

Paper laid on
9/2/2016.

MURANG'A COUNTY ASSEMBLY



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February 8, 2016

The Hon. Speaker

Thro'

The Clerk to the Assembly
Murang'a County Assembly
P.O Box 731

MURANG'A

**MURANG'A COUNTY ASSEMBLY
CLERK**
09 FEB 2016
.....
**FORWARDED TO THE
HON. SPEAKER FOR APPROVAL**

Handwritten notes:
President
Mr. Hon. Speaker
09/02/16

RE: PAPER LAID

Mr. Speaker Sir, I beg

THAT, the report of the Public Investment and Accounts Committee, on procurement of County Public Service Board hospitality related purchases, for the period 16th August 2013 to 31st December 2014, be laid on the table of the Assembly today Tuesday, February 9, 2016.

Thank You

Mr. Speaker

Hon. Mary Waithira

CHAIRPERSON, PUBLIC INVESTMENT AND ACCOUNTS COMMITTEE

Paper laid by the
Chairperson on 9/2/2016

REPUBLIC OF KENYA



MURANG'A COUNTY ASSEMBLY

THE FIRST ASSEMBLY

FOURTH SESSION (2016)

**MURANG'A COUNTY ASSEMBLY PUBLIC
INVESTMENT AND ACCOUNTS COMMITTEE.**

**REPORT ON PROCUREMENT OF COUNTY PUBLIC
SERVICE BOARD HOSPITALITY RELATED
PURCHASES FOR THE PERIOD 16TH AUGUST 2013
TO 31ST DECEMBER 2014**

CONTACTS:
MR. CHRIS KINYANJUI
CLERK, COUNTY ASSEMBLY
P.O. BOX 731-10200



February 11, 2016

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PREFACE

Mr. Speaker Sir,

1. On behalf of the Members of the Murang'a County Assembly Public Investments and Accounts Committee, I beg to move the adoption of the report on procurement of County Public Service Board hospitality related purchases for the period 16th August 2013 to 31st December 2014.
2. The Public Investments and Accounts Committee is a select Committee established under the Standing Order No. 189 and is responsible for the examination of the working of public expenditure and investments including all utilities owned by the County Government. The Committee was constituted by the Assembly on 24, 2013 pursuant to Standing Order No 189.

Committee Mandate

3. The Committee is mandated to do the following:-
 - a) Examine the reports and accounts of the public investments;
 - b) Examine the reports, if any, of the Auditor General on the public investment;
 - c) Examine, in 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.

The Committee shall however not examine:-

- a) Matters of major Government policy as distinct from business or commercial functions of the public investments;
 - b) Matters of day-to-day running and
 - c) Matters for the consideration of which machinery is established by any special statute under which a particular public investment is established.
4. The powers of the committee are derived from Standing Order No. 175 of the Murang'a County Assembly, Article 195 of the Constitution of Kenya 2010, Section 39(2) of the County Government Act, the State Corporations Act (Cap.466) and the Public Audit Act (Cap.412) to summon witnesses, examine them on oath and receive evidence.

Committee Membership

5. The Committee is composed of the following Members:-

1. Hon. Mary Waithira Njoroge	Chairperson
2. Hon. Peter Murigi Ngugi	Vice-Chair
3. Hon. Samuel Dishon Wandia	Member
4. Hon. John Kiarie Ngugi	Member
5. Hon. David Muhoro Njeri	Member
6. Hon. James. B. Kagoni	Member
7. Hon. Beth Wanjiku Ngugi	Member
8. Hon. Martin Mwachia Mwangi	Member

9. Hon. Anderson Muchemi	Member
10. Hon. Jane W. Ndegwa	Member
11. Hon. Esther Nyakio Munywoki	Member

Allow me Mr. Speaker to thank the entire Members of this Committee and staff attached to it for their hard work and commitment which made the production of this report a success.

BACKGROUND INFORMATION

6. The gist of the matter started after the Assembly received a petition on removal of the Chairperson of the County Public Service Board by Mr. Danson N. Ngugi .
7. The petition was then tabled in the house on July 23, 2014 whereby it was committed to the committee on public service.
8. The public service committees then tabled a report which was adopted by the house on September 23, 2014 whereby one of its recommendation was that the committee on Public Investment and Accounts Committee do a further investigation in regards to the procurement of hospitality related goods by the County Public Service Board for the period 16th August 2013 to 31st December 2014 .

Committee proceedings

9. The Committee held a number of sittings during the entire inquiry period and members interrogated the acting Chairperson and the Secretary to the County Service Board, the Committee Executive Member for Finance IT and Economic Planning, the County Chief Officer and the County Procurement Officer. During its sessions, the Committee closely examined and heard evidence from the witnesses and also reviewed various documents. All minutes of the Committee's sittings on evidence taken are annexed hereto. In its inquiry, the Committee received both oral and written evidence from the witnesses.
10. While taking evidence, the Committee was guided by the existing procedures and modalities of operations of the Murang'a County Assembly derived from the Constitution of Kenya 2010; Murang'a County Assembly Standing Orders, common practices and rulings and directives of the Chair.

11. Section 226 (1) (5) of the Constitution of Kenya, 2010 stipulates that:-

"If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not."

12. Section 74 of the Public Finance Management Act, 2012 states that:-

In pursuance of Section 226(1) (5) of the Constitution of the Republic of Kenya, Section 74 of the Public Finance Management Act, 2012 gives Accounting Officers powers to discipline errant officers under their jurisdiction. The same section of the Act also gives the Appointing Authority powers to discipline errant Accounting Officers. Further, Section 74(3) of the Act empowers the Appointing Authority to revoke appointment of errant Accounting Officers.

The Committee is glad to note the enactment of the Public Finance Management Act and calls on the Appointing Authority to strictly apply provisions of this Act to ensure fiscal discipline

over public funds.

In this report, the Committee has applied Sections 226(1) (5) of the Constitution of Kenya, 2010 and 74 of the Public Finance Management Act to recommend the investigation and surcharging of various persons that may have been responsible for the loss of public funds.

ACKNOWLEDGEMENT

13. The Committee wishes to record its appreciation to the Speaker and the Clerk of the Murang'a County Assembly for facilitating the operations of the Committee. The Committee also wishes to appreciate the witnesses who appeared and adduced evidence before it. Further, the Committee is indebted to the secretariat of the Committee,. It is their commitment and dedication to duty that made the work of the Committee and production of this report successful.

Mr. Speaker Sir,

14. On behalf of the Committee, I now wish to table the report and urge the House to adopt it and the recommendations therein.

Signed;

HON. MARY WAITHIRA NJOROGE

CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE.

Date:.....


MEETING WITH THE ACTING CHAIRPERSON AND THE SECRETARY COUNTY SERVICE BOARD, THE COMMITTEE EXECUTIVE MEMBER FOR FINANCE IT AND ECONOMIC PLANNING, THE COUNTY CHIEF OFFICER AND THE COUNTY PROCUREMENT OFFICER

15. The committee met with the above mentioned officers on July 22,2015 and they adduced the following evidence;
- a. That the milk supplier by the name Catherine Kamau was not a member of the County Public Service Board but rather a milk vendor who operates Marigi Stores based in Murang'a town.
 - b. That every department is given an imprest of a certain amount. The imprest depends on the complexity of the department. The committee was also notified that every department has an accounting officer and the imprest is reimbursed at the end of every month. No department can be given a new imprest until the previous one is reimbursed.
 - c. Some requisition had no receipts attached .However they were requested to submit them later of which they obliged.
 - d. Whereas the accounting officer was the secretary to the board, it was observed that different people from the same department did the requisitions.
 - e. Some requisition forms were paid even without following the right procedure.
 - f. The Secretary to the Board informed the members that he did not keep any records and that his office submits all the finance related documents to the finance department. A matter that was taken seriously by the committee.
16. The committee further held another meeting on August 12,2015 and scrutinized all the documents presented by the Executive and came up with the following observations
- a. That a case of mineral water was costing kshs 1,000 as opposed to what was reported earlier of one bottle costing kshs 1,000..
 - b. That a packet of fresh whole milk was costing ksh 195 per litre against the prevailing market price of kshs 100 per litre.
 - c. That there was loss of money amounting to kshs 84,835 due to exaggerated milk price during the period in question.

COMMITTEE'S RECOMMENDATION

17. The committee came up with the following recommendations.
- a. That all accounting officers must keep the accounting documents safely for future reference.
 - b. That Requisition forms must be filled by the relevant officers and must be dully signed by the authorized signatories.

- c. That Cash transactions should be discouraged and instead the department should enter into contracts with various suppliers.
- d. That Requisitions for office requirements should only be done by only the authorized person.
- e. That the accounting officer must retain and file all the copies of the original documents.
- f. As the department enters into contracts with suppliers, prevailing market price should be considered.
- g. That the officer who recommended the payment of kshs 174,135 to Marigi Stores on 10/01/2014 vide electronic funds transfer (EFT) Payment Voucher number 1838 dated 10/01/14 , invoice no 23 dated 31/12/13 for 893lts of milk, making the County Executive to lose a total of kshs 84,835 through exaggerated milk price be surcharged for the loss as per the public procurement and disposal act ,2005 section (30) (4),which states that “public officials involved in transactions in which standard goods ,services and works are procured at unreasonably inflated price shall, in addition to any other sanction prescribed in this act or the regulations be required to pay the procuring entity for the loss resulting from their actions”.

- h. find the under mentioned tabulation;
Payment made to Marigi Stores on 10/01/2014 vide EFT, Payment Voucher number 1838 dated 10/01/14 of kshs 174,135 for invoice no 23 dated 31/12/2013

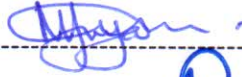
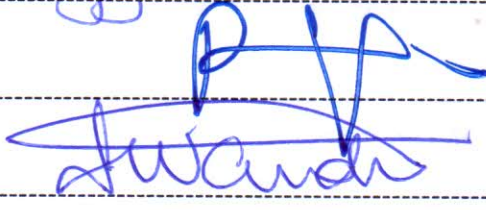

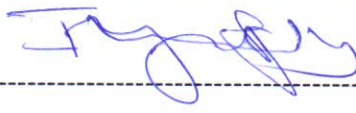
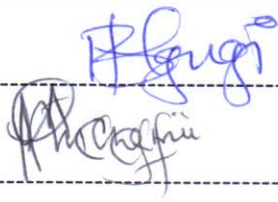
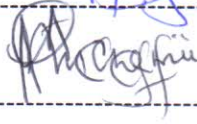
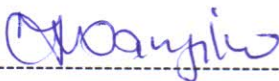
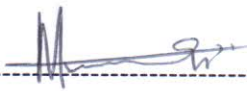
Payment made for-893lts of milk at kshs 195/lt	= kshs 174,135.00
Market price for 893lts of milk at kshs 100/lt	= <u>kshs 89,300.00</u>
 Overcharged amount	 = <u>kshs 84,835.00</u>

CONCLUSION

- 18. The Secretary to Murang’a County Public Service Board contravened the public procurement and disposal act 2005 section (30) (3) which states that “standard goods, services and works with known market prices shall be procured at the prevailing real market price.” And section (30) (4) which stipulates that “public officials involved in transactions in which standard goods ,services and works are procured at unreasonably inflated price shall, in addition to any other sanction prescribed in this act or the regulations be required to pay the procuring entity for the loss resulting from their actions”. Hence, the committee hereby do recommend that the said County Secretary to the service board be surcharged an amount of kshs 84,835 being the loss incurred in the transaction.

Thank You.

The following Committee Members in a meeting held on December 8, 2015 unanimously adopted the report for tabling in the County Assembly:

NAME	SIGNATURE	DESIGNATION
1. Hon. Mary Waithira		Chairperson
2. Hon. Peter Murigi Ngugi		Vice-Chair
3. Hon. Samuel Dishon Wandia		Member
4. Hon. John Kiarie Ngugi		Member
5. Hon. David Muhoro Njeri		Member
6. Hon. James. B. Kagoni		Member
7. Hon. Beth Wanjiku Ngugi		Member
8. Hon. Anderson Muchemi		Member
9. Hon. Jane W. Ndegwa		Member
10. Hon. Martin Macharia		Member
11. Esther Nyakio Munywoki		Member

**MINUTES FOR THE WORKSHOP ON THE COMMITTEES PENDING REPORTS ,
HELD AT SPORTSVIEW HOTEL, KASARANI, ON DECEMBER 8 ,2015.**

MEMBERS PRESENT

1. Hon. Mary Waithira	Chairperson
2. Hon. Peter Murigi Ngugi	Vice Chair
3. Hon. Beth Wanjiku Ngugi	Member
4. Hon. Anderson M. Waweru	Member
5. Hon. Jane W. Ndegwa	Member
6. Hon. John Kiarie Ngugi	Member
7. Hon. Esther Nyakio	Member
8. Hon. James Kagoni	Member

ABSENT WITH APOLOGY

1. Hon. Martin Macharia
2. Hon. David Muhoro Njeri
3. Hon. Dishon Wandia

IN-ATTENDANCE

1. Grace Wabocha -Clerk Assistant
2. Edward Mungai -Internal Auditor

MIN/PIAC/5/(08/12/2015) PRELIMINARIES

The meeting started at 10.25 a.m. with a word of prayer by Hon. Anderson Muchemi.

**MIN/PIAC/6/(08/12/2015) REPORT ON PROCUREMENT OF COUNTY
PUBLIC SERVICE BOARD HOSPITALITY
RELATED PURCHASES FOR THE PERIOD
16TH AUGUST 2013 TO 31ST DECEMBER
2014.**

Members went through the report page by page and came up with the following observations.

1. Part g of the recommendation and the conclusion should be elaborated well.

The report was unanimously adopted by the members.

MIN/PIAC/7/(08/12/2015) REPORT OF ASSETS AND LIABILITIES OF THE DEFUNCT LOCAL AUTHORITIES IN MURANG'A COUNTY.

Members went through the introductory part of the document and observed the following.

- a. Page 16 to 18 was missing.
- b. After lengthy deliberations in regards to the document, members resolved to invite the County Transitional Authority Coordinator to enlighten the members more on the same.

MIN/PIAC/8/(08/12/2015) ADJOURNMENT

The meeting was adjourned at 4.30 p.m.

Signed 

Date..... 9/12/2015

**HON. MARY WAITHERA.
CHAIRPERSON, MURANG'A COUNTY PUBLIC INVESTMENT AND
ACCOUNTS COMMITTEE**