REPUBLIC OF KENYA

COUNTY ASSEMBLY OF LAIKIPIA

THE HANSARD

Wednesday, 20th September, 2023

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

[The Temporary Speaker (Hon. Paul Leshuel) in the Chair]

PRAYERS

PAPER LAID

CPAIC AUDIT REPORT ON LAIKIPIA COUNTY REVENUE BOARD FOR THE YEAR 2020

Hon. Parleto Lekopien: Thank you, Mr. Speaker, Sir. I wish to lay the following Papers;

Report of the County Public Accounts and Investments Committee (CPAIC) on the report of the Auditor General on the Laikipia County Revenue Board for the year ended 30th June, 2020 dated 24th July, 2023.

Thank you.

(Hon. Parleto Lekopien laid the paper on the Table)

NOTICE OF MOTION

CPAIC AUDIT REPORT ON LAIKIPIA COUNTY REVENUE BOARD FOR THE YEAR 2020

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

THAT, this Assembly adopts the report of the County Public Accounts and Investments Committee (CPAIC) on the report of the Auditor General on the Laikipia County Revenue Board for the year ended 30th June, 2020 dated 24th July, 2023.

Thank you.

MOTION

CPAIC AUDIT REPORT ON LAIKIPIA COUNTY REVENUE BOARD FOR THE YEAR 2020

Hon. Parleto Lekopien: Thank you, Mr. Speaker, Sir. I beg to move the following motion;

THAT, this Assembly adopts the report of the County Public Accounts and Investments Committee (CPAIC) on the report of the Auditor General on the Laikipia County Revenue Board for the year ended 30th June, 2020 dated 24th July, 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 Revenue Board for the year ended 30th June, 2020.

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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.

Mandate of the Committee

The Committee on Public Accounts and Investment has made the following report pursuant to the standing orders 185(2) of County Assembly of Laikipia which stipulates that the committee shall examine;

a) The accounts showing the appropriations of the sum voted by the County assembly to meet the public expenditure and of such other accounts laid before the House as the Committee may think fit.

b) The reports and accounts of all county public investments;

c) Examine the reports, if any, of the Auditor General on the public investments; and

d) Examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

Limitation of Mandate

The committee shall not examine any of the following;

a) Matters of major Government policy as distinct from business or commercial functions of the public investments;

a) Matters of day-to-day administration; and,

b) Matters for the consideration of which machinery is established by any special statute under which a particular public investment is established.

Committee Membership

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

The report of the Auditor General on Laikipia County Revenue Board for the period ending 30th June 2020 was tabled in the County Assembly and subsequently committed to CPAIC for interrogation, reporting and propose necessary recommendations for tabling in the Assembly.

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Article 229 (8) of the Constitution of Kenya 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 Constitution of Kenya 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 Revenue Board Act, 2014.

Objectives

1. To inquire, investigate and examine the queries raised by the Auditor General in his report of the Laikipia County Revenue Board for the year ended 30th June 2020.
2. Consider the responses provided by the Revenue Board 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.

Methodology

The Committee adopted various methods in execution of its mandate as listed below;

a) Committee meetings.

b) Interrogative session.

c) Analysis of submitted documents.

d) Scrutiny of the relevant statutory instruments.

Tools of Reference

The Committee, in the execution of its mandate, was guided by the following provisions of statutes, Laws and documents;

i) The Constitution of Kenya, 2010

ii) The Public Audit Act, 2015

iii) The Public Finance Management Act, 2012

iv) International Financial Reporting Standards (IFRS)

v) The Revenue Board Act, 2014.

vi) The Report of the Auditor General on Laikipia County Revenue Board for the period ended 30th June 2020.

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.

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Further, the Committee also wishes to record its appreciation to the Revenue Board Officers who appeared and presented evidence before it.

On behalf of the Committee, I now wish to table this report and urge the House to adopt it and the Committee Proceedings, Observations and Recommendations.

The interrogation and examination of the report of the Auditor General on Laikipia County Revenue Board for Financial Year 2019/2020 saw the Committee hold a sitting on 8th June, 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 Revenue Board.

The following members appeared before the Committee and made the following presentation and submissions on behalf of the Board;

a) Kamunya Karundo - CEO Revenue Board

b) Anne Kinyua - Revenue Accountant

The members provided clarification as sought by members on the following issue as raised by the Auditor General;

Irregular recruitment of Staff

As disclosed in Note 3 to the financial statements, the statement of financial performance reflects Board administration expenses of Kshs. 20,975,791. Included in this balance is staff costs amounting to Kshs. 12,470,451. An audit review of the recruitment processes revealed that the process was done contrary to provisions of Section 108 of the Laikipia County Revenue Board Act, 2014 which requires that the County Public Service Board shall appoint such staff as the Board may recommend to be necessary for proper discharge of its functions.

Further no evidence was provided to confirm that the recruitment function of the County Public Service Board was granted to the Revenue Board, contrary to Section 59(1)(b) of the County Governments Act, 2012.

In addition, a review of personnel files revealed lack of crucial documents including advertisements, application letters, shortlisting, interview details and list of appointments. Consequently, it was not possible to ascertain whether the recruitment was done in an open and transparent manner as required by Section 66 of the County Governments Act, 2012.

Management Response

1. The Revenue Board was mandated to engage revenue staff on contract basis since there was no functional Public Service Board in place to sanction the recruitment.
2. This necessitated the Ag County Secretary to delegate the recruitment to the Revenue Board since the revenue collection could not be suspended.
3. There was an urgency in the recruitment as per the HR analysis that identified gaps that needed to be addressed in the revenue section.

Committee Observations

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1. That, on 13th/July/2023, the Revenue Board performed a human resource analysis and identified gaps that needed to be addressed to ensure effective service delivery. They requested the Ag. County Secretary to employ staff to ensure optimal staffing, as the contract of the contracted revenue staff was coming to an end on 31st/July/2018.
2. That, on 17th/July/2018, the Ag. County Secretary delegated the recruitment of Revenue Board Staff to the Revenue Board, as there was no County Public Service Board in place.
3. That, on 7th/August/2018, an advert seeking to recruit one hundred (100) revenue collectors on a one (1) year contract basis was placed in the Daily Nation newspaper.
4. That, on 26th/October/2018, appointment letters were issued to the successful applicants.
5. That, the County Public Service Board came into office in the year 2020, but it did not regularize the said recruitments as was required.
6. That, the Revenue Board did not avail the exact dates when the handing over was done by the staff whose contracts expired on the 31st/July/2018 to the newly recruited staff.

Committee Recommendation

Any staff recruitment to the Revenue Board should be done in accordance to the appropriate provisions of the Revenue Board Act, 2014 and the County Government Act, 2012. This will ensure that all recruitments are done in an open and transparent manner.

Thank you, Mr. Speaker. As you have heard, we are presenting a report for the Revenue Board and there was a lot of issues concerning the Service Board and recruitment.

First, I would like to take this opportunity to appreciate the diligent work done by the committee. For the first time we have looked into this report and tried to scrutinize all the issues and bring them out publicly so that whatever is happening with the public finances should be in the open. From the report, you have seen there were few issues regarding to the board. One, there was no proper board concerning the recruitment of the revenue collectors. As we looked into the matter, there was an urgency from the revenue department to write a letter to the acting County Secretary to give them a go ahead so that they could recruit more revenue collectors.

In this regard, we have got minutes as proof and we have looked into all the credibility of the letters, applications and short listings so that we can ascertain that the whole process was free and fair. We have come out with a conclusion that even though there was a problem with the revenue board, we also got a need that as much as we wait without recruiting the revenue collectors, the County Government might lose a lot of revenue due to the process that was not completed by the revenue board.

So, as we scrutinized, we found through all the committee members and through the interrogation and investigations that there was a need to have the board active. This was by having the County Secretary write a letter to give the Chief Officer the go ahead to continue with the recruitment. On this regard, the committee sees the necessity of approving the report just for the sake of the county not to lose the money because there was no board by then.

A few months later, the Board was put in place and they were informed what happened when there was no board and, in this regard, as a committee saw the necessity to accept and recommend the report to be adopted in the House. I would appreciate the members of the committee and I would like to ask the Members in this House to please approve the report

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because we have got more reports on the same coming up. I would like to ask the Hon. Member from Marmanet to second. Thank you.

Hon. Simon Kanyutu: Thank you, Mr. Speaker. I would like to second the report from the Hon. Chairperson. We deliberated on the report as he has stated but as per our recommendation, in future we would not wish to hear of such information. Whenever we have any recruitment, that is where we get challenges in our county. That is why I am seconding because I am sure that these people are given a one-year contract. Sometime, the contracts are not renewed and people are not notified or given information.

Mr. Speaker, therefore we need to be having the information properly advertised and if there are issues pertaining to their contracts, I would advise on why the contracts are not being renewed. For those who are given new contracts, it should be fairly done for the benefit of the public.

(Question proposed)

Temporary Speaker (Hon. Paul Leshuel): Thank you, Members. The floor is now open for debate.

Hon. Joseph Gitahi: Thank you, Hon. Speaker for this opportunity. I am rising to urge this House to adopt the report that has been read out by the chairperson of the Public Accounts Committee. I would also want to congratulate the Members I being one of them. There is always a provision of congratulating oneself because I have read literature by Chinua Achebe of a lizard that fell from the Iroko tree, it had to ululate for itself. So, I want to congratulate the committee for their robust activities to the extent of bringing this report to the House.

Hon. Speaker, it was through a lot of interrogations assisted by the auditors from the National Government. I would like to say that the committee should continue with that spirit because it is only through the oversight role that this Assembly will be able to make things move well in this county.

Having said that, I would wish to state that revenue is very critical and all the issues surrounding revenue are very important. You would realize that from the areas where we come from and from the friends that we have across this county, the little money that our people have got is through sweat and blood. The few coins that people are paying towards this County Government through revenue, they are gotten through hard work. It is therefore important for this House to ensure that the process by which revenue is being gotten from our people and utilized, I think that is the central role of this House.

Hon. Speaker, the process of collecting this revenue and prudent utilization of the same, is hitched on the people who are employed. That is why this committee recommended that in future these things should be done according to the law. We have got a legal framework and the Chairperson has just read that we have got the County Revenue Bill, 2014 which is the basis upon which these employees are supposed to be employed.

As I end, I am a fun of the speeches made by the only to be political saint in Africa, the former President of Tanzania, the late Julius Nyerere. My Swahili is not so good so let me interpret what he said.

He said that all civilizations are led by human beings, and it is the creation of God that human beings lead. However, human beings do not have absolute power over the things that they do. Because he was a jovial man, he said *"haiwezekani mtu kupewa ushauri na mkewe wa kufanya mambo ya kisiasa ama uongozi."*

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The law must be followed. Once we do not follow the law, our people are afraid of what will happen tomorrow if there is no laid-down order. I want to finish by urging the House to adopt this report, and those in the revenue department should take seriously the recommendations given by this committee. Thank you.

Hon. George Karuiru: Thank you, Mr. Speaker. I would first like to congratulate the Speaker himself for the noble task and affirmative conduct. I was almost calling you to order because the colour of the Speaker's tie matches with the shirt, so I wanted to say that the Speaker is not in order. I rise to support and adopt the report laid by the Chair of CPAIC, Hon. Lekopien, our able Chair.

It happens that I am a member of the committee and I actually think that the runs that we have made day and night sourcing for this report have made him how he is. Because I can hear that he is almost talking through the nose. He has made us as a committee to burn our midnight oil perusing it. I must thank God that I was in the First Assembly and the report laid here is according to the knowledge of the committee. We interrogated…

Temporary Speaker (Hon. Paul Leshuel): Hon. Member, are you saying that you were in the First Assembly?

Hon. George Karuiru: Hon. Speaker, I was in the Second Assembly.

Temporary Speaker (Hon. Paul Leshuel): Thank you.

Hon. George Karuiru: Thank you, Mr. Speaker. I must appreciate that sometimes the County Government of Laikipia did not hit the target in terms of own source revenue. Some of the things implicated here by this report must be the hitches that we got through the Board that we had. We know the Government does not act in a vacuum. One thing which shows that maybe there were some things that did not go well… we were privileged to invite the current Revenue Board.

We interrogated them and because of their being conversant, the importance of this committee is to actually give a line. As one Hon. Member said, if we are not able to capture our revenue, you know the consequences that follow from the Treasury. The OSR is our own target and we give it out of seeing that we are able to collect that particular revenue.

So, I think it will now be in the books that we have brought this report forward. I know the current board because I can remember very well that around 2018, we did not have in place the County Public Service Board – it was suspended by the then Governor. By the time of vetting the other CPSB, we did not have the Revenue Board. I think that perhaps it was the little hitch that hit the Board, and I am hoping that wherever we are headed to… What can make us deliver, what can make the Hon. Members in this House to come back to this House after 2027 is performing for our people.

One thing that will lead is the revenue collected, submitted to the Treasury and now getting it as our equitable share. That is the only thing that we can deliver. In all the departments, it is only finances that can help realize the vision of the Governor, MCA's and any other leader elected to perform for the people. So, I hope that it will be a lesson as outlined very well in the report, that how we will be able to manage and do our oversight work is to follow how the Executive is doing so that we can perform for our people. So, I support and beg the Hon. Members to support the report and it will be well. Thank you.

Temporary Speaker (Hon. Paul Leshuel): It is my clear observation that Members are okay, so I now call upon the Mover to reply.

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Hon. Parleto Lekopien: Thank you, Mr. Speaker. Again, I want to thank the Public Accounts Committee for the great job they have done and more great things that they are doing. We have a pile of reports coming up soon and probably for the next two or three weeks we will be hearing from the County Public Accounts and Investments Committee. So, I want to take this opportunity to thank all the Members because from the look of things, I can see that we are all ready to adopt the report. Thank you, Members, and I hope that we will work for the betterment of the people of Laikipia. Thank you.

Temporary Speaker (Hon. Paul Leshuel): Thank you very much.

(Question put and agreed to)

ADJOURNMENT

Temporary Speaker (Hon. Paul Leshuel): The sittings of this House now stand adjourned until tomorrow, Thursday 21st September, 2023 at 2.30 p.m.

The House rose at 3.05 p.m.

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