

**REPUBLIC OF KENYA**  
**MURANG'A COUNTY ASSEMBLY**  
**THE HANSARD**

Tuesday, 26<sup>th</sup> November 26, 2024.

The Assembly met at 2:45 p.m.

*[The Temporary Speaker (Hon. Grace Nduta) in the Chair]*

**PRAYER**

**PAPERS**

**REPORT OF THE BUDGET AND APPROPRIATIONS COMMITTEE ON THE COUNTY  
BUDGET REVIEW AND OUTLOOK PAPER (CBROP) 2024**

**Hon. Charles Machigo:** Thank you, Madam Speaker. Hon Speaker, I beg to lay the following Paper;-

That, the Report of the Budget and Appropriations Committee on the County Budget Review and Outlook Paper (CBROP) 2024, be laid on the Table of the Assembly today Tuesday, November 2024.

Thank you, Madam Speaker.

**The Temporary Speaker (Hon. Grace Nduta):** Next order.

**REPORT OF WATER AND IRRIGATION COMMITTEE ON CONSIDERATION  
OF ANNUAL WORKPLAN FOR FY 2024/2025 FROM THE DEPARTMENT OF WATER  
AND IRRIGATION**

**Hon. Margret Gichia:** Thank you, Hon Speaker. I beg to lay the following Paper on the Table of the Assembly, today Tuesday 26, 2024; -

The Report of the sectoral Committee on Water and Irrigation on its consideration of annual workplan for FY 2024/2025 from the department of Water and Irrigation sub sectors, under the department of Water, Irrigation, Environment and Natural resources.

Thank you.

**The Temporary Speaker (Hon. Grace Nduta):** Thank you, Next order.

## NOTICE OF MOTION

### ADOPTION OF REPORT OF THE BUDGET AND APPROPRIATIONS COMMITTEE ON THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP) 2024

**Hon. Charles Machigo:** Thank you, Hon. Speaker. Madam Speaker I beg to give notice of the following Motion; -

That this Assembly adopts a Report of the Budget and Appropriations Committee on the County Budget Review and Outlook Paper (CBROP) 2024, laid on the Table of the Assembly on Tuesday, November 26, 2024.

Thank you, Madam Speaker.

**The Temporary Speaker (Hon. Grace Nduta):** Thank you Chair, Next order.

### ADOPTION OF A REPORT OF WATER AND IRRIGATION COMMITTEE ON CONSIDERATION OF ANNUAL WORKPLAN FOR FY 2024/2025 FROM THE DEPARTMENT OF WATER AND IRRIGATION

**Hon. Margret Gichia:** Thank you Hon Speaker. I beg to give notice of the following Motion;-

That this Assembly adopts a Report of the sectoral Committee on Water and Irrigation on its consideration of annual workplan for FY 2024/2025 from the department of Water and Irrigation sub sectors under the department of Water, Irrigation, Environment and Natural resources, laid on the Table of the Assembly on Tuesday November 26, 2024.

**The Temporary Speaker (Hon. Grace Nduta):** Thank you Chair, Next order.

## MOTION

### ADOPTION OF REPORT OF PUBLIC INVESTMENT AND ACCOUNTS COMMITTEE ON THE AUDITED FINANCIAL STATEMENTS OF GATANGA COMMUNITY WATER SCHEME FOR THE YEAR ENDED JUNE 30, 2019 AND JUNE 30, 2020.

**Hon. Ndunda Makau:** Thank you, Madam Speaker. I beg to move the following motion, that, this Assembly adopts a report the Public Investments and Accounts committee on the audited financial statements of Gatanga Community Water Scheme for the year ended June 30, 2019, and June 30, 2020, laid on the table of the Assembly on Tuesday, November 26, 2024.

Hon. Speaker, the Committee on Public Investments and Accounts is established by the Murang'a County Assembly Standing Order 199, which mandates it to undertake the following:

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1. To examine the accounts showing the appropriations of the sum voted by the Assembly to meet the public expenditure and of such other accounts laid before the Assembly as the Committee may think fit
2. The examination of the reports, accounts and workings of the county public investments
3. The examination, in the context of the autonomy and efficiency of the county public investments, whether the affairs of the county public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

Madam Speaker, the Committee shall not examine any of the following, namely:

1. Matters of major County or National Government policy as distinct from business or commercial functions of the public investments;
2. Matters of day-to-day administration; and,
3. Matters for the consideration of which machinery is established by any special statute under which a particular county public investment is established

Madam Speaker, on behalf of the County Public Investments and Accounts Committee, pursuant to Standing Order 193(6), it is my pleasure and duty to present to the County Assembly, the Committee's report on the financial statements of Gatanga Community Water Scheme for the year ended June 30, 2019, and June 30, 2020.

Madam Speaker, let me start by saying that this Report is already in soft copy form, on the members' gadgets, so, they can follow or move with me as I move this Motion. Madam Speaker, according to this report, the office of the auditor general identified----

**The Temporary Speaker (Hon. Grace Nduta):** Chair you can as well guide us on which page you are in.

**Hon. Ndunda Mkau:** Right now am in page 11.

**The Temporary Speaker (Hon. Grace Nduta):** Continue.

**Hon. Ndunda Mkau:** According to the audit report before us, the office of the auditor general identified the following audit queries. One, long outstanding accounts receivables. Two, non revenue water. Three, unsupported customer deposits. Four, non-compliance with the law on fiscal responsibility – wage bill. Last one, budgetary control and performance.

Madam Speaker, let me first give a brief history of this company by the name Gatanga Community Water Scheme. But today it has changed its name from Gatanga community water scheme to Gatanga water and sanitation company. When the Water Act 2002 was operationalized, the company was formed but today this company despite being a water scheme

before, I can confirm today that the water company is 100% owned by the county government of Murang'a and goes by the name GATAWASCO.

The schemes principle activity is to ensure efficient and effective provision of water services in its area of jurisdiction. Its area of supply is approximately 200 square kilometres spreading in six wards namely: Kariara, Gatanga, Kihumbuini, Ithanga, Kakuzi and Mugumoini. There are approximately 14, 000 accounts spread across the area of supply.

The auditors' opinion for this report is a qualified opinion. Let me say there are four opinions that an auditor can give. The first is unqualified opinion, this is the best of all. The we have the second one, qualified opinion. We have the third one, adverse opinion. The last one is disclaimer. In this case the auditor opinion is qualified. Meaning that although the proper books of record were kept, there were some issues were found which were found not complying with the law.

The first audit query that was identified by the auditor was long outstanding accounts receivables. By accounts receivables, these are the money that the company customers owe for goods and services. They received but not yet paid, and I will not go deeper because the figures are there and you can see what is owed. But according to the company their response on this was that an amount of over 30 million have been long outstanding. The company therefore, decided as per the debt policy to do specific provision for bad debts which was spread in three years that is 2019/2020, 2020/2021 and 2021/2022 to avoid negatively affecting the financial statement.

Madam Speaker regarding this query the Committee has recommended the following;

- 1) The CEC, Finance and Economic Planning should investigate the financial management system of the company.
- 2) The CEC, Water and Sanitation Services should look into the capacity of staff in the finance department to ensure that they have capability of effectively deal with the continuous escalating debt, adequately provide for bad and doubtful debts and conclude on the inherited debts.
- 3) The Managing Director should within 21 days following adoption of this report, submit to the County Assembly a work plan by debt collection unit aimed at collecting the outstanding debts. The work plan must have timelines and measurable targets assigned to staff under the above section including tracking/monitoring mechanisms.

Madam Speaker audit query number two was non-revenue water. And when I talk of non-revenue water this is the difference between amount of water produced by an entity for

use and actual water which is billed to the customers. In this case you find that many companies produced a lot of water or in case of this they produce water but the same amount which is produced is not the same amount billed to the customer because it is lost on the way through spillages or leakages or even through stealing by customers.

And Madam Speaker here are the figures of the water which was produced by the company in two years that is 2019 and 2020, members can go through and see for themselves. Let me come to the management response on this was that Gatanga water has over the past financial years made several efforts to help in reduction of non-revenue water; this involves the formation of non-revenue water unit and empowerment of non-revenue water staff through training and benchmarking from neighbouring water service providers with modern intervention for non-revenue water reduction.

However, as a company they have been facing challenges that undermine their efforts in non-revenue water reduction. These challenges include; vandalism of water infrastructure, aging and dilapidated water infrastructure that require immediate rehabilitation, low metering ratio, aged consumer meters which require financing for replacement.

Madam Speaker, the other query which the Auditor General has raised is unsupported customer deposits and customer deposits. This is paid by a customer before delivery of goods or services held by a company in trust for customers but must be repaid back after some time. And in the books of accounts of this company, they are supposed to be recorded as liabilities in the company's ledger. As you can see here, the amounts written there, there are some deposits which the customers have already paid because the audit query here is unsupported customer deposits which seem to have been used by this company.

According to the management of this company, they responded that the customer deposit as earlier on stated has been regularly and procedurally spent through the approval by the Board. But the Committee recommended the following; that the company should stop borrowing money from customers' deposits going forward since the rate of borrowing is so high and increase per year compared to repayment of the same. And again, the company board should make a guideline structure policy on borrowing from customer deposits accounts. This guideline should ensure that the reason for borrowing shows value for money and the company's ability to pay back. Madam Speaker, the fourth query is about---

**The Temporary Speaker (Hon. Grace Nduta):** Chair, you can go to the Committee's observations because Members can read and then the recommendations.

**Hon. Ndunda Mkau:** Okay, I will try to be brief because there are only two audit queries remaining.

**The Temporary Speaker (Hon. Grace Nduta):** Which Members can read. They are in their books.

**Hon. Ndunda Mkau:** And the first one is non-compliance with the law on physical responsibility. That is regarding wage bill. The law requires that wage bill should not be over 35% and the other percentage, 65, should go to development but in this case, this company has reached 56% for year one, 2019, and year two, 44%, which is above the required. The last audit query is about budget control and performance and from there, I will go straight to the general Committee recommendation.

The general Committee recommendation is as follows; the Committee recommends that the CECM for Water and Sanitation should take administrative action against the officer who failed to provide the documents to the Auditor General and to the Committee within 60 days from the adoption of this Report.

Recommendation number two, the Committee recommends that the County Executive Committee Member for Water and Sanitation takes administrative action against the responsible officers in the company for professional negligence on budgeting standards and procurement regulations.

The third one; that the County Executive Committee member in charge of Water and Sanitation should provide policy guidelines on budgeting, procurement, personnel emoluments, debt management, borrowing from customer deposit and other operational matters to all Water and Sanitation Companies to ensure prudent use of public resources. The last one that the County Executive Committee member in charge of Finance and Economic Planning drafts and presents a Debt Management Policy for all county investments that provides for a debt ceiling and qualification for writing off debts. I invite hon. Chefman to second this Motion, thank you.

**Hon. Chefman Njoroge:** I rise to second the Motion with a few remarks. It is necessary to know that we have water companies in Murang'a County and our citizens are suffering. Number two it is also good for the House to know that we are losing a lot of money and the area we are losing in all these companies like Gatamathi which is a norm is the issue of non-revenue water. Personally, I think it is an excuse. The other issue is on unsupported customer deposits, as you have heard, something which has been recurring, Madam Speaker, whenever you hear the kind of money lost whenever we are discussing these water companies, you fail to understand do we have professionalism in the running of that company.

For a small entity like this, losing 30 million water that is not accounted for and yet we have the representatives of the County government in those boards that is the CEC Water and

CEC Finance and we end up having these problems and we do not have the measures and until we have an audit report querying the same then we are in the wrong side of the law.

I think to the honourable members we have heard the audit Report, we have the recommendations from the Committee and I thank the Committee for the good work under the leadership of my chair. It is high time to ensure our people do not lose the finances, stiff action should be taken where necessary and this House should stamp its authority, apart from being a house of order, we need to make sure that we pass laws such that if we have losses of this kind of money somebody is punishable by the law.

That should not be an excuse, if there is no countered performance, they should have them sign a performance contract since currently these companies are under County government. So, if they do not perform, if they are losing money, some people are not getting water, it is unfortunate we are losing money and such kind of a thing. We need to take severe action against this company. We should make sure that implementation is done and we should not allow in the next financial year this kind of loses, Kshs.30 million is not one shilling.

I rise to request my colleagues to support especially on the side of recommendations on the resolution of the Committee so that we are able to make sure that it is not business as usual but a matter of making sure that they are obligate. We are now happy it is under county. It Is our mandate to make sure even if it is to fire people. I rise to second the Motion and I request members to support the Motion so that we can be able to put things in order. Thank you.

**Temporary Speaker (Hon. Grace Nduta):** Thank you Hon. Chefman for seconding the Motion and also supporting.

*(Question proposed)*

**Temporary Speaker (Hon. Grace Nduta):** Honorable member was that whistling directed to the chairperson. Or you were sneezing.? Quick recovery. Honorable Gathee wa Njeri you are seated next to the whistler.

**Hon. Gathee Wa Njeri:** Thank you Madam Speaker, I first stand up to support the Motion and also to wish my brother quick recovery and because I am seated next to him and he is not even wearing a mask and he is whispering with that big voice next time be careful.

I am part of the Committee and I want to commend and congratulate the Committee for doing a good job concerning our water companies. I am sure it is not just this one but there are

other companies which have come to our Committee and they have been able to go through their Report and the rest.

The only concern to other members is that some of these recommendations that we give sometimes they just run away and they are not followed up and because we have the relevant Committees here in the Assembly. It is upon them to take the course and know how far are our recommendations are implemented in all the companies. We have seen some of the companies like 80 percent of them are making losses and big losses every time. Sometimes we recommend even with the auditor what should be done in terms of reporting the book of accounts and the rest and each and every time they come with the same mistake. I do not know whether we just come here we give recommendations and they are lost in the thin air. It is upon us to see these qualified opinions that are given by the auditors are they followed up to the task. I am sure that this is a Report for 2019.

If 2020 will meet us in the Assembly we are going to find the same recommendations being recommended to the company, having in mind that they are part of the County and maybe we are going to inject some resources to these companies, we need to know how well are they prepared? In terms of even the water which is getting wasted because the efficiency in terms of the delivery is at lower point and that is why we are even realizing a lot of losses when we are coming to the closer of the year. And also in terms of wage bill, we need to really know, who are these people who are employed in this companies? Who are the exactly what position? Do they give us the right report? Because I've seen some of the reports in the Committees, that the person who is there presenting them is not able to defend well with clear reports, who are clear. Who takes up this role? Who is this in charge of this department? So, Chair you are going to guide on that so that we can have a good recommendation next time, And also I minimize these losses because as far as we are concerned they are getting to our people and it's a burden of our County. Otherwise I support. Thank you.

**The Temporary Speaker(Hon. Grace Nduta):** Thank you Hon. Gatheo Wa Njeri and thank you also for wishing quick recovery to your good neighbor. We should be our brother's keeper. Thank you for that. Chair you can respond.

**Hon. Makau Ndunda:** Thank you Madam Speaker. Let me start by thanking those Members who have contributed to this Motion and thank you for supporting. I've taken note of the concern. I know it has been hard there before, dealing with this companies when some of them were private, others we are under trust. But now that all of them now are 100percent owned by the County Government of Murang'a it will be easy now at least to follow them.



Again, regarding the recommendation that we normally give because they are many, I think we need to hold also the concerned people responsible. We also have the Implementation Committee here in this Assembly and it is also their work to make sure that what is supposed to be implemented is followed. So thank you members and again uh that you adopt this Report. Thank you, Madam Speaker,

*(Question put and agreed to)*

### **ADJOURNMENT**

**The Temporary Speaker (Hon. Grace Nduta):** Hon. Members there being no other Business, this House now stands adjourned until tomorrow Wednesday November 27, 2024 at 9:30 a.m.

*The House rose at 3:20p.m.*