REPUBLIC OF KENYA

COUNTY ASSEMBLY OF LAIKIPIA

THE HANSARD

Tuesday, 21st September, 2021

The House met at the Assembly Chambers at 2.30 p.m.

[The Speaker (Hon. Patrick Waigwa) in the Chair]

PRAYERS

QUORUM CALL

Speaker: Clerk kindly confirm whether we have quorum.

(Lack of quorum confirmed)

Speaker: Serjeant-at-Arms, ring the quorum bell until such a time we have a quorum.

Hon. Simon Kanyutu: Mr. Speaker, we have a quorum.

Speaker: Clerk confirm whether we have a quorum?

(Quorum confirmed)

PAPERS LAID

QUARTERLY REPORTS & FINANCIAL STATEMENTS FOR 31ST MARCH 2020 FOR THE DEPARTMENT OF WATER, ENVIRONMENT & NATURAL RESOURCES

Hon. Simon Kanyutu: Mr. Speaker, I have two papers to lay;

Report of the Agriculture, Environment and Natural Resources Committee on County Government of Laikipia (Executive) quarterly report and financial statements for the period ended 31st March, 2020 for the 2019/2020 Financial Year for the Department of Water, Environment and Natural resources dated 16th September, 2021.

QUARTERLY REPORTS & FINANCIAL STATEMENTS FOR 31ST MARCH 2020 FOR DEPARTMENT OF FISHERIES & LIVESTOCK

Report of the Agriculture, Environment and Natural Resources Committee on county Government of Laikipia (Executive) quarterly report and financial statements for the period ended 31st March, 2020 for the 2019/2020 Financial Year for the Department of Agriculture, Livestock and Fisheries dated 16th September, 2021.

(Hon. Simon Kanyutu laid the paper on the table)

CPAIC AUDIT REPORT FOR THE YEAR ENDED 30TH JUNE, 2018

Hon. Chris Mark: Thank you Mr. Speaker. I beg to lay the following papers;

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Report of County Public Accounts and Investments Committee (CPAIC) on Audit Report of Auditor General on County Executive of Laikipia Financial Statements for the year ended 30th June, 2018 dated 20th September, 2021.

CPAIC AUDIT REPORT FOR THE YEAR ENDED 30TH JUNE, 2019

Report of County Public and Investments Committee (CPAIC) on Audit Report of Auditor General on County Executive of Laikipia Financial Statements for the year ended 30th June, 2019 dated 20th September, 2021.

QUARTERLY REPORTS & FINANCIAL STATEMENTS FOR 31ST MARCH 2020 FOR THE TRADE, TOURISM AND COOPERATIVES DEPARTMENT

On behalf of the Chair Trade, Tourism and Cooperative, Hon. Judy Lukio, I beg to lay the Report Trade, Tourism and Cooperative Committee on County Government of Laikipia (Executive) quarterly report and financial statements for the period ended 31st March, 2020 for Department of Trade, Tourism and Cooperative dated 21st September, 2021.

(Hon. Chris Mark laid the paper on the table)

QUARTERLY REPORTS & FINANCIAL STATEMENTS FOR PERIOD ENDED 31ST DECEMBER 2020 BY MEDICAL SERVICES AND PUBLIC HEALTH COMMITTEE

Hon. Peter Thomi: Thank you Mr. Speaker. On behalf of the Chair, Hon. Veronica I wish to lay the following Paper; Report of Health Services Committee on County Government of Laikipia (Executive) quarterly report and financial statements for the period ended 31st December, 2020 for Department of Medical services and public Health dated 14th September, 2021.

NOTICES OF MOTIONS

QUARTERLY REPORTS & FINANCIAL STATEMENTS FOR 31ST MARCH 2020 FOR DEPARTMENT OF FISHERIES & LIVESTOCK

Hon. Simon Kanyutu: Thank you, Mr. Speaker. I beg to give notice of the following motion;

THAT this Assembly adopts the report of Agriculture, Environment and Natural Resources Committee on County Government of Laikipia (Executive) quarterly report and financial statements for the period ended 31st March, 2020 for the year 2019/2020 Financial Year for the Department of Agriculture, Livestock and Fisheries dated 16th September, 2021.

QUARTERLY REPORTS & FINANCIAL STATEMENTS FOR 31ST MARCH 2020 FOR THE DEPARTMENT OF WATER, ENVIRONMENT & NATURAL RESOURCES

Hon. Simon Kanyutu: Mr. Speaker, I will also give the notice of the following motion

THAT this Assembly adopts the report of the Agriculture, Environment and Natural Resources Committee on County Government of Laikipia (Executive) quarterly report and financial statements for the period ended 31st March, 2020 for the year 2019/2020 Financial Year for the Department of Water, Environment and Natural Resources dated 15th September, 2021.

CPAIC AUDIT REPORT FOR THE YEAR ENDED 30TH JUNE, 2018

Hon. Chris Mark: Thank you, Mr. Speaker. I beg to give notice of the following motion;

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THAT this Assembly adopts the report of the County Public Accounts and Investment Committee on Audit Report of Auditor General on County Executive of Laikipia Financial Statements for the year ended 30th June, 2018 dated 20th September, 2021

CPAIC AUDIT REPORT FOR THE YEAR ENDED 30TH JUNE, 2019

Hon. Chris Mark: Mr. Speaker, Sir. I also beg to give notice of the following motion;

THAT this Assembly adopts the report of the County Public Accounts and Investment Committee on Audit Report of Auditor General on County Executive of Laikipia Financial Statements for the year ended 30th June, 2019 dated 20th September, 2021.

QUARTERLY REPORTS & FINANCIAL STATEMENTS FOR 31ST MARCH 2020 FOR THE TRADE, TOURISM AND COOPERATIVES DEPARTMENT

Hon. Chris Mark: Mr. Speaker, Sir, on behalf of the Chair for the Trade Tourism and Cooperatives Hon. Judy Lukio I beg to give notice of the following motion;

THAT this Assembly adopts the report of the Trade, Tourism and Cooperatives Committee on County Government of Laikipia (Executive) quarterly report and financial statements for the period ended 31st March, 2020 for the Department of Trade, Tourism, Creative Economy and Cooperatives dated 21st September, 2021.

QUARTERLY REPORTS & FINANCIAL STATEMENTS FOR PERIOD ENDED 31ST DECEMBER 2020 FOR THE MEDICAL SERVICES AND PUBLIC HEALTH DEPARTMENT

Hon. Peter Thomi: Thank you, Mr. Speaker. I beg to give notice of the following motion on behalf of our Chair, Hon. Veronica Ikunyua;

THAT this Assembly adopts the report of the Health Services Committee on County Government of Laikipia (Executive) quarterly report and financial statements for the period ended 31st December, 2020 for the Department of Medical Services and Public Health dated 14th September, 2021.

Thank you.

MOTION

CPAIC AUDIT REPORT FOR THE YEAR ENDED 30TH JUNE, 2018

Hon. Chris Mark: Mr. Speaker, Sir, I beg to move the following motion;

THAT this Assembly adopts the report of the County Public Accounts and Investment Committee on Audit Report of Auditor General on County Executive of Laikipia Financial Statements for the year ended 30th June, 2018 dated 20th September, 2021

Committee Membership

Mr. Speaker, Sir, the Committee is made up of the following Members;

1. Hon. Christopher Mark -Chairman
2. Hon. Catherine Kibue -Vice chairperson
3. Hon. Mary Samken -Member

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4. Hon. Jacob Endom -Member
5. Hon. Daniel Mugweru -Member

Mr. Speaker, Sir, the County Public Accounts Committee received the report of the Auditor General and Members later conducted interrogations with the County Secretary and other Executive officers. I will just take Members briefly through this document because I know they have the document.

As you can see on page 9 there is a variation between the financial statements and Integrated Financial Management System famously known as IFMIS. That one is stated there. The County notes that the report indicates that figures are in contradiction with reports generated under the County IFMIS, in particular receipts and payments of statement codes No. 4510 which is the primary ledger for the County Government.

Further, the County notes that the receipts and payments statement is under review of the IFMIS department of the National Treasury. Consequently, the receipts and payment statements cannot be fully generated in IFMIS as per… a bit of grammatical error, as per the current configuration and hence the accuracy and completeness of the statements. No. 3.2, on the table there is the assets and liabilities from the bank balances, the cash balances even to the surplus and deficits on the next page.

As we proceed, there is the summary of statements of appropriation. What came in from the exchequer all the way to the acquisition of assets, what was budgeted for and the variances. The next page details the expenditure from the domestic travel, foreign travel which I know Members can see before them, all the way to the gravel haulage and other payments which were done in that year. There was the issue of irregular payments and domestic travel, subjects which were raised by the Auditor General, thus were put in detail where in the conclusion there is the responses which the Executive made on that.

Page 17 talks of unsupported domestic travel expenditure on the revenue operations, something that was raised and there were responses to it. There is the unsupported expenditure of the KICOSCA games which had been recurring in other years. Down there, there is allowances to MCAs which was also raised by the Auditor General. The officer in charge reported that supporting documents of the County Assembly consultative meeting including signed attendance schedules, minutes and reports were annexed because the Auditor General had raised that there were no supporting documents on how 3,168,100 was paid to the MCAs for the allowances for the attended meetings.

There is the issue there of routine maintenance of vehicles and other transport where the Auditor General had raised the issue of wastage. In most of their responses we find that the Executive was saying that they were not asked for those documents, but during our responses they are saying there that they attached appendix 31 on how these vehicles were maintained. Issues of general supplies and there not being an award letter and letter of acceptance also was raised by the Auditor General. As usual the Executive said that they had the letter but were not asked for. There is No. 8.0 on the issues of pending bills also being raised there. They are saying that financial statements are pending bills totalling Kshs. 675,177,766 which are outstanding as at 30th June.

Top match June 30th, down there the Executive summarized and they heard their answer to that. In basis of conclusion was failure to pay for social statements for facility and improvement

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of funds. The officers informed the committee that the Facility Improvement Fund is not an established revolving fund, hence the hospitals are not independent reporting entities.

Their transactions were incorporated under the Department of Health, and consequently in the Executive Quarterly Annual Report and that is seen in section 167. Page 33, there was the Under Expenditure, which happens when the money is allocated to a department either goes back to the Ex checker for not have been utilized and reasons are always given. Some of the reasons are from issues of complicated procurement procedures, which must be followed according to procurement laws.

There was an issue here raised by the Auditor of the Acquisition of Assets, especially the construction of a bus park in Nyahururu. Members can go through that they can see the officers say that the evaluation committee commenced the processed on 4th December, 2017 and completed the exercise on 6th December, 2017. The notification was issued on the same date upon the successful evaluation and issuance of an opinion.

The Engineers and the documentation which were lacking during the time of audit, were later introduced in the answers and the company was JADA Construction Limited. Generally most of the questions are responded and as a committee we did make our conclusions. Before we go to the conclusions, there was the issue that was raised and this is the third time, where they say that the Wage Bill is extremely high. A percentage of 48% contrary to the 35% at the time but now it could be more 35% that is allowed by the public finance management act, and that should be money that can go to development.

There was also an issue of non-compliance with Ethnic Diversity, of which they said that records reveal that out of sixty-seven new employees recruited by the County Public Service Board to fill various vacant positions in the County, about 88% of the recruits were from one dominant community in the County.

This is contrary to the provisions of Section 65(e) of the County Government Act, 2012 which requires that at least 30% of the employees be from other communities. That is an issue that the Executive says that, anytime that they filled these positions the dominant group is either applying. They made us believe that these others were not applying for positions, and thus they were victims of circumstances.

As I come to the conclusion, on the committee observation is that the committee observed that the majority of audit queries emanated from the concerned department officers, not providing the relevant documents to the auditors as requested. This was a recurring coincidence because it has recurred in previous audits from the Executive. We asked the Executive why they did not respond to this? There are missing documents, advertisements for tenders, awarding letters and completion certificates.

When we asked them they were able to answer, either in future we will improve how this is communicated. Either the auditors are to give due notice they are coming to check Accounts of Laikipia County so that there is nothing like lacking Supporting documents. Someone can always think that these documents are made prior to the audit queries, because they are never during the auditing but they are there during the answers of the committee.

The committee observed that during the period under review, revenue automation was not fully function despite the huge amount (Kshs. 216,866,133) being paid in respect of supply of

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revenue automation (sense pay) system to MS Sense Network. There was no value for money that was felt there.

The committee observed that in most cases tender documents such as minutes of tender opening award, contract agreement, evaluation and acceptance minutes and progress reports were not availed for audit verification. In the absence of tender documents and the failure by the County Executive, the audit could not establish whether the right procurement process was followed in awarding the contract, and whether the said project works existed and if so whether the County Executive obtained value-for-money on expenditures incurred.

That is the reason as an Assembly we are here to make sure that funds from the taxpayers are utilized in a manner that can be seen and also has value.

The committee observed that the financial statement under use and good and services are fuel, oil and lubricants expenses of Kshs. 30,546,919. Records indicates that the fuel cards were issued to county vehicles for Ms vivo energy and Total Kenya Ltd Service Stations. However, during the financial year of 2017/18, fuel worth Kshs. 11,126,000 was drawn and paid in cash, despite the fact that the fuel cards had been issued for use. Mr. Speaker that beats the logic of the cards, because why would money be paid in cash, while there are the fuel cards?

The committee recommends:

- The officers required to furnish the auditors with the relevant documents on time as required, should be accountable to avoid unnecessary audit queries.
- The revenue automation system to be fully implemented in order to raise own county revenue and realise value for money and expenditure incurred.
- The procurement department be provided with documents as requested, that will help avoid audit queries that arise due to undue delay.
- In regards to the use of goods and services, fuel and lubricants, the county should increase the ability to monitor vehicles, by establishing a fleet management unit, to handle and reconcile on a timely basis expenditure, related to the management of vehicles.

As a committee, our conclusion is that this House, adopts the committee report of the auditor general on County Executive of Laikipia for the year ended 30th June 2018. Mr. Speaker, these are reports we should have done earlier on and I can only blame it on the committee or even the Executive. The office of the Auditor General has time and again told the Senate in the National Assembly that they are understaffed and underfunded. For instance, we are supposed to be working on 2019/20 report which is yet to be published by the Auditor General.

This reports are always on the website, and it is something that can be checked and affirmed that it is not there, and the regional officer that represent the offices, indicates it is not yet there. But we are happy as a committee to have checked on this, because that is how we can tell whether the county is utilising its funds in its investments and even the budget the Honourable Members allocate for several departments because once a department is allocated money, there should be no underutilisation while for instance we don't have sufficient roads or enough medicines. Then it beats logic and you wonder why money was allocated and it was not spent or utilised prudently.

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Hon. Peter Thomi: Thank you, Mr. Speaker. I want to thank the chair for CPAIC committee, Hon. Christopher Mark and the whole committee for the good work they have done. I have been a Member of this committee since 2013 and am happy about the report these Members have brought. It is important to support them because this is the strongest committee in this Assembly as far as am concerned. For the sake of the County and our Government, this is a committee that needs support so that we can get the reports of all the departments on how they have been working and the issues raised by the auditor general.

By so doing Mr. Speaker, I believe we can be on the right track and ensure that we have served the people of Laikipia well. Mr. speaker this is a big report which I have not really gone through but as Members contribute on it, I tend to agree with them, because we respect and I know them very well. I believe this report carries everything that is needed in this House. As a result, I stand here to strongly second these report, thank you.

(Question proposed)

Speaker: Hon. Members, by proposing the question I think that I have just opened the debate and not silence.

Hon. Simon Kanyutu: Thank you, Mr. Speaker. I stand to support this report from the committee. They have done a lot and the recommendations are very clear. It is unfortunate that the report is a big one and that's why maybe most of us are keeping silent. With their conclusion, we have to support it. As per their recommendation, I can see that they have been able to go through the reports as to per how the auditors do their work.

Their concern has been with us regarding the use of fuel which has been increased by using leasing. Mr. Speaker, this is a good report from the committee and I wholly support. I am sure that if other committees would continue working the same, our work would be a bit easier. Therefore, I commend the committee for the good work.

Speaker: I now wish to call upon the mover to give a reply.

Hon. Chris Mark: Thank you, Mr. Speaker. I would like to commend all those who supported in voice and also in silence. You would understand that this is a response and therefore it is a voluminous document and some of us have not even finished reading but they are confident of the Committee's work. Again that is why this committee has been mandated by this House because those names of the Committee Members always come to this House and they trust that the Committees know what they are doing. I am even wondering why we are giving the mover time to respond because they are already backing it 100%.

So I thank the Members and urge them that this committee's reports are always on the website of the auditor general. We can always be going together even before the report so that the committee can be guided at times because some of the projects are happening in our specific wards. At times due to the limitation of resources, the CPAIC Committee is not able to go monitoring each and every project but with your input, we can know for example what is happening in Ngobit and whether the water projects are getting value of the money, the boreholes, etc. Otherwise, I urge the Members to support.

(Question put and agreed to)

ADJOURNMENT

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Speaker: This House now stands adjourned until tomorrow Wednesday, 22nd September, 2021 at 9.00 a.m.

The House rose at 3.00 p.m.

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