

BARINGO COUNTY GOVERNMENT

COUNTY ASSETS AND LIABILITIES COMMITTEE (CALC)REPORT

AS AT 30TH JUNE 2017

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ACRONYMS

Definition of terms

DLAs	-	Defunct Local Authorities
CALC	-	County Assets and Liabilities Committee
CEC	-	County Executive Committee
IGRA	-	Inter governmental Relations Act
IGRTC	-	Intergovernmental Relations Technical Committee
IATT	-	Inter-agency Technical Team
TA	-	Transition Authority

1. 0 EXECUTIVE SUMMARY

Constitution of Kenya 2010 was promulgated on 27th August 2010 and with that was the advent of devolved governments as envisioned in Chapter Eleven(11) of the Constitution and also in Kenya Vision 2030.

The Baringo CALC team was gazetted on 24th March 2017 with the members listed on Kenya Gazette No.2701 and their mandate was to prepare a report after and they verify assets and liabilities of defunct local authorities in Baringo County that had already been assessed by the Transition Authority. This is in accordance with the Intergovernmental Relations Act (IGRA) 2012, which established the Intergovernmental Relations Technical Committee (IGRTC)

This report takes cognizant of the fact that counties are a product of devolution which inherited the defunct local authorities' assets and liabilities. The methods that were used in coming up with the report were interviews, review of documents and site visits in collecting data. The report further deduces the assets and liabilities of by the defunct local authorities such as land and buildings, computers and computer accessories, biological assets, current assets, motor vehicles, equipment, furniture and fittings as well as investments that were inherited by the Baringo County Government.

The report in its conclusion notes that the CALC team went into details to verify the nature of the assets and liabilities as at 27th March 2013 of all the DLAs to ensure smooth transition into the County Government administration.

The report recommends that all accountable documents of the DLAs should be scanned for safe record keeping, fast tracking the process of handing over assets to facilitate ownership by the County Government and disposal of obsolete assets. Further; it is recommended that there should be a follow up on historical sites which have been grabbed by private developers. The National Treasury on its part should settle liabilities of the defunct local authorities. The county Government on its part should establish an investment authority department to generate income from the idle assets in the county government.

2.0 OVERVIEW

Baringo is one of the forty seven (47) counties in Kenya and it is situated in the Rift Valley Region. It borders Turkana and Samburu counties to the north, Laikipia to the east, Nakuru and Kericho to the south and Uasin Gishu to the south west, Elgeyo-Marakwet, and West Pokot to the west.

The County comprises of six (6) Sub Counties namely Mogotio, Koibatek, Marigat, Baringo Central, Baringo North and East Pokot. The Sub counties are further divided into 26 divisions and 116 locations. Further the county has six constituencies, namely, Mogotio, Eldama Ravine, Baringo Central, Tiaty, Baringo North and Baringo South. The County has thirty(30) county assembly wards.

This county covers an area of 11,015.3 sq.km of which 165sq.km is surface water. Lake Baringo covers an area of 130 sq.Km, Lake Bogoria 34 sq. km, while Lake Kamnarok covers 1sq Km.

The population size of Baringo County according to the 2009 Population and Housing Census, was 555,561, consisting of 279,081 males and 276,480 females. It is a County predominantly inhabited by the Tugen community in the five sub counties and the Pokot community in one Sub County among others. The Ilchamus, Turkana, Kikuyu, Nubians and Endorois communities are the minorities in the County among a few other sub-tribes.

The road network in most parts of the County is poor with rough terrain and hills. This makes it difficult in accessing most parts of the County. It has a total 2887.80 Km of road with Class D, E, G, R and U having 339.22km, 1810km, 20.85km, 185.11km, and 557.37km respectively. The roads are either earth, murram and tarmacked. Further these roads are usually impassable during the rainy season thus impedes livestock marketing and other trading activities as the main source of livelihood for majority of people in the County.

3.0 INTRODUCTION

This report has been prepared in accordance with the Intergovernmental Relations Act (IGRA) 2012, which established the Intergovernmental Relations Technical Committee (IGRTC) and the Kenya Gazette Notice NO.2701 dated 24th March 2017, which created the institutional structures for identification, verification, validation and transfer of all assets and liabilities of the defunct local authorities (DLAs).

The report includes but is not limited to; the back ground information, objectives, the methodology, findings and recommendations of the verified and validated inventories of assets and liabilities of the DLAs.

3.1 BACKGROUND

Section 12(b) of the Intergovernmental Relations Act, 2012, also mandates the IGRTC to take over the residual functions of the transition entity established under the law relating to transition to devolved government after dissolution of such entity. Consequently, IGRTC took over the residual functions of the Transition Authority upon its dissolution on 4th March 2016. Among the residual functions taken over by IGRTC from the Transition Authority is the finalization of the identification, verification and validation of all existing assets and liabilities of government, other public entities and local authorities. Section 7 (2) of the Transition to Devolved Government Act, 2012 required the Transition Authority to undertake the following activities:

- Prepare and validate an inventory of all the existing assets and liabilities of government, other public entities and local authorities.
- Make recommendations for the effective management of assets of the national and county government; and
- Provide mechanisms for the transfer of assets which may include vetting the transfer of assets during the transitional period

4.0 OBJECTIVES

The purpose of the exercise is to identify, verify, validate and transfer the assets and liabilities of DLAs to Baringo County Government.

5.0 METHODOLOGY

The process was guided by guidelines and tools developed by the Inter-Agency Technical Committee (IATT) as per the classes of assets and liabilities. The following data collection strategies were used to collect both primary and Secondary data:-

- a. **Interviews:** This was conducted with key informants/offices at the county

headquarters, sub-counties and those who previously worked in the defunct local authorities including treasurers and clerks.

- b. **Document review:** The team examined primary supporting documents like title deeds, logbooks, asset register, valuation report, certificates and other related records. Secondary data was collected through; valuation reports, Auditor-General reports, handing over/taking over reports, land registry records, adjudication registers, Registry Index maps, bank statements, and financial statements
- c. These included physical inspection/verifications of assets through site visits.
- d. Data were analyzed using the narrative method and presented using thematic analysis.

6.0 FINDINGS

The findings cuts across all assets and liabilities identified, verified and validated. The findings also captured issues relating to disputes and gaps arising from the exercise.

6.1 LAND AND BUILDINGS

6.1.1 LAND

The total number of parcels of land from the four defunct local authorities captured in the TA report was 129 pieces. However, during the identification, verification and validation exercise, the team didn't identify any parcels of land that were omitted in the TA report. A summary of the parcels of land within Baringo County held by the DLAs is as indicated in the table below:-

County	Local Authority	Total parcels of land
Baringo	County Council of Baringo	52
	County Council of Koibatek	41
	Municipal Council of Kabarnet	22
	Town Council of Eldama Ravine	14
	TOTAL	129

The current list of parcels of land indicating the status in terms of disputes, encroachment, and the ones taken by a private developer is captured in the remarks column in the report.

A summary of the current status of all parcels of land within Baringo County is as indicated below:

Status	Local Authority			
	County Council of Baringo	County Council of Koibatek	Municipal Council of Kabarnet	Town Council of Eldama Ravine
Un surveyed	2	0	0	0
Disputed	0	0	0	0
Encroached	4	2	0	1
Private developer	1	1	0	0

6.1.2 BUILDINGS

During identification, verification and validation exercise, a total of 142 buildings were captured as indicated in the table below:-

County	Local Authority	Total pieces of buildings
Baringo	County Council of Baringo	48
	County Council of Koibatek	59
	Municipal Council of Kabarnet	8
	Town Council of Eldama Ravine	27
	Total	142

The buildings were mainly in use as market stalls, office blocks, slaughter houses, dispensaries and housing estates.

A summary of the current status of buildings within Baringo County is as indicated below:

Status	Defunct Local Authority			
	County Council of Baringo	County Council of Koibatek	Municipal Council of Kabarnet	Town Council of Eldama Ravine
Operational	41	59	8	27
Condemned	3	0	0	0
Multiple Ownership	0	0	0	0
Private Developer	4	0	0	0
Total	48	59	8	27

It was noted that the TA report had included Housing Phase III which had legally been sold to a private developer by the defunct Kabarnet Municipal Council. The same has also been retained in the report for record purposes.

6.2 MOTOR VEHICLES

During the identification, verification and validation exercise the team identified a total of 42 vehicles in the DLAs as indicated below;

Status	Defunct Local Authority			
	County Council of Baringo	County Council of Koibatek	Municipal Council of Kabarnet	Town Council of Eldama Ravine
Operational	9	10	7	8
Grounded	3	0	5	0
Total	12	10	12	8

The team also noted that one of the vehicles 40UN 97K lies in Kamau's garage in Nakuru without an engine and gear box.

6.3 FURNITURE, FITTINGS AND EQUIPMENT

6.3.1 FURNITURE AND FITTINGS

The County Government of Baringo inherited assorted items of furniture and fittings from DLAS comprising of office executive Chairs, desks, tables, metal and steel cabinet and visitors chairs among other furniture items. During this exercise, the team was able to compile list of furniture and fittings from all the DLAs which is recorded in this report. The team carried out sample of physical verification of furniture and equipment due to time constraint. The table below provides the summary of furniture held by local authority.

Table 1: Summary of Furniture

County	Local Authority	Total
Baringo	County Council of Baringo	248
	County Council of Koibatek	223
	Municipal Council of Kabarnet	11
	Town Council of Eldama Ravine	58
	Total	540

As reported by the TA in their unaudited report, it was clear that most of the furniture which belonged to the defunct local authorities existed at the point of verification. However there were numerous movements and relocation to other offices within the County during the restructuring of the new County Government which were not properly documented as a result most of the furniture were broken and rendered un-usable.

6.3.2 EQUIPMENT

The team established several items under this category but was unable to give an estimate value. A total of 116 items comprising of office equipment, calculators, generators, photocopying machines, telephone sets and telephone heads among others. Most of the equipment was in usable condition and currently used by the county government. The team compiled a list of the equipment and is recorded in this report.

6.4 COMPUTERS AND COMPUTER ACCESSORIES

The exercise revealed that the DLAs of Baringo County owned fifty two (52) computers through a list availed to the assets and liabilities verification team and thirty (30) computer accessories. The team was able to identify, verify and validate the computers and recorded it on this report.

6.5 BIOLOGICAL ASSETS

The Baringo County DLAs had six (6) biological assets of which five (5) went to the natural habitat. A list is recorded in the report.

County Council	Type	Number	Remarks
Baringo County Council	Snakes	28	Moved to L.Baringo information centre
	Tortoise	20	Went to natural habitation
	Crocodiles	5	Went to natural habitation
	Nile monitor lizard	1	Went to natural habitation
	Savanna monitor lizard	1	Went to natural habitation
	Water terrapin	4	Went to natural habitation

6.6 CURRENT ASSETS

The total current assets of the DLAs of Baringo County were Kshs 364,197,312.75 as indicated below;

County	Local Authority	Total
Baringo	County Council of Baringo	207,575,549.45
	County Council of Koibatek	143,542,744.50
	Municipal Council of Kabarnet	13,079,018.80
	Town Council of Eldama Ravine	0
Total		364,197,312.75

6.7 LIABILITIES

The exercise captured total liabilities totaling to kshs. 204,907,947.90 accrued from the four defunct local authorities. The local government loans authority and NHC loans amounted to kshs.85,611,424 that were guaranteed by the National government. There was also salary arrears amounting to kshs.12,536,031.00 which have since been cleared. The unpaid statutory deductions amounted to kshs.7,014,746 which have also been cleared. Other creditors amounted to kshs 99,745,746.90 most of which have since been cleared as per the report.

The table below summarizes the various liabilities.

Liabilities	Defunct Local Authority				TOTAL
	County Council of Baringo	County Council of Koibatek	Municipal Council of Kabarnet	Town Council of Eldama Ravine	
LGA	0	0	45,078,692	39,277,696	84,356,388.00
NHC	0	0	0	1,255,036	1,255,036.00
Salary Arrears	0	0	12,536,031	0	12,536,031.00
Statutory deductions	4,202,518	472,177	1,538,710	801,341	7,014,746.00
Other creditors	10,617,152	39,526,612	10,789,765.90	38,812,217	99,745,746.90
TOTAL	14,819,670	39,998,789	69,943,198.90	80,145,890	204,907,947.90

6.7.1 LOANS

The defunct local authorities of Baringo County did not have any loans with commercial banks.

6.7.2 UNPAID EMOLUMENTS

The defunct local authorities for Baringo County did not have any outstanding/unpaid staff emoluments.

6.7.3 STATUTORY DEDUCTIONS

As at 27th March, 2013, unremitted statutory deductions amounted to Kshs. 7,014,746 as indicated in the table below:-

Type	Local Authority				Total (Kshs)
	County Council of Baringo	County Council of Koibatek	Municipal Council of Kabarnet	Town Council of Eldama Ravine	
NSSF	1,234,820	200,800	82,220	0	1,517,840
P.A.Y.E	0	0	800,952	0	800,952
K.R.A	600,000	0	0	0	600,000
LAPTRUST	2,367,698	271,377	655,538	801,341	4,095,954
TOTAL	4,202,518	472,177	1,538,710	801,341	7,014,746

6.7.4 OTHER CREDITORS

As at 27th March 2013, other creditors amounted to Kshs. 67,993,659.00 as captured in the report.

6.8 PROJECTS/WORK IN PROGRESS

During the identification, verification and validation exercise, a total of 58 projects in the DLAs were captured as indicated below:-

Projects	Local Authority				
	County Council of Baringo	County Council of Koibatek	Municipal Council of Kabarnet	Town Council of Eldama Ravine	Total
Medical facilities	4	4	0	0	8
Cattle dips	2	1	0	0	3
Roads	0	6	0	0	6
Water	1	7	0	0	8
Classrooms	9	21	0	0	30
Other	1	2	0	0	3
Total	17	41	0	0	58

The team compiled the current position of projects and work in progress as per the project template.

6.9 INVESTMENTS

The team identified, verified and validated investments amounting to shs 19,000,000 held by the DLAs. The County Council of Baringo held 100% shareholding in Lake Baringo Club (currently submerged), while the town council of Eldama Ravine held 100% shareholding in Eldama Ravine Water and Sanitation Company(ERAWASCO).the County Council of koibatek also held a 100% share holding in Mogotio Tourism and Information centre.

The summary of the shareholding is as shown in the Table below:-

Type	Principal	Name of institution	County	Local authority	Remarks
Share holding	12,000,000	Lake Baringo Club (currently submerged),	Baringo	County Council of Baringo	100% share holding
Share holding		Eldama Ravine Water and Sanitation Company	Baringo	Town Council of Eldama Ravine	100% share holding
Share holding	7,000,000	Mogotio Tourism and Information centre	Baringo	County council of Koibatek	100% share holding

7.0 CHALLENGES

Constraints encountered during the exercise included but not limited to:-

- i. Lack of relevant documentation in respect of most of the items being verified e.g. most of the land in the Defunct County Council of Baringo, Municipal Council of Kabarnet, Town Council of Eldama Ravine and County Council of Koibatek do not have title deeds.
- ii. Delay in getting documents and non-availability of key staff of the defunct local authorities.
- iii. Some records could not be traced immediately which led to a lot of time wastage.
- iv. Some of the officers are new and thus they lacked the relevant information that the team was looking for.
- v. Inadequate time to verify all the assets and liabilities
- vi. Lack of enough vehicles to visit various sites for the verification process

8.0 RECOMMENDATIONS

Suggestions on the way forward to address the gaps and achieve the desired position of the identified, verified and validated assets and liabilities.

- i. Scanning of all the accountable documents held by all defunct local authorities of Baringo County.
- ii. Make follow up of all historical sites which had been allocated to private developers.
- iii. Fast track the process of hand over of assets to facilitate ownership by the County Government and disposal of obsolete assets.
- iv. The National government to consider settling the defunct local authorities liabilities.
- v. Establish an investment authority in the County Government to generate income from idle assets.

9.0 CONCLUSION

The process of identifying, verifying, and validation of the assets and liabilities of the DLAs has been carefully executed. The process has been successful and proper documentation of all the assets and liabilities needs to be done and secured to facilitate future access. Some assets are disputed and others have been transferred to private developers without proper documentation. This cases needs to be reviewed to justify the transfer of the assets and consider reverting them to initial purpose and intention.

10. APPENDICES

10.1 APPENDIX – CALC TEAM MEMBERS

1. Geoffrey Bartenge	CEC Finance	Chairman
2. Peter Okwanyo	County Commissioner	Member
3. Joseph Koech	County Assembly Clerk	Member
4. Dorcas Kandie	Chief Officer – Lands	Member
5. Festus Kuniya	Chief Officer – Public works	Member
6. Rebecca Maritim	National Land Commission	Member
7. Ruth Njoroge	National Government – Housing	Member
8. Douglas K. Murei	Chief Finance officer	Member
9. Nelly Kapkiai	County Commissioner’s Office	Member
10. Fredrick Simiyu	Asset Manager – County	Member
11. Catherine Kibet	Internal Auditor – County	Secretary
12. Daniel Tiony	Internal Auditor - National	Secretary

10.2 Appendix 2: Schedule of assets and liabilities (as per attached template)

- a) Land
- b) Building
- c) Motor vehicles
- d) Computer
- e) Equipment
- f) Computer accessories
- g) Furniture and Fittings
- h) Current assets
- i) Liabilities – Loans
- j) Liabilities – unpaid emoluments
- k) Liabilities – Statutory deductions
- l) Liabilities – Other creditors
- m) Biological Assets
- n) Projects/ work in progress
- o) Investments

Handing over report :

CALC Members

Chairman Name.....Signature.....Date.....

Secretary Name.....Signature.....Date.....

Received Report :

IATT Member Name.....Signature.....Date.....

Witnessed by Name.....Signature.....Date.....