



REPUBLIC OF KENYA

COUNTY ASSEMBLY OF KILIFI

THIRD ASSEMBLY-SECOND SESSION

THE HANSARD

Tuesday, 5th December 2023

*The House met at the County Assembly Chamber,
Malindi Town, at 2:30 p.m.*

[The Deputy Speaker (Hon. Kombo) in the Chair]

PRAYER

STATEMENTS

INCOMPLETE DISTILLATION OF MWAMUNGA WATER PAN AND DRILLING AND EQUIPPING OF KAWALA BOREHOLE PROJECTS

Hon. Birya: Thank you, Mr. Speaker. I rise to seek a Statement on behalf of the MCA Ruruma Ward through the Chairperson, Water, Environment and Natural Resources Committee:

Whether the County Executive Committee Member (CECM) in charge of Water, Environment, Natural Resources and Solid Waste Management is aware that the distillation of the Mwamunga water pan and the drilling and equipping of Kawala borehole projects were budgeted for at the tune of Kshs2,000,000 and Kshs5,000,000 respectively in the financial year 2022/2023.

Whether he is aware that the projects were not done and instead the funds were reallocated in the supplementary budget one of the same financial year with a view of prioritizing and budgeting for the same projects in the subsequent FY budget.

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Whether he is also aware that the projects were not allocated any amount in the financial year 2023/2024.

If yes, why were the projects not allocated funds in FY 2023/2024 and what measures is the CECM taking to ensure the projects are done as soon as practicable to ensure the people of Ruruma enjoy their constitutional rights?

Thank you, Mr. Speaker.

ALLOCATION OF FUNDS FOR THE PURCHASE OF LAND FOR RURUMA MODERN ECDE
AND RURUMA YOUTH POLYTECHNIC

Hon. Birya: I rise again to seek a Statement on behalf of the MCA Ruruma Ward through the Chairperson; Lands, Energy, Housing, Physical Planning and Urban Development Committee: -

Whether the County Executive Committee Member (CECM) in charge of Lands, Energy, Housing, Physical Planning and Urban Development is aware that: -

1. The purchase of land for the construction of Ruruma modern ECDE project was budgeted for in the Financial Year 2022/2023 at the tune of Kshs1,000,000 and,
2. The purchase of land for the construction of the Ruruma Youth Polytechnic project was budgeted for in the Financial Year 2022/2023 to the tune of Kshs1,000,000.

Whether he is aware that the purchase of these parcels of land was not done and instead the funds were reallocated in Supplementary Two of the same FY with a view of budgeting for the same programmes in the subsequent budget FY 2023/2024.

Whether he is further aware the projects were not allocated any funds in the Financial Year 2023/2024.

If yes, why, and what measures is the CECM taking to ensure land is available for the projects to be implemented?

Thank you, Mr. Speaker.

MOTION

ADOPTION OF THE REPORT ON CONSIDERATION OF THE REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY (KIMAWASCO) LIMITED FOR THE FINANCIAL YEAR ENDING 30TH JUNE 2019 AND 2020

Hon. Mohamed: Thank you, Mr. Speaker, Sir. On behalf of the Chairperson PIC/PAC Committee, I beg to move the following Motion: -

THAT, this House adopts the Report of the Select Committee on County Public Investments and Accounts on consideration of the Reports of the Auditor General on the Financial Statements of Kilifi-Mariakani Water and Sewerage Company (KIMAWASCO) Limited for the Financial Year ending 30th June 2019 and 2020 laid on the table of this House on Monday, 4th December 2023.

Before I call hon. Mary Anzazi Maneno to second, I wish to submit the following for the House. That, the committee received the Auditor General's Report and scrutinized the Report, we called the KIMAWASCO and the Committee noted the following observations; that the Auditor General's Report opinion for the year 2019/2020 were both qualified reports.

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That, the Report had several issues including the following: the first one being the preparation of financial statements. The Committee noted that there had been incompetence and some reluctance in the way the financial records were kept, and financial statements were prepared. It was very embarrassing to see such a company that could employ competent accountants and staff who could not even keep records properly. Most of these issues revolving around these observations were quite usual things in the accounting profession. These officers could not reconcile and could not keep their records well because the queries that the Auditors were asking were very simple questions.

The Committee noted numerous cases of misposting; this could be attributed to failure to do reconciliation and failure to explain differences between sets of records which they could have done at the level of the audit.

The Committee recommended the following: that an evaluation should be done of the Finance Department to adequately employ skills and staff who are competent in the Department.

KIMAWASCO management to provide adequate supervision for their junior staff because it looks like even the senior ones are not supervising the juniors before a Report is taken out to an auditor, the senior officers should inspect that Report and such issues may not have arisen if there would be close supervision.

The Committee also recommended that KIMAWASCO management/accounting officers be held personally responsible for the actions of their juniors if strict supervision will not be done, or the coming set of statements is found with the same mistakes because these are very minor mistakes which can be averted by complying to the profession well.

The second issue that the Committee noted was unsupported expenditure. In the two financial years, there had been cases of lack of documents to support various expenditures. For example, expenditures related to unidentified debtors and undisclosed accounts receivables and finally liability balance from Coast Water Works Development Agency amounting to Kshs15 million; all these could not be supported. By the time the Auditors were leaving their offices, they could not support these expenditures.

On the same, the Committee recommended that the unsupported and irregular expenditure is recovered from the accounting officers and the management involved and a Report of the same is to be tabled before this honourable House within 90 days, failure to which the matter is forwarded to EACC (Ethics and Anti-Corruption Commission). It is very serious not to provide evidence of expenditure after expenditure has been done. So, the Committee recommended that within 90 days after the Report has been adopted by this honourable House, the management of KIMAWASCO should provide a Report that will have verified and has all these supported documents. Otherwise, the matter is as serious as it is and will be investigated by the authorities vested in the Constitution.

The third thing that the Committee noted was performance by the accounting officers. As earlier noted by the Committee, 80 per cent of the issues that had been raised by the Auditor General in this Report could have been sorted out easily if there could have been proper cooperation between the Finance Department by the time these Auditors were in their offices. So, the management/accounting officers should ensure cooperation with the Auditor General during the period of the audit; should promptly and act on the auditor's management letter.

If I may explain the process of auditing to this House; you see auditing is a process and it is not something that is done within a day. It is a process where there is an entry meeting between the management and the Auditor General. That entry meeting mostly outlines what the

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Auditor requires for him to perform his duties in that organization. There is a period given before the management receives a letter after the entry meeting is done and the requirements are given. If the specified office is not cooperating, the Auditor General raises a letter called a management letter. That management letter is given seven days before the Auditor goes ahead and prepares a draft Report.

When the draft Report is received, still it is given seven days. If there are any issues that these officers can settle, then they report to the Auditor and any query regarding that is always sorted. So, if you see such simple issues taken up to query levels, then the officers in those offices are not cooperating and they have been given enough time. If they are not cooperating that means, there are issues which they are doing and they are not good.

The Committee insists that the documents should always be provided when the Auditor is doing the audit. That is a recommendation which we gave to them. When this House adopts the report today, we do not expect such simple issues to arise again in the next financial Report.

The last point that the Committee noted in this two-year Report is that there were also unresolved accounting matters that had arisen from other previous Reports which had not been sorted out. It is the Committee's consideration position that the financial statement of KIMAWASCO did not give a true reflection of the assets owned by the organization. This is because the handing over of the assets from the Coast Water Service Board in the form of property planned and equipment worth Kshs34 million had been accumulated over the years without clearance.

Here, we are looking at 2019/2020 so in 2018 there is an issue with clearance between KIMAWASCO and Coast Water Board and that has been coming from prior years which has not been sorted. That is why the Committee noted that there was an unresolved accounting matter. So, the Committee recommends that the Chief Officer for Finance submits a Report specifying the status of assets and liabilities before devolution when these companies were being manned by Local Authorities. The Chief Officer for Finance should submit before this House a Status Report on the assets and liabilities of KIMAWASCO. That Report, which is supposed to be a clearance Report from Coast Water to KIMAWASCO, has never been done in ten years or more. That is why the Committee is recommending that the Chief Officer for Finance intervene and submit a Report to this House that will clearly give the status of the assets and liability that is in line with KIMAWASCO.

The Committee also demands the County Secretary to present a Report detailing the transitional ownership of the company from Local Authorities to the counties. All these are handing over Reports. When devolution came up, these companies that are KIMAWASCO and MAWASCO were under the Local Authorities. There is supposed to be a Report that details the assets and liabilities that these companies inherited from those offices which has never been done and it is a query to the Auditor in every financial year. For us to settle this unresolved matter, the Committee recommends that the CS (County Secretary) presents to the House a detailed Report of the same so that in the next financial year we do not get the same query from the Auditor General. Up to that juncture, I wish to call upon hon. Mary Anzazi Maneno to Second the Motion. Thank you, Mr. Speaker.

Hon. (Ms.) Maneno: Thank you, Mr. Speaker, Sir. I rise to support the Adoption of the Report of the Select Committee on County Public Investments and Accounts on consideration of the Report of the Auditor General on the Financial Statement of Kilifi, Mariakani Water and

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Sewerage Company which is KIMAWASCO Limited for the Financial Year ending 30th June 2019 and 2020.

I thank the Chairperson for explaining everything, but I would like to refer the hon. Members to page 15 on unsupported expenditure, last paragraph. This is the recommendation from the Committee and I will read it; “That the Committee further recommends that the unsupported and irregular expenditure should be recovered from the accounting officer responsible and a Report should be submitted to the County Assembly within 90 days after the adoption of this Report, failure to which the matter will be referred to the Ethics and Anti-Corruption Commission (EACC) for further investigations with an intention to prosecute those responsible.”

As honourable Members, we need to bring back sanity to the public offices. Therefore, Mr. Speaker, Sir, let the accounting officer provide the documents. It is public money, not family money. Kilifians need to see the value of their money. Thank you, Mr. Speaker, Sir.

(Question proposed)

Hon. Changawa: Thank you, Mr. Speaker, Sir for giving me this opportunity to make my contributions towards the Motion before the House today. I want to refer the House to page 36 where it says, “A disclosed accounts receivable...” It further says, “Audit review of billing records and outstanding customer balances indicated that 9,161 disconnected customers had outstanding water bills totaling Kshs110,899,466. However, the Bills were not included in the trade revisable balances totaling Kshs303,176,773.”

So, Mr. Speaker, I want to say that this is the taxpayers’ money in as much as they were disconnected, but what we know is people keep doing reconnection there and after. So, by not revealing this huge amount of money, it means that they are people playing in government offices.

Therefore, as the Chairperson for Implementation, I want to say that we should not look at these things very easily. We should take these things with all seriousness, and I urge this Committee that action should be taken upon failure to implement these recommendations made by this Committee. With those few remarks, I beg to support.

The Deputy Speaker (Hon. Kombo): Thank you. Hon. (Ms.) Elina Mapenzi.

Hon. (Ms.) Mapenzi: Thank you so much, hon. Speaker, for giving me this opportunity to give my submissions. I am one of the Members of the Committee on PIC/PAC. We interrogated the KIMAWASCO Officers but I want to report to this House that the Officers are not serious with whatever they are doing in the offices. KIMAWASCO is a very essential organ to the people of Kilifi and how matters are handled in the offices should be taken with a lot of seriousness.

Mr. Speaker, the audit issue is a very serious matter, and any company should take it with a lot of seriousness but whatever we discovered with these officers from KIMAWASCO, hon. Speaker, shows a lot of laxity in the offices and incompetence with some of the officers.

Poor supervision of the junior staff is also a problem within the offices. For example, if I go to page 18 on how we commented on what we discovered, the Committee noted a lot of incompetence with the officers, laxity, and reluctance on the part of the employees left in charge of the record keeping. This we noticed when we discovered that they could not provide the

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required documents to the Auditors on time. The records that were needed were nowhere to be found; meaning, poor record keeping is happening in the offices, and poor supervision is also taking place in the offices, while the Kilifians have faith in them for service provision.

Again, on KIMAWASCO, we noticed that the officers could not account for what they spent in the offices. This is a very serious offence because failure to account for what you spend as an office shows how you have violated the Constitution and regulations.

Therefore, I stand also to put more emphasis on the recommendations given by the Committee that after 90 days, these company officers should have provided everything that they could not provide during the audit process, and they should also have corrected their issues in the offices.

Hon. Changawa, you are the Chairperson of the Implementation Committee and you should follow up on this matter after the end of 90 days. This is a joke to the people of Kilifi and I think we should not sit back as Members and watch this thing happening in an office like KIMAWASCO. Let us take this Report with a lot of seriousness, adopt it and rectify the anomalies. Thank you.

Hon. Rafiki: Thank you, hon. Speaker. I first stand to congratulate the Committee for coming up with this well-documented Report and having gone through some pages in this Report and for the interest of time, allow me to say I stand to support. Thank you.

(Question put and agreed to)

ADJOURNMENT

The Deputy Speaker (Hon. Kombo): There being no other business to transact, this House stands adjourned until tomorrow Wednesday at 2:30 p.m.

The House rose at 3:06 p.m.

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