REPUBLIC OF KENYA

COUNTY ASSEMBLY OF LAIKIPIA

THE HANSARD

Wednesday, 18th October, 2023

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

[The Speaker (Hon. Lantano Nabaala) in the Chair]

PRAYERS

QUORUM CALL

Speaker: Clerk, confirm if we have the quorum

(Lack of quorum confirmed)

Speaker: Without the quorum, I direct that the bell be rang for ten minutes.

(Quorum bell rang for four minutes)

Hon. Samuel Mugambi: Mr. Speaker, I can confirm we now have the quorum.

Speaker: Clerk confirm if we have the quorum.

(Clerk confirmed achievement of Quorum)

Speaker: Now that we have quorum, let the bell stop ringing. Let us proceed to the order of the day.

MOTION

CPAIC AUDIT REPORT ON LCDA FOR YEAR ENDED 2020

Hon. Parleto Lekopien: Thank you, Mr. Speaker. I beg to move the following motion on behalf of Laikipia County Public Accounts and Investments Committee;

> THAT this Assembly adopts the report by the County Public Accounts and Investments Committee (CPAIC) on the Auditor General's report on the Laikipia County Development Authority for the year ended 30th June, 2020 dated 7th September, 2023.

Preface

Mr. Speaker, Sir, on behalf of the Laikipia County Public Accounts and Investments Committee (CPAIC) and pursuant to the provisions of the Standing Order 185(2), it is my pleasure and privilege to present to the House the report of the CPAIC's findings on the report of the Auditor General on Laikipia County Development Authority for the year ended 30th June, 2020.

The main objective of the County Public Accounts and Investments Committee is to ensure that public funds are well utilized and the public realizes value for money in all government expenditure. The basis of the committee's execution of its mandate is annual and a special audit prepared by the Auditor General.

Committee Membership

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The County Public Accounts and Investments Committee consists of the following members:

1. Hon. Parleto Lekopien - Chairman
2. Hon. Simon Kanyutu - Vice-Chairman
3. Hon. Caroline Kihika - Member
4. Hon. Catherine Kibue - Member
5. Hon. Catherine Umija - Member
6. Hon. George Karuiru - Member
7. Hon. Joseph Gitahi - Member

Audit Report Statement

The report of the Auditor General on Laikipia County Development Authority for the year ended 30th June 2020 was tabled in the County Assembly on Wednesday, 2nd March, 2022 and subsequently committed to CPAIC for interrogation, reporting and propose necessary recommendations for tabling in the Assembly. Article 229 (8) of the Constitution of Kenya (COK), provides that within 3 (three) months after receiving an audit report, Parliament or the County Assembly shall debate and consider the report and take appropriate action.

Article 226(2) of the COK vests accountability of public funds to the National Assembly in case of a National Public Entity and County Assembly in case of a County Public Entity. It is against this background that the Committee set out to inquire and scrutinize the audit report with a view of establishing whether the matters raised were within the law, efficient and effectively done as per the PFM Act, 2012 and the provisions of the Laikipia County Development Authority Board Act, 2014.

Objectives

1. To inquire, investigate and examine the queries raised by the Auditor General in his report of the Laikipia County Development Authority for the year ended 30th June 2020.
2. Consider the responses provided by the Authority on each of the issues raised by the Auditor General and other matters raised by the Committee with a view of verifying whether the expenditure incurred was done lawfully, effectively and efficiently and report to the County Assembly.
3. To make recommendations for adoption by the County Assembly.

Acknowledgement

The Committee appreciates the Office of the Speaker and the Office of the Clerk of the County Assembly, the Office of the Auditor General and the Committee secretariat for the services, advice, and contribution they rendered to the Committee in their various capacities. Further, the Committee also wishes to record its appreciation to the Laikipia County Development Authority officers who appeared and adduced evidence before it. On behalf of the Committee, I now wish to table this report and urge the House to adopt it and the recommendations therein.

Committee Findings, Observations and Recommendations.

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The interrogation and examination of the report of the Auditor General on Laikipia County Development Authority for FY 2019/2020 saw the Committee hold a sitting on 10th August, 2023. In the said sitting, the invited witnesses were given an opportunity to respond to the audit issues raised by the Auditor General and other matters that the Committee had sought clarification and explanation on.

Submission by the representatives of the Laikipia County Development Authority.

The following officials appeared before the committee and made the following presentation and submissions on behalf of the Authority;

1. James Mugambi - CEO - LCDA
2. Caleb Mwangi - LCDA - Accountant
3. Angela Wahome - LCDA – Accountant

The officials provided clarification as sought by members on the following two issues as raised by the Auditor;

Accuracy of Financial Statements

The statement of cashflows for the year ended 30 June, 2020 reflect nil cashflows in respect of purchase of property plant and equipment. However, the statement of financial position reflects property, plant and equipment valued at cost amounting to Kshs.1,082,317 acquired during the year, resulting in a variance of the same amount between the two statements.

Further, the statement of cashflows reflects changes in receivables as Kshs. 107,100 and no changes in payables instead of Kshs. 2,357,100 and Kshs.2,029,777 respectively as per the statement of financial position. In the circumstances, the accuracy of financial statements could not be confirmed.

Management Response

(i) The property plant and equipment valued at a cost of Kshs. 1,082,317 was for the purchase of office laptops.

(ii) The amount of Kshs. 107,100 was an imprest issued on 30/June/2020 for office operations.

Committee Observation

That, the management should avail a written response on the changes in the statement of cashflows.

Committee Recommendations

1. The Authority should ensure that all changes in the receivables and payables are captured correctly in the statement of cash flows. This will ensure that the correct financial position of the Authority has been captured.
2. The management should avail a written response on the changes in the statement of cashflows.

Budgetary Control

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The Statement of Comparison of Budget and Actual amounts reflect final receipts budget and actual on comparable basis of Kshs.22,500,000 and Kshs.20,945,720 respectively resulting in a shortfall of Kshs.1,554,280 or 7% of the approved budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.22,500,000 and Kshs.16,032,032,890 respectively resulting in an under performance amounting to Kshs.6,467,110 or 29%.

Review of detailed budget performance revealed a budget amount of Kshs.4,000,000 allocated to domestic travel and subsistence. However, the Authority spent Kshs.4,656,750 resulting in an excess and unapproved expenditure of Kshs.656,750 or 16% of the budget. As a result, the Authority did not comply with the approved budget provisions as appropriated by the County Assembly.

Management Response

(i) The underperformance of the budget was occasioned by teething problems and late exchequer releases from the Government.

(ii) We acknowledge the anomaly that happened on a vote for domestic travel and subsistence allowance. During the financial year 2019/20, the Authority coordinated some activities related to COVID 19 Pandemic, which was unforeseen emergency and therefore not budgeted for. Due to the urgency involved, LCDA officers swung in necessary action including necessities distribution to the vulnerable members of public. This required travelling within the County, thereby exceeding the budget vote for the domestic travel and subsistence allowances by Kshs.656,750. This situation arose out of the nature of uncertainties surrounding the pandemic.

(iii) The LCDA management is committed to compliance with all relevant laws in the execution of its mandate without prejudice.

Committee Observations

1. That, the response omitted the first paragraph on Budgetary Control. Also, there was an under-absorption of Kshs. 6,467,110 of the actual budgets.
2. That, the Authority had an excess expenditure of Kshs.656,750 of the budget.

Committee Recommendations

1. The Authority should ensure proper authorization and utilization of the budget so as to prevent under-absorption of the budget.
2. In the eventuality of an emergency, the Authority should seek approval from the County Assembly, or through appropriation in the Supplementary Budget so as to seek additional funds.

Thank you, Mr. Speaker. I would like to give a few comments on the report. I would like to take this opportunity to thank the County Public Accounts and Investments Committee (CPAIC) for doing a good job. I know this is an old report from 2019 to 2020 which is way overdue. From the necessity of the report, we the County Public Accounts and Investments Committee (CPAIC) took time to scrutinize the issues that have been raised by the Auditor General.

One on the issue of the Covid-19 pandemic, we have seen what the LCDA did which was good during that particular time. We had emergency issues. The Covid-19 pandemic was

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a national disaster and most people suffered from the pandemic. We thank the LCDA for the actions they took which was to provide the necessary requirements to the public.

Out of that, the Auditor General has raised an issue on how this money was given but from the explanation and what was happening, we looked at it and we saw it was necessary for the LCDA to help our people during the pandemic.

Secondly, we have seen that the receivables were interchanged but again we sat with them and looked into the necessity of them adjusting their books so that they can do all the entries properly. I would like this House to please support the report. In the committee's recommendation, we have seen a few issues that need to be done. One, the LCDA in case of anything, they should let the Assembly know if they need any supplementary budget so that we can look into it and make sure that they get all the money required and should be approved by the County Assembly.

From the looks of it, the report looks clean, they have done a good job. I would like to encourage them to just look back into the report and make sure that they rectify all the small mistakes that we have seen in the report. We can look into it and ensure that the LCDA delivers to the people of Laikipia. With those few remarks, I would like the Hon. Gitahi to please second the report. Thank you.

Hon. Joseph Gitahi: Thank you, Hon. Speaker. I am happy to be given this opportunity. I second the adoption of the report on LCDA for the year ending June, 2020. Just like my chairperson has stated, we took time to sit down with the three officers who gave us a fairly good response on the issues that we had to ask.

Hon. Speaker, just to emphasize on two issues, the issue of seeking approval from the Assembly on any kind of expenditure, we raised that as Hon. Members. We have not received a written form of the same but gotten assurance from the office that in future, however swift the emergency is, we agreed with them that the Assembly is not so far from them. It is always good that they seek approval so that we are able to understand how these monies are being used. You will realize that we are the sole body on oversight in this county and so, we have to be briefed on any kind of expenditure and we have to approve it before it takes effect.

I will also state another issue that we observed and a quick one that the chairperson has stated. The issue of inaccurate financial report. The receivables and payables had issues but a proper examination was given on the same. So, I would wish that this entire House supports the adoption of that report so that we are able to go to the subsequent one.

Mr. Speaker, oversight facilitates a lot of effective utilization of funds and we will ensure as a committee and most of committee members are present here. Even in future, we will be keen on these issues so that the people of Laikipia get value for their Money. You will realize that this office, the Laikipia County Development Authority has got a lot of opportunities for our people.

They negotiate on our behalf most of the times. We have got issues that our county budgets are not sufficient to address and, on that account, we need LCDA so that it becomes an agent between us and people who can partner with us in terms of development and other forms of capacity building. Having said that Hon. Speaker, I second the adoption of the report.

(Question proposed)

Hon. George Karuiru: Thank you, Mr. Speaker. First of all, I would like to congratulate the able Chair for CPAIC for this report and I also join hands with others. I am in

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the said committee and I know that we have burnt the midnight oil trying to investigate and look into the matters pertaining to LCDA.

Mr. Speaker, as outlined in the observations and the recommendations because I know that the Members had this report since yesterday, it is very clear that the committee only found two things to recommend and it has been said. I think that as we would want and as I had said earlier in this House, the only programme that we would have despite of our little budgets, it is outsourcing from the outside world.

I believe those who passed through our hearts, we put them to lead the LCDA. If with the few observations and recommendations from the committee because when we sat with them, the three were outlined here. It was very clear that they are equal to the task. I know that with the little budgets which we receive from the National Government, what we do as an Assembly is that the report we get from the Auditor General is as well very weighty during the outsourcing of more funds.

Because it wasn't due to favour of the same, what I would recommend and remind the committee once again is not to be ignorant to the Honourable House because our big task in the LCDA is mostly to pass the budget. When it is done, sometimes we go for a full year without having a report. I believe that if for example they would think of the El-Nino that we have and think of wanting some more funds, there is always time for supplementary budgeting and it is allowed by the law.

So, I commend the committee and I am hoping that the next report that they will submit, the one for 2021 because this one is 2020, I am hoping that we will get more improvement. We will be very credible while even going to outsource funds to help in development matters for our county. Thank you and I beg the Hon. Members to support.

Hon. Anthony Theuri: Thank you, Mr. Speaker. I want to be very honest. I have not gone through the report but I trust the committee, especially the Chairperson and the Committee Members that as they have said, we are here to oversight especially on one matter. Let them be involving us especially on the emergency spending and all those issues. At the end of the day, we are the ones who Have been trusted by the citizens.

Even as I am speaking here, I am not ignorant of my surroundings, I do not know the chairman of LCDA. But if he passed through this House, it is my job to oversight them. I support the report. Each and every spending, I am just asking Hon. Joseph here because that is a very big document. I put it as a challenge, Hon. Sammy, please be providing us with those reports before. But I trust your leadership in whatever you have gone through, and I support this report wholeheartedly. Next time I will be a friend of the committee. I support the report. Thank you very much.

Speaker: Thank you, Hon. Anthony. I want to give this chance to Hon. Umija.

Hon. Catherine Umija: Thank you, Mr. Speaker. I just want to remind the Deputy Speaker that usually, the reports are provided for you in your pigeon holes and if you do not see them there, then they are in your tablets. I think we provide it 48 hours before it comes here in the Assembly. Maybe you should just say that you overlooked reading the contents of the report but I want to appreciate the fact that you actually believe the recommendations that the committee has given.

I sit in the committee and I would like to appreciate the LCDA because, one, this is the first audited report that was done by the committee. I want to appreciate the fact that they have done well compared to some of the reports that we usually go through. In terms of spending,

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we observed that the LCDA had underspent. I know that at this particular year maybe they did not have budgetary issues. They underspent their money, which means that they had to return cash back to the exchequer. During our discussions we had deliberated that they should actually sit down and look at their budget well.

They quoted some of the reasons why they underspent and it is because of the late disbursement of funds from the National Government. This is something that is across board in every department or executive arm that usually receives money from the exchequer. They are quoting late disbursement of funds, which is probably why they were overtaken by events by the time the audit was being done which showed that they underspent. But I think through the deliberations that we had; we hope there will be an improvement in the subsequent years. We hope that LCDA will continue to do this and improve their position in terms of financial management and prudence. Thank you.

Speaker: Thank you, Hon. Umija. I now give the floor to the Hon. Member representing Salama.

Hon. Samuel Mugambi: Thank you, Hon. Speaker. I stand in support of adoption of the report by the CPAIC on Laikipia Development Authority. I am thinking that this committee is a serious committee and I want to congratulate them. They are one of the committees whose reports we listen to now and then and they are very good. I also want to echo some words on the Laikipia County Development Authority (LCDA) because this is an important authority on matters of writing of proposals. For example, when you come to our wards, we have potential opportunities that we need this organization to help us in proposal writing. Early in the morning we were talking of a tomato processing plants.

For your information, there are some donors and organizations that are ready to support us. It is only that they need us to engage them in an official way. Since I was in the vetting committee, the Chairperson, Mr. Mugambi; as per my knowledge he is a person of development and has done well. He also works with the UN, and the UN has so many branches that help the community in development. So, I would wish them to come and work with the individual MCA's representing the different wards.

If I get a tomato processing plant in my ward and I can get it through their proposal writing to other organizations, I can help the people who live in Kiamariga, Pesi and Thome to get value addition for the tomatoes. We also have other things that the LCDA can do. So, I would call upon this authority to work with individual MCAs to develop our community. I also want to echo the same congratulations to the CPAIC committee, may they continue with the good work. Thank you.

Speaker: Thank you very much. I will now take time and request the Mover of the motion to reply.

Hon. Parleto Lekopien: Thank you, Mr. Speaker. On behalf of the committee, I want to thank them for the good job that they have done. Thank you also to the Members. The Deputy Speaker has just said that he trusts us as a committee. Thank you very much for the trust. I promise you that we will continue delivering and making sure that we do a proper oversight on all the public funds that have been spent and deliver to the House a report for everyone to know how the people's money has been spent.

On behalf of the County Assembly and the MCAs, I would really wish that we all support each other to adopt the report so that we can keep on moving forward because we have got a pile of reports that we need to continue working on. So, I would really wish to thank

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everyone for the great support and more so, to the Public Accounts Committee for their time, energy and all that it took for us to deliver a report. Thank you very much and I hope that you will all support the adoption of the report. Thank you.

Speaker: Thank you, Hon. Lekopien.

(Question put and agreed to)

ADJOURNMENT

Speaker: This House now stands adjourned until tomorrow, Thursday 19th October, 2023 at 2.30 p.m.

The House rose at 3.07 p.m.

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