audit period was only 54 officers.

(c) The amount paid for the hardship allowance doubled during the review period.

(d) In the absence of proper mapping of officers against their deployment/workstations in the IPPD system, it was not possible to establish whether there was duplicity in payments or non-payments to eligible officers serving in the designated hardship area.

(e) It could not be established whether all the officers who were paid the hardship allowance were stationed in Tinderet sub-county as of the dates they received their hardship allowance.

Risk Implications

(a) Changes in the IPPD system without duly signed data capture sheets expose the County Government to irregular payments and loss of funds.

(b) Failure to map employees in the IPPD system to their correct workstations exposes the County Government to a likelihood of mapping of ineligible employees to the designated hardship area resulting in irregular payments of hardship allowance.

Recommendations

The county government to:

(a) Review payment of hardship allowance through payroll cleansing and staff headcount officers serving in the Tinderet sub-county.

(b) Investigate and effect recoveries from officers irregularly paid hardship allowance, if any.

(c) Ensure that any changes made in the IPPD system are duly documented and authorized.

(d) Ensure that all employees are properly mapped in the IPPD system in accordance with their workstations.

(e) Disciplinary action be taken against the officer(s) who may have occasioned the irregular payments.

4.2.4 Special Salary

Special salary refers to salaries paid outside the pay bands against those authorized by SRC.

Observations

(a) The highest number of ECDE teachers (1,847) were paid special salaries in January 2023.

(b) There is no policy that guides the payment of special salaries.

Findings

(a) The number of ECDE teachers paid special salaries ranged from 1,847 in January 2023. ***(Appendix XII)***

(b) The lowest number of ECDE teachers (1,249) were paid in May 2023.

(c) SRC Clarification through a press release dated 7th February 2023 guiding on payment of ECDE teachers provides salary scales for the lowest cadre of ECDE teachers outside Nairobi as between Ksh 13,211 and Ksh. 14,092

(d) ECDE teachers in Nandi County earned between Ksh. 15,500 to 22,500 per month

(e) There was no evidence of authority from SRC, to pay higher salaries to ECDE teachers in Nandi County beyond the stipulated rates.

(f) The cumulative special salary paid monthly ranged from a high of Ksh. **29,199.475** in January 2023 to a low of Ksh. **18,406,500** in April 2023, representing a decline of 36.96%. This excludes payments for September 2023 where no IPPD system payment data was availed.

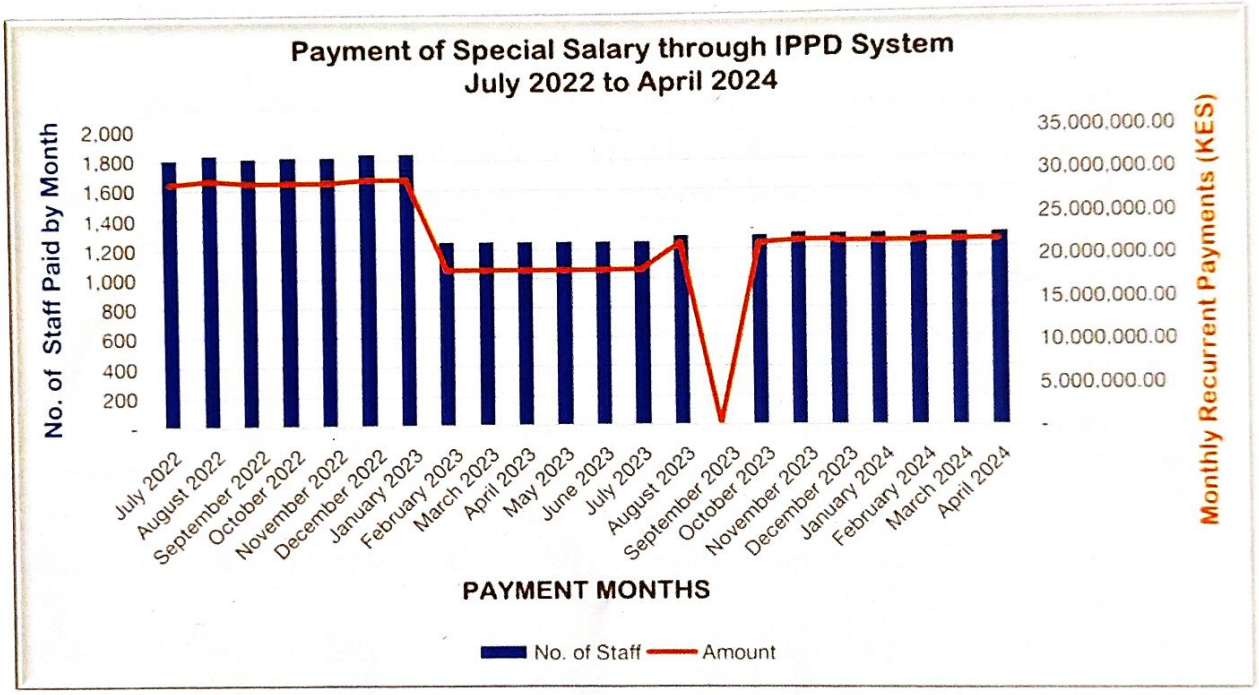


Figure 4.3: Payment of Special Salary through IPPD system

Risk Implication

Non-adherence to SRC guidelines on payment of ECDE teachers exposes the County Government to a likelihood of loss of funds through irregular payments.

Recommendations

The County Government:

(a) To undertake an investigation to confirm the particulars of the payees and the justification for the special salary.

(b) To undertake urgent corrective measures including recoveries of irregular special salary payments where such is established.

(c) To institute disciplinary proceedings for any person found culpable of facilitating irregular payment of special salary.
(d) Implement SRC guidelines for payment of ECDE teachers.
(e) To ensure all vacant posts advertised are against specific terms and conditions of service

4.2.5 Transfer Allowance

A transfer occurs when an officer is deployed from one duty station to another. An officer is eligible for payment of transfer allowance if he or she is transferred from one station to another where the distance between the two stations is more than 40 kilometres. The allowance rate is equivalent to One (1) month's basic salary payable at least Three (3) days before departure. The following officers are not eligible for payment of transfer allowance:

(a) Field officers such as surveyors, hydrologists, engineers, geologists, and inspectors of works, when moving from one camp to another;
(b) Officers who are deployed on a temporary basis (i.e. on relief duty) for a period not exceeding Five (5) months; and
(c) Officers who are transferred at their own request.

Observations

(a) A total of 54 officers were paid transfer allowances over the audit period. ***(Appendix XIII)***
(b) A total of Ksh. **2,445,930.00** was paid to the 54 officers transferred.
(c) Most of the payments were made in October 2023 and November 2023 and January, February and March, all in 2024.
(d) Staff deployments in the County Government are done by the County Secretary, who is also the Chairperson of CHRAC.
(e) There were no Minutes of CHRAC meetings or copies of transfer letters to support the payment of the transfer allowances.

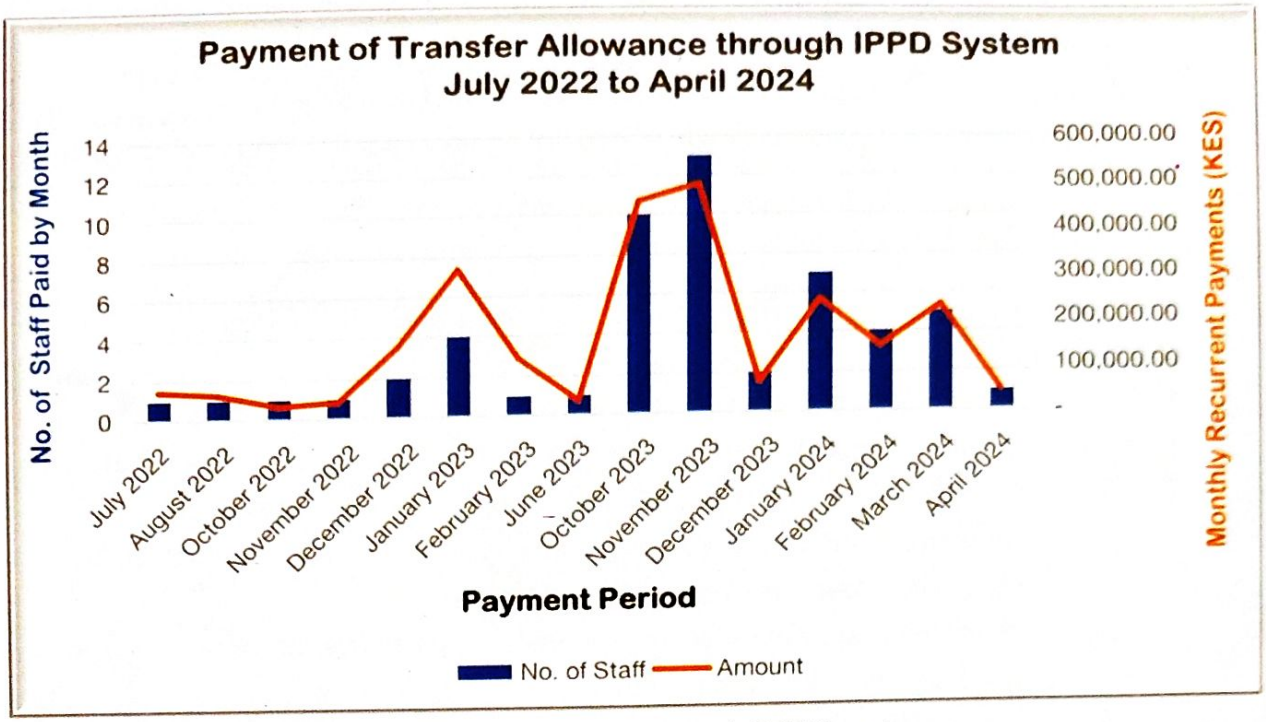


Figure 4.4:Payment of Transfer Allowance through IPPD system

Findings

(a) The analysis of IPPD payroll established that there was a spike in payment of transfer allowance in the months of January, October, November, 2023 and January and March, 2024.

(b) No CHRAC meeting minutes were availed to support the transfers.

Risk Implications

(a) Absence of supporting CHRAC minutes on transfers could mean that no transfers took place and if transfers were effected they were not authorized. This may have exposed the County Government to payment of transfer allowances where no transfers took place.

(b) There was no staff mapping in the IPPD system against County Departments and therefore it was not possible to tell whether actual movements of staff on transfer took place. Payments may have been made to staff who may not have moved on transfer or qualified for payment of transfer allowance if they moved.

Recommendations

The County Government to:

(a) Establish whether the officers paid transfer allowance had been transferred to a different station, given the lack of CHRAC minutes and IPPD system departmental mapping to support the deployments.

(b) Initiate investigations and recoveries of any monies that may have been paid irregularly to officers not transferred to other duty stations.

(c) Take disciplinary action against any officer who may have occasioned payments of irregular transfer allowances.

4.2.6 Salary Arrears

(a) Payment of arrears to an employee may occur in the following circumstances:

(i) Delay in the introduction of new employees into the payroll;

(ii) Delay in effecting promotions;

(iii) Lifting of interdiction or suspension in respect of officers whose salaries may have been withheld while undergoing discipline.

(iv) Irregular deductions.

(v) While implementing a delayed collective bargaining agreement.

(b) Payment of arrears is expected to be made as a one-off payment, which is computed manually.

Observations

(a) There were 83 new appointments during the period.

(b) There were 158 officers promoted during the period.

(c) There was no implementation of a new collective bargaining agreement.

(d) There was a sharp spike in the payment of salary arrears in July and August 2023.

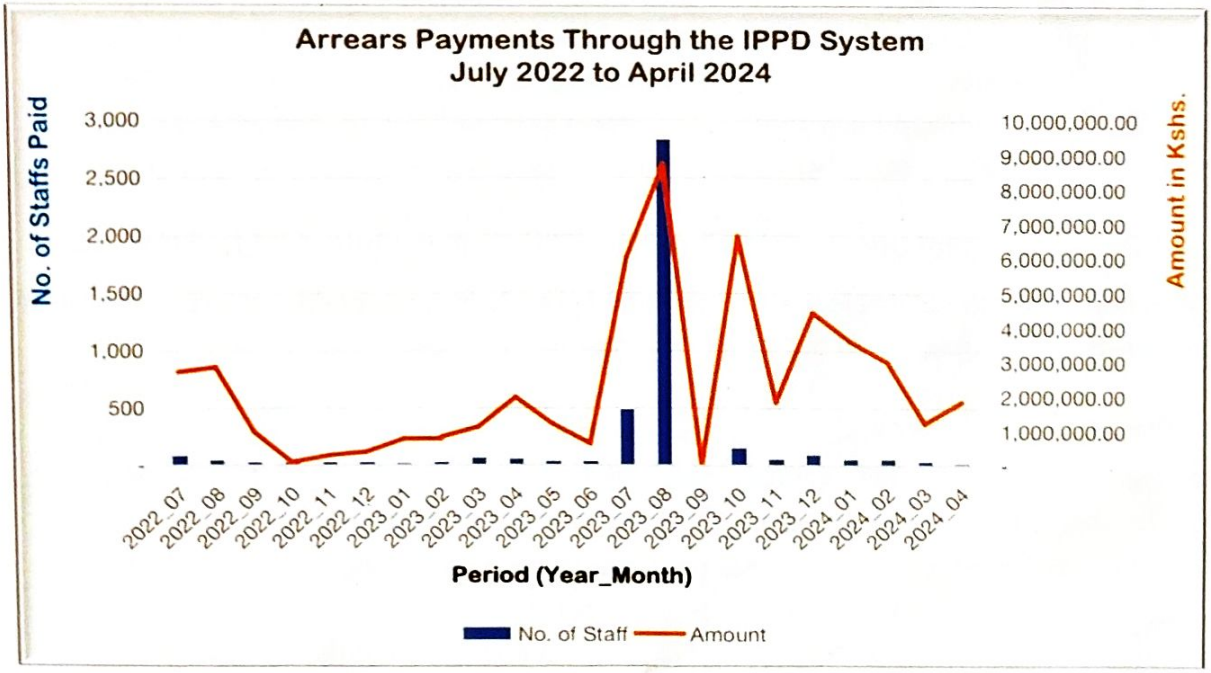


Figure 4.5:Payment of Arrears through IPPD system

Findings

(a) During the period under review, a total of 3,048 officers were paid salary arrears amounting to **Ksh. 50,885,038.45** against a total of 226 officers appointed and promoted. ***(Appendix XIV)***

(b) The payroll analysis established that 417 officers were paid more than once an amount of **Ksh. 29,970,341.45** salary arrears during the audit period.

(c) Of the 417 officers paid more than once, 47 were paid salary arrears 3 to 7 times during the review period.

(d) Two of the officers paid arrears received salary arrears 6 and 7 times respectively.

(e) Most of the arrears were paid in July, August and October 2023.

(f) No CPSB or CHRAC minutes were availed to support payment of the salary arrears.

Risk Implications

(a) Payment of salary arrears without the approval of CPSB and CHRAC exposes the County to likely loss of funds through irregular payments of salary arrears.

(b) The high number of officers paid salary arrears, which did not correlate with the number of new appointments or promotions means that ineligible officers may have been paid salary arrears leading to loss of funds by the County.

(c) The repeated payments of salary arrears to the 47 officers means that some of the officers may have benefited from payments more than they were eligible for and therefore leading to loss of funds by the County Government.

Recommendations

The County Government to ensure that:

(a) All payments of salary arrears are supported by CPSB or CHRAC through signed minutes.

(b) Recover any salary arrears that may have been paid irregularly from the officers who benefitted.

(c) Initiate disciplinary action on officers who may have occasioned the irregular payment of salary arrears.

4.3 Personnel Emoluments Paid Through IPPD System (July 2022 to April 2024)

Personnel emolument refers to recurrent expenditure on monthly salaries and allowances payable to employees.

Observations

(a) A total of 5,048 employees were paid salaries in August 2022 compared to 3,245 in April 2023, a decrease of 1,803 employees (35.7%)

(b) The number of employees paid rose from 3,245 in April 2023 to 4,819 in February 2024, an increase of 1,574 employees (48.5%).

(c) The total number of employees appointed was 83 and the number of exits within the same audit period was 216.

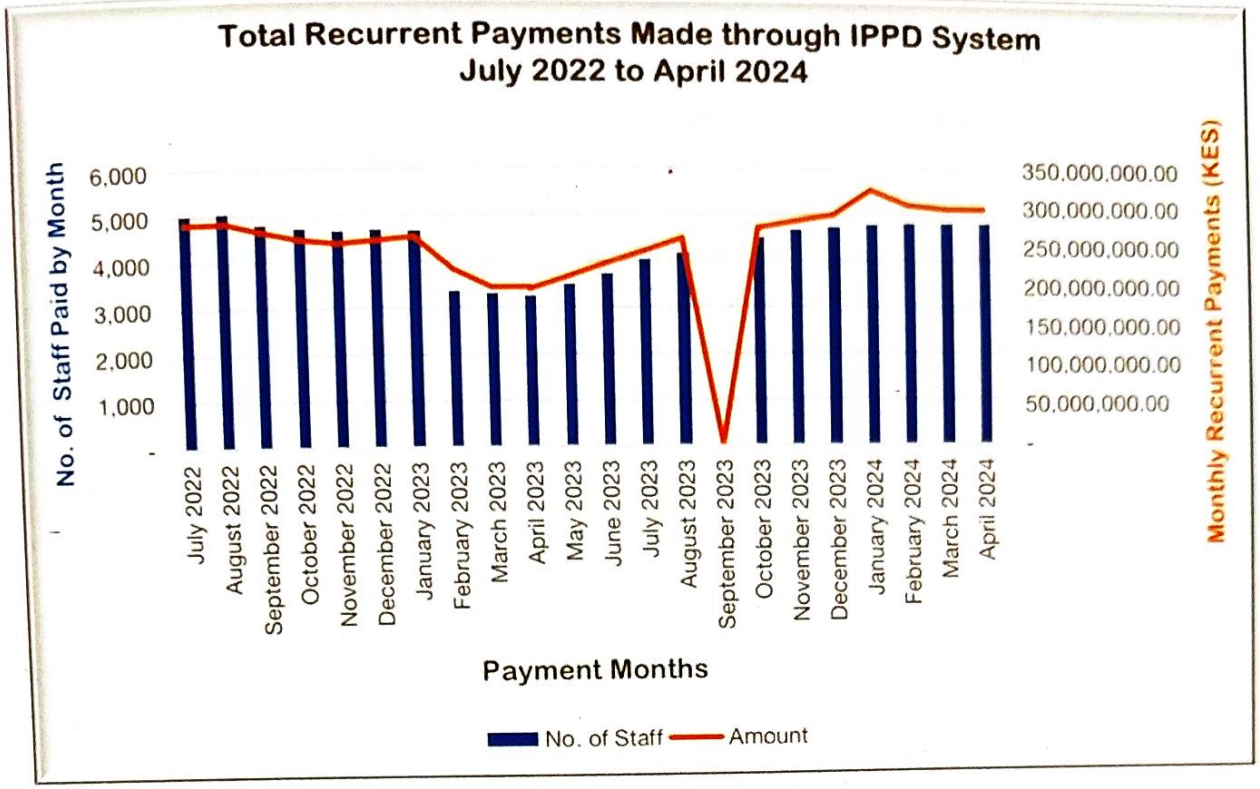


Figure 4. 6:Total Recurrent Payments made through IPPD system

Findings

(a) Although the number of employees paid remained almost constant between November 2023 and April 2024, the amount paid increased from Ksh. **282,622,590 to Ksh. 322,007,609** a difference of Ksh. **39,385,019 (13.95%).**

(b) The decrease of 1,803 employees cannot be accounted for by the 216 reported exits over the review period. Without supporting documents on the difference of 1,587 employees, the circumstances of the decrease could not be established.

(c) The increase of 1,574 employees cannot be accounted for by the 83 new appointments made during the same period. Without supporting documents on the difference of 1,491 employees, the circumstances of the increased number of employees could not be established.

(d) There was no significant increase in the number of new employees who joined service within the review period or number of employees who exited service to warrant the high fluctuation of the number of employees and increase in salaries payments.

Risk Implications

There is a likelihood that the County Government may have lost funds on payments to non-existent employees or duplicated payments.

Recommendations

The county government to:

(a) Undertake a re-deployment of employees in County human resource management and payroll units.
(b) The County Government to undertake:
    (i) A comprehensive staff audit including head count;
    (ii) A reconciliation of the staff registers and the IPPD payroll; and
    (iii) A reconstruction and re-installation of the IPPD system.
(c) The County Government to discontinue the use of manual payrolls with immediate effect.
(d) All appointments, promotions, and exits be supported by duly signed minutes from the CPSB and CHRAC.
(e) All changes in the IPPD system to be backed by duly signed data capture sheets.
(f) Capacity building be undertaken for employees in the CPSB, County human resource management, payroll unit and County records management.
(g) All management staff to undergo report and minute writing training.

4.4 On-boarding of New Employees into the IPPD System

New employees are introduced into the staff register using unique personal numbers which are centrally generated and managed by the State Department of Public Service. The unique personal numbers are used for identification and expire when the employee exits service.

To obtain personal numbers, the County formally requests the State Department for allocation of personal numbers in a prescribed format. Once the details of the new employees are forwarded to the State Department, the personal numbers are generated and allocated to the respective employees and authority is granted for inclusion in the County staff register. Evidence of appointment is a prerequisite for allocating personal numbers and subsequent introduction into the payroll and staff register.

An analysis of the IPPD system against the list of new appointments provided by the CPSB for the period 1st July 2022 to 30th April 2024, revealed the following:

Observations

A total of seventy-two (72) officers whose details were not in the list of new appointments provided by the CPSB were introduced into the IPPD system.

Finding

Seventy-two (72) officers were introduced into the IPPD system without the authority of the CPSB. ***(Appendix XV)***

Risks Implication

Introduction of persons into the payroll system without the authority of the CPSB is irregular. Any payments made to such persons amount to unauthorized payments resulting in the loss of funds by the County Government, which unduly inflates the wage bill.

Recommendations

The county government to:

(a) Investigate the circumstances under which the 72 persons were introduced in the IPPD system without CPSB approval.

(b) The 72 people introduced into the IPPD system to be expunged from the system.

(c) Disciplinary action be taken against the officers who occasioned the irregular introduction of the persons into the IPPD system.

(d) Action be initiated for recovery of the amount of money paid as salaries and benefits to the 72 persons introduced and paid through the IPPD system.

4.5 Payment of Salaries outside the IPPD System

Although the Government requires that salaries be paid through the IPPD system, the audit exercise revealed that some staff were paid using manual payrolls. The circumstances under which the staff may be paid outside the IPPD system are limited and include staff who may not have been assigned personal numbers.

Two sets of data were provided for analysis, one by the CECM in charge of Administration, Public Service, and ICT and the other by the County Payroll Manager.

Observations

(a) The audit team requested for the manual payrolls for 22 months covering the scope of the audit period but were granted access to only manual payrolls for the three months of February, March and April 2024.

(b) For the month of February 2024:

(i) The list provided by CECM had Twenty-Two (22) more officers than the one provided by the Payroll Manager.

(ii) A total of Ksh. **1,440,040.65** was paid to the Twenty-Two (22) officers. **(A)**

(c) For March, 2024:

(i) The list provided by CECM had Thirty (30) more officers than the one provided by the Payroll Manager.

(ii) A total of Ksh. **2,161,595.75** was paid to the Thirty (30) officers. **(B)**

(d) For April, 2024:

(i) The list provided by CECM had Twenty (20) more officers than the one provided by the Payroll Manager.

(ii) A total of Ksh. 1,470,724.90 was paid to the Twenty (20) officers.

(iii) Payment details of one of the Twenty (20) officers appeared twice. **(C)**

Findings

(a) The manual payrolls for most of the months (19) were not availed for audit (July 2022 to December 2023, and January 2024)

(b) The manual payrolls provided by the CECM Public Service had 72 more employees than the manual payrolls for the same months presented by the payroll manager. ***(Appendix XVI A, B, C)***

(c) The differences in the number of employees paid using the manual payroll may have occasioned a cumulative loss of **Ksh. 5,072,361.30** by the County Government for the 3 months.

Risks Implication

Manual payroll system is prone to manipulation and abuse and may lead to loss of public funds as there are no proper controls.

Recommendations

The county government to:

(a) Establish why the manual payrolls for the 19 months were not availed for audit.
(b) Institute an Audit of the manual payrolls for July 2022 to December 2023.
(c) Urgently migrate all employees' payments to the IPPD system for better control.
(d) Investigate and effect recoveries from officer(s) irregularly paid for the 3 months.
(e) Disciplinary action be taken against the officer(s) who occasioned the irregular payments.

4.6 Retention of Exited Staff in the Payroll

Exit from service includes separation through retirement, dismissal, resignation, transfer of service, expiry of contract, termination of contract or death. Staff registers were obtained from County Departments and analysed against the IPPD system data.

Observations

(a) A total of 40 officers who were reported to have exited from the service between 2022, and March 2024 were still on the IPPD payroll in April 2024.
(b) Some of the 40 officers who had exited service in July 2022 were still on the payroll as of 30/04/2024.
(c) The 40 officers reported to have exited service were paid a total of **Ksh. 2,577,871.45**.

Findings

(a) A total of 40 officers were irregularly paid salaries after they had exited service. ***(Appendix XVII)***
(b) The County Government may have lost funds through irregular payment of salaries to officers who had exited service.

Risk Implication

Continued retention of officers who had exited service in the payroll exposed the County to irregular payments leading to loss of funds and inflated wage bill.

Recommendations

The County Government to:

(a) Initiate recovery of lost funds from the officer(s) who occasioned the loss.

(b) Undertake an audit of the IPPD system to establish the authority for extension of payments for staff who had retired or whose contracts had expired.

(c) Undertake regular payroll audits and cleansing.

4.7 Restoration of Personal Numbers for Staff who Exited Service

Where an employee exits service and the personal number expires, the Head of HR who is also the Payroll Manager may restore the expired personal number upon request by the authorized officer or Head of County Public Service. The restoration of the expired personal numbers may require the Head of HR to seek clarification from the officer's previous employer on the status of clearance of the new employee on exit from that organization.

Observations

(a) Six (6) officers who had exited the service had their personal numbers restored and 2 of them were re-introduced into the payroll. ***(Appendix XVIII)***

(b) Of the 2 officers who were re-introduced into the payroll, one (1) is still being paid.

(c) Four (4) of the 6 officers whose numbers had been restored had not been introduced to the payroll.

Finding

Even though personal numbers for the 4 officers had been restored they had not been activated in the payroll.

Risk Implications

Restoration of staff personal numbers presents a risk where if the staff may not have taken the appointments, the restored personal numbers may be activated and used to effect irregular payments leading to loss of funds.

Recommendation

The County Government to undertake an audit of all cases where restoration of personal numbers was effected.

4.8 PAYE Exemption for Persons with Disabilities

The Government offers a PAYE tax exemption for employed individuals with disabilities under the Persons with Disabilities Act, 2003, and the Income Tax Act. This tax relief aims to support the employment of persons with disabilities by easing their tax obligations. To qualify, individuals must register with the National Council for Persons with Disabilities (NCPWD) and obtain a disability certificate from the Kenya Revenue Authority (KRA). Once approved, the first **Ksh. 150,000** per month, or **Ksh. 1.8 million** annually of the individual's income is

exempt from PAYE tax. This exemption facilitates economic inclusion and reduces financial pressure on Persons with Disabilities (PWDs).

Observation

Eight (8) officers, all on permanent and pensionable terms, were found to have been exempted from PAYE. However, these individuals were not reflected as PWDs in the IPPD system.

Findings

(a) The circumstances under which these employees were granted exemptions despite not being designated as PWDs were not clear.

(b) The provision in the IPPD system that allows tax exemption was used to exempt the eight officers from paying PAYE tax. ***(Appendix XIX).***

Risk Implication

The provision in the IPPD system that allows an officer to make tax exemptions for persons being paid through the system may be susceptible to abuse allowing discretionary and arbitrary exemptions leading to tax loss.

Recommendations

The County Government to:

(a) Investigate and effect recoveries of taxes due from the eight (8) officers whose salaries were not taxed without justifiable reason(s).

(b) Disciplinary action be taken against officers who occasioned the irregularity.

(c) The provision in the IPPD system that allows tax exemption should be reviewed to introduce better checks and controls to eliminate discretionary and arbitrary entries.

4.9 Pre-Taxation of Salaries

A pre-tax means a deduction in an employee's gross compensation before taxation. It reduces the taxes owed by the employee and increases the take-home income. Persons with Disabilities (PWDs) enjoy tax-free salaries upon registration with the National Council of Persons with Disabilities (NCPWD) and application and receipt of a tax exemption certificate by the Kenya Revenue Authority (KRA).

The IPPD system includes a manual override function to accommodate special circumstances, such as paying salary arrears from backdated promotions. This pre-taxation feature allows system users to compute the due PAYE manually before entering it into the system, bypassing the automated calculations. While this feature is intended to fairly adjust for irregular income situations and protect low earners, it is susceptible to misuse. Unscrupulous users could potentially exploit this function to under-report and under-tax an individual's earnings, highlighting a need for strict oversight and controls.

Observation

Eight officers were not taxed PAYE on health workers' extraneous allowance totalling **Ksh. 1,065,000.00** between July 2022 and August 2023. ***(Appendix XX)***

Finding

PAYE is a statutory deduction payable by all employees to the Government.

Risk Implication

The government lost taxes due to failure to effect the PAYE deductions from the 8 employees on the health workers' extraneous allowances. This may be a pointer to a bigger problem of tax evasion within the County payroll management system.

Recommendations

The County Government to:

(a) To ensure due tax deductions are effected on all employee payments except those with tax exemption certificates from Kenya Revenue Authority.

(b) Initiate recoveries of non-deducted PAYE taxes and remit them to Kenya Revenue Authority.

(c) Take disciplinary action on the officer(s) who occasioned the non-deductions of PAYE taxes.

4.10 One-Third Basic Salary Rule

Section 19 (3) of the Employment Act, Cap 226 provides the total amount of all deductions which may be made by an employer from the wages of employees at any one time and which shall not exceed two-thirds of such wages or such additional or other amount as may be prescribed by the cabinet Secretary either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

To address the issue of over-commitment of salaries, the IPPD system was modified with effect from 1st October 2008 to implement the one-third basic salary rule. Under this rule, the payroll system is programmed to reject or cancel any deductions that exceed two-thirds of an officer's basic salary. This ensures that employees retain at least one-third of their basic salary, thereby safeguarding their financial well-being and preventing over-commitment and pecuniary embarrassment. The system, however, allows statutory deductions on salaries irrespective of the two-thirds basic salary rule.

Observation

The number of employees whose salary deductions exceeded the two-thirds limit, rose from 4 officers in January 2023 to 409 in April 2024, an increase of over 10,000%.

Finding

There was an astronomical increase in the number of employees whose basic salary deductions exceeded the statutory two-thirds rule.

Risk Implications

(a) Employees whose salary deduction exceeds the two-thirds rule are exposed to pecuniary embarrassment and may be demotivated at work and susceptible to corrupt practices.

(b) A continued increase of employees whose deductions in basic salary exceed the two-third rule, may undermine efforts to promote good governance practices in the public service including accountability, transparency and integrity. The demotivated workforce may also lead to inefficiency and ineffective delivery of public services.

Recommendation

The National and County Governments to review the implementation of statutory deductions against employees' basic salaries, which militates against the sustenance of the two-thirds basic salary rule.

4.11 Irregular Salary Entry Scale Points

A scale point refers to a specific level within a salary scale that defines the basic pay for a particular job group or grade. The scale points are used to determine the salary for a particular job group or grade, and they are typically based on the level of education, experience, and skills required for the job.

According to Section C.2 (2) of the Human Resource Policies and Procedures Manual, 2016, an officer on first appointment will enter the salary structure at the minimum point of the respective salary scale. However, an officer may be granted incremental credit for previous relevant experience at the rate of one increment for each complete year of approved experience provided the maximum salary of the job group assigned to the post is not exceeded.
The grant of increments for relevant experience will be subject to the following conditions:

(a) Incremental credit will be granted only for previous approved experience in the type of work upon which an officer will be employed on his appointment to the particular grade;

(b) Incremental credit may not be granted on appointment to promotional posts, i.e. posts to which an officer would not normally be appointed if he had joined the Government service immediately after completing his education; and

(c) Incremental credit may be granted for the number of years of aggregate approved experience periods amounting to full years.

Observation

There were 1,776 officers whose salary scale points do not correspond to the number of years served since their current appointment date.

Finding

A total of 1,776 (40%) out of about 5,000 employees had their salary scale points hiked for some up to 9 scale points within the 2 years under review. ***(Appendix XXI)***

Risk Implication

Arbitrary upward adjustments of salary scale points may lead to undue inflation of wage bill as payments are made to officers on salary scale points before they are due leading to loss of public funds.

Recommendations

The County Government to:

(a) Undertake an audit of salary scale points adjustments of all staff to assure conformity with recommended guidelines.

(b) Initiate salary recoveries on officers paid irregularly.

(c) Take disciplinary action against any officer who may have occasioned arbitrary implementation of salary scale points adjustments against recommended guidelines.

4.12 Translation of Terms of Service

Public officers are appointed to serve on specific terms and conditions of service. The terms include permanent and pensionable, short-term contracts, temporary and casual. The terms and conditions are regulated through employment laws, service regulations, and Human Resource Policies and Procedures Manuals.

Public officers appointed to serve on P&P start their service with probationary appointments normally for a period of 6 months and not exceeding one year upon which they are confirmed on permanent and pensionable terms. Officers appointed on short term contracts serve on those terms and are entitled to service gratuity upon lapse of the terms. Persons appointed to work on a casual term are paid on piece rate normally at the end of every day.

The common terms of service in the public service are P&P and short term contracts. Most jobs of a casual nature are mostly contracted out to private service providers.

Findings

(a) The data submitted by the county departments on the number of staff in the departments indicated that the total number of staff was 3,113 against the IPPD payroll average of 4,844 over the audit period. This was a difference of 1,731.

(b) The total number of officers on permanent and pensionable terms from the IPPD system data was 3,194

(c) The total number of officers on short-term contracts from the IPPD system data was 2,366

(d) The total number of officers on probationary terms was 30.

(e) The total number of officers on secondment was 4.

(f) The total number of officers on temporary terms was 4.

(g) ESP- Consolidated Pay were 2

(h) The total number of staff in the IPPD staff registers over the audit period was on average 5,600 officers. ***(Appendix XXII)***

(i) The total number of officers whose contracts were reported to have been renewed was 1,166 out of whom 557 were translated to permanent and pensionable terms of service.

(j) The translation of the terms of service of the 557 officers from contract to permanent and pensionable terms was not approved by the County Public Service Board. ***(Appendix XXIII)***

(k) Out of the 609 officers who remained on contract terms, 230 had been placed on permanent and pensionable terms in the IPPD system without the authority to translate the terms of service from the County Public Service Board.

(l) A total of officers 230 had been placed on P&P without CPSB Approval ***(Appendix XXIV)***

(m) The 557 officers whose contracts were translated to permanent and pensionable terms and the 230 officers on contract terms who were reflected in the IPPD system as being on P&P totaling 787 did not have County Public Service Board approval for serving on permanent and pensionable terms of service.

Risk Implication

Irregular translation of terms of officers on contract to P&P may lead to loss of funds through engagement of officers in public service employment beyond the anticipated period leading to loss of funds and inflation of wage bill. This also denies the county government the opportunity to review the contracts on a performance basis or reduce staff as necessary.

Recommendations

The County Government to:

(a) Conduct a headcount to establish the actual number of employees in the County Public Service in light of the variance of 1,731 officers in the reported in-post and IPPD payroll.

(b) Decide on the continuity in service of the 557 officers whose terms were translated to P&P and the 230 officers serving on contract who were reflected in the IPPD system as serving on P&P without the County Public Service Board approval.

CHAPTER FIVE

ORGANIZATION STRUCTURE AND STAFF ESTABLISHMENT

5.1 Introduction

An organizational structure and staff establishment are the basis on which optimal staffing is determined for any organization including the county governments. An organizational structure is an organogram that illustrates the county government's structural organization and outlines the vertical and horizontal reporting relationships and accountability framework. A staff establishment is the approved number of personnel necessary to discharge a function and is normally represented as authorized establishment against in-post.

5.2 Organization Structure

An organizational structure is the technical configuration of organizational roles and responsibilities. It provides guidelines for the reporting system that drives an organization, dividing it into functional areas or departments responsible for certain aspects of the discharge of the organization's mandate. An organization structure:

(a) Reflects the core functions of the organization;
(b) Demarcates activities and roles of players within the organization for internal harmony, stability and efficiency;
(c) Interfaces activities of units and sub-units in an effective manner;
(d) Clarifies the roles and linkages of the institutions' internal and external players; and
(e) Depicts reporting relationships within the organization thereby clarifying roles and responsibilities as well as workflow

The County Government of Nandi did not have an approved organizational structure. The absence of an approved structure leads to disparities in placement, duplication of roles, and undefined responsibilities, hindering efficient and effective service delivery.

Recommendations

The County Government to:

(a) Develop a county organizational structure and submit to the County Assembly for approval.
(b) Determine optimal staffing levels through undertaking of workload analysis.
(c) Undertake staff rationalization to conform to 70:30 technical to support staffing levels.

5.3 Staff Establishment

Staff establishment refers to aggregate posts approved in an organization regarding the number of employees required to discharge the mandate based on the organization's needs, operational requirements, and budget constraints. In the public service, staff establishment is based on comprehensive human resource plans arrived at through a workload analysis. An approved

staff establishment informs the optimal staffing levels to ensure the effective utilization of human resources for the provision of quality services.

A staff establishment is informed by an organizations core function. However, aside from core functions, there are staff who perform support services. Support services are important as they provide operational efficiency to assist in the delivery of the core functions. In Government, the general principle is that the ratio of technical to non-technical staff in a government department should be 70:30.

To establish the optimal number of staff required to perform the above functions it is important to:

(a) Assess the needs through understanding the workload by breaking down the function to individual tasks and determining the skills and competencies required to perform the task.

(b) Define the roles for each position, the responsibilities attached to it and the relevant qualifications.

(c) Calculate the workforce required using the workload analysis and productivity metrics to determine the number of staff required to handle the workload without overburdening or underutilizing employees.

The County Public Service Board (CPSB) is responsible for establishing and abolishing offices in the county and consequently determining the authorised staff establishment. The CPSB in discharging this function is guided by Section 62 of the County Government Act, 2012 that provides that if the CPSB intends to establish or abolish an office, it shall:

(a) Submit its proposal to the county assembly for approval through the county executive committee member responsible for the county public service.

(b) Give the county chief officer of a concerned department an opportunity to make representation with respect to any action to be taken under this section before making the decision.

(c) Once optimal levels have been established, staffing can be done through new hires or training and developing existing staff.

The total number of County staff reported to be in-post were Three Thousand One Hundred and Thirteen (3,113). This includes 16 officers from the County Public Service Board. There were a total of eleven County Departments including the County Public Service Board and office of the County Attorney.

The County had 9 County Executive Committee Members and 10 Chief Officers. The Department of Agriculture and Co-operatives had two Chief Officers.

5.4 Technical to Support Ratio from the IPPD Staff Registers

The total number of support staff from the IPPD staff registers is 1771 against technical staff of 3687. This gives a ratio of 68:32 technical to support against the recommended ratio of 70:30. The number of support staff in the IPPD Staff register includes:

Table 4.1: Distribution of Support Staff in the IPPD Staff Registers, April, 2024

S/ No	Staff Performing Support Functions (Cadres)	Number of Staff	Number Distributed per 9 Department
1	Finance	58	6
2	Economists	28	3
3	ICT	80	9
4	Supply Chain	101	11
5	accountants	86	10
6	Human Resource	57	6
7	Clerical	322	36
8	Drivers	168	18
9	support	211	23
10	Cleaners	133	14
11	Record Management Officers	34	4
12	Public Communication Officers	57	6
13	Security	124	14

Observation

(a) The County did not have an authorized staff establishment.

(b) The existing in-post had extreme variances between technical to support ratios against the recommended thresholds of 70:30.

(c) Some support departments like Administration, Public Service and e-government and Finance and Planning had more staff than the departments discharging the core functions of the county government.

(d) Most support cadres appear over established against the 9 county departments.

(e) The County Public Service Board had a staff establishment of 16 with only one (1) technical staff.

Findings

(a) It was not possible to determine whether the County staff were over or under-established in the absence of authorized staff establishment

(b) Some county departments performing support functions like Administration, Public Service and ICT and the department of finance and planning had more staff than departments discharging core functions of the county government like Agriculture.

(c) The support cadres are too many compared to actual requirements per department.

(d) The County Public Service Board has only one (1) technical staff.

Risk Implications

(a) In the absence of authorized staff establishment, the capacity of the County Public Service to discharge its functions efficiently and effectively cannot be determined.

(b) By having more staff in departments performing non-core functions, the county may be hampered in discharging its core functions.

(c) The County Public Service Board does not have the technical capacity to discharge its mandate effectively and this may have resulted in failed oversight.

Recommendations

The County Government to:

(a) Undertake workload analysis and determine its optimal staffing level.

(b) Rationalize staff and place more staff in the departments discharging the core functions of the County Government.

(c) Enhance the capacity of the County Public Service Board does to discharge its mandate by hiring more technical staff and giving the Board operational autonomy.

CHAPTER SIX

SUMMARY OF KEY AUDIT FINDINGS AND RECOMMENDATIONS

This chapter presents a summary of the key findings and recommendations. The audit of the HR practices and analysis of the payroll revealed some irregularities in the management of the human resource function, which directly impacts the wage bill. The findings and recommendations are as represented in the matrix below:

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Finding	Recommendation	Actor
Lack of an authorised staff establishment. It was established that the county government of Nandi does not have an authorised staff establishment. Without an authorized establishment was not possible to determine the optimal number of staff each county department requires to be able to discharge its mandate.	a) The CPSB to develop the county structure alongside the recommended authorised establishment and forward the same to the County Executive Committee. b) The County Executive to consider the recommended and onward transmission to the County Assembly for approval.	**The County Executive and the CPSB**
Indeterminate number of county employees. The determinate exact number of employees for the Nandi County government could not be determined. There was a variance between the number of employees and provided by the county departments and those on the IPPD register. The total number of employees as per the registers provided by the county departments was 3113. Analysis of the IPPD showed there were, on average 4844 staff, a difference of 1,731 staff excluding those paid using the manual payroll. The number of employees paid using the manual register varied. The numbers given by two offices covering payments over the same period varied.	a) Conduct a head count to determine the exact number of employees in the executive arm of the county government of Nandi. b) Conduct payroll cleansing. c) Reconstitute the IPPD register afresh. d) The reconstituted IPPD to reflect the department and station where the officer is deployed. e) Conduct regular payroll audits.	
Use of the manual payroll. The county government continues to pay some staff using the manual payroll for prolonged periods.	Payment of salaries using the manual payroll should be stopped immediately.	

Finding	Recommendation	Actor
There was no evidence to show that these staff were newly employed and were yet to acquire personal numbers. The manual payroll is not secure and is susceptible to manipulation. Records obtained from two different offices in the county government for the same period (February to April 2024) showed differences in the number of staff and the amounts paid using the manual payroll.		
Lack of proper checks and controls relating to the IPPD data capture sheet changes. The guidelines for the IPPD system require Four (4) personnel to modify the data capture sheet with each step being acted on by a different person: modification, authorisation, data entry and verification. It was established that this was not followed and one person executed all the above activities.	a) Comply with the IPPD guidelines on data modification within the system to minimise risks. b) Enhance capacity for management of the IPPD system.	
Manipulation of the IPPD system. Several cases of irregularities were observed. For instance, there: a) were 1088 officers who received elevated salaries without evidence that the CPSB had authorized the same b) was an increase in the number of employees paid through the IPPD system by 1,574 (48.5%) between April 2023 and February 2024, without any evidence of new appointments. The total number of appointments by the CPSB as supported by evidence availed was 83. c) There was fluctuation in the total amounts paid through the IPPD system yet the number of staff remained almost the same. d) some employees were paid: • hardship allowances without evidence that they had been transferred to hardship areas, • transfer allowances without evidence that they had been transferred, • enhanced salary entry points on appointments without any Board minutes supporting the placement,	a) Redeploy the officers in the payroll unit. b) Enhance capacity in the payroll unit. c) Establish proper checks and controls in the IPPD system. d) Investigate the circumstances under which the payments were made. if the payments are established to have been made irregularly initiate: i) recoveries against the officers who received the irregular payments, and ii) Disciplinary proceedings against officers who facilitated the irregular payments.	

Finding	Recommendation	Actor
• salary arrears without evidence that they had been promoted and there was a delay in implementing the promotion decision, • enhanced salaries at different times during the audit period with no evidence of promotions, and • Reduced salaries with no evidence showing they had been demoted. e) Other officers benefited from: • tax exemption as PWDs yet they are not coded as PWDs in the IPPD system • Tax exemption through manual pre-taxation though the justification for pre-taxation not available.		
Variation of terms of service in the IPPD system. There were 230 officers serving on contract terms whose contracts were renewed but in the IPPD they were reflected in the system as serving on P&P. The variation of terms was without the approval of the CPSB.	Determine the action to be taken against: a) The officers whose terms appear varied in the IPPD system without the authorization of the CPSB. b) The person who varied the terms of service of the affected officers without approval by the CPSB.	
Lack of adequate capacity to facilitate the Board to discharge its mandate. The Board has only one technical officer.	Enhance the capacity of the Board to undertake its functions. It should start by increasing the number of technical officers within the secretariat.	**The County Public Service Board**
Lack of a mechanism for monitoring the implementation of decisions made.	Establish mechanisms for monitoring the implementation of the Board decisions	
Lack of a system for tracking cases, which require intervention by the Board. There were: a) officers who had been placed on interdiction for periods exceeding six months; and b) Some, on prolonged sickness beyond six months but not reflected on the payroll hence receiving full pay contrary to policy requirements.	a) Establish mechanisms for monitoring cases, which require action by the Board. b) Expedite finalization of the discipline cases. c) Establish whether there is a need to constitute a medical board to assess the employees who have been on prolonged sick leave.	
Unauthorized activities such as payment of hardship, and transfer allowances, elevated	Investigate the circumstances under which the payments were made. If	

Finding	Recommendation	Actor
salary entry points, and salary arrears without evidence of the Board's approval	the payments are established to have been made irregularly initiate: a) recoveries against the officers who received the irregular payments, and b) disciplinary proceedings against officers who facilitated the irregular payments	
Poor record keeping. a) For the appointments made during the audit period, only the advertisements, lists of successful candidates and appointment letters were available for verification. There were no copies of: • declaration of vacancies by county departments, • long lists and shortlists, • shortlisting committee reports, • interview schedules, • invitation for interviews, • selection committee reports, or • Offers of appointment.	Enhance the capacity of the Board Secretariat on: a) board management, b) record/ minute keeping, and c) Report writing.	
b) Unsigned minutes. The majority of Board minutes availed were scanty and not signed. Some of the minutes did not have details of the affected persons in the body of the minutes. This makes it easy for falsification of records.	The minutes of Board meetings, being the future point of reference should contain sufficient details and be confirmed and signed at the earliest opportunity	
Unauthorized translation of terms of service. There were 557 officers whose terms of service were translated from contract to permanent and pensionable without approval by the CPSB.	a) Determine the action to be taken: i) Regarding 557 employees whose terms of service were translated from contract to P&P without the Boards approval. ii) against the person who translated the terms of service for the 557 officers without the Boards approval b) Improve on record/minute keeping. i) Minutes should contain sufficient details of the	

Finding	Recommendation	Actor
	issues discussed in the body of the minutes. ii) Minutes of previous meetings should be confirmed and signed at the earliest opportunity available.	
Lack of human resource policies to guide the management of the human resource function. The audit team was informed that the CPSB relies on national government policies and procedures manual when discharging the human resource functions.	Develop: a) A human resource policies and procedures manual. b) a discipline manual to guide the discipline process, and c) a succession management strategy	

***Caution**

For any action that the county government may decide to take, due process must be followed. Any person likely to be affected adversely by a decision taken must be given an opportunity to make representations.