



## COUNCIL OF GOVERNORS

### a) PRESS STATEMENT ON THEFT OF COUNTY FUNDS THROUGH THE IFMIS SYSTEM, 22<sup>ND</sup> NOVEMBER IN MOMBASA

Members of the Press,

Citizens of Kenya,

1. As we move into the election period, we must evaluate our progress and explore interventions to address existing challenges, whether at a policy, legislative or administrative level. Our priority as Governors is to see the success of devolution through the Counties. Indeed, the success of devolution will be based on whether the objects envisaged in Article 174 of the Constitution have been achieved.
2. We would however want to bring to the attention of the citizens of Kenya a phenomenal that is slowly finding its way into the management of public funds;

#### b) Theft of County Funds through the IFMIS system

- Just recently Kilifi County reported to have lost 51 million shillings through the system.
- This is the same system that the national government has tried to force county governments to adopt to enhance efficiency in the management of public funds.
- Random sample from the 47 Counties shows that in addition to Kilifi County Siaya County was able to avert 80 million shillings worth of payment in the 2014/15 financial year which was being effected through system hacking. Eventually they lost 4 million shillings in the scam.

- Questions we need to ask the National Treasury are; how effective is this system? How secure are the public funds channeled through this system.
- The Council of Governors proposes that there is need for a forensic audit/ investigation on all county revenue fund accounts, development accounts and operational accounts domiciled at the Central Bank of Kenya to establish the exact status of the funds.
- This system if not properly secured the Country will sink into a financial shutdown where monies meant for service delivery will be stolen through the system.
- What guarantee does the Country have that this system is secure from cyber- crime or internal manipulation by the system administrators at the National level? As users of this system, we are not guaranteed of confidentiality of the passwords.
- **The Council insists with urgency that we either assess this system for its effectiveness or we look for an alternative.**