

# MURANG'A COUNTY ASSEMBLY

## THE HANSARD

Thursday, 11<sup>th</sup> February 2016

The House met at 2:42 p.m.

*(First Chair Hon. Bernard Kariuki in the Chair)*

### PRAYERS

### MOTION

#### ADOPTION OF THE PUBLIC INVESTMENT AND ACCOUNTS COMMITTEE REPORT ON PROCUREMENT OF COUNTY PUBLIC SERVICE BOARD HOSPITALITY RELATED PURCHASES, FOR THE PERIOD 16<sup>TH</sup> AUGUST 2013 TO 31<sup>ST</sup> DECEMBER 2014

**Hon. Mary Waithira:** Thank you Mr. Speaker, I beg to move the following motion;-

That, this Assembly adopts the report of the Public Investment and Accounts committee, on procurement of County Public Service Board hospitality related purchases, for the period 16<sup>th</sup> August 2013 to 31<sup>st</sup> December 2014, laid on the table of the Assembly on Tuesday, February , 2016.

Mr. Speaker, the gist of the matter was in the Assembly after receiving a petition for the removal of the chairman of the County Service Board by Mr. Danson Ngugi. The the petition was then tabled in the House on July 23, 2014 whereby it was committed to the committee on Public Service.

The Public Service committee then tabled a report that was adopted by the Assembly on September 23, 2014 whereby one of its recommendations was that the committee on Public Investment and Accounts do a further investigation s regarding procurement of hospitality related goods by the County Public Service Board for the period 16<sup>th</sup> August 2013 to 31<sup>st</sup> December 2014

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 County 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.

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. We made sure we were in line with Article 226 (1) (5) of the Constitution of Kenya 2010, section 74 of the PFM Act 2012.

In this report, the committee ensured that all the information needed was taken care of. We really took care while listening. We held several meetings as we have said. On July 22, 2015 we listened to the acting Chairperson and the Secretary to the County Public Service Board, the CEC Finance and Planning, The County Chief Officer and the County Procurement Officer and their evidence is captured in the members files

On August 1, 2015, we scrutinized all the documents presented by the executive and the committee came up with the following observations; 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.

Mr. Speaker, if Hon. Members can remember from the report that was tabled here, it insinuated that a bottle of water costs Kshs 1000, but when we scrutinized the documents, we saw that this was a case, just like how we buy water with several bottles in it, that was the

case they were referring to Kshs. 1000, against the knowledge that we had earlier that is one bottle costing Kshs.1000

b) That a packet of fresh whole milk was costing Kshs.195 per litre against the prevailing market price of Kshs.100 per litre. We looked at the market price of a single milk packet in supermarkets, we compared the Kshs.100 per litre price against what had been indicated, putting into consideration the allowance for the interest. We found that this was higher than what was supposed to be done

c) That there was loss of money amounting to Kshs. 84,835 due to exaggerated milk price during the period in question.

Mr. Speaker, if I remind the Hon. members, this is a report that was delayed in being tabled because we had concluded the matter earlier although by the time it was supposed to be tabled, the committee was not in session.

What we used to compare to note that there was an exaggeration and the loss of Kshs. 84,835, it was after considering the prevailing market price by then, with the knowledge that we did not have a problem with the purchasing of mineral water, we recommended that;

- a. That all accounting officers must keep the accounting documents safely for future reference. When we were questioning the people, some receipts could not be found or are presented to the committee. This is an area that the committee should take care of such that the document can be retrieved for scrutiny.
- b. That requisition forms must be filled by the relevant officers and must be fully signed by the authorized signatories. We found that the forms were filled by different people and we were wondering why we do not have an officer designated to do this and be authorized to do so.
- c. That cash transactions should be discouraged and instead the department should enter into contracts with various suppliers. In the event of these cash transactions, the calculations were not tallying; we were requesting to have contractors with this mandate rather than changing suppliers. Cash transactions can be abused and this is why the committee saw the need to discourage cash transaction
- 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. When we questioned the accounting officer on behalf of the service board, they were saying that they had not been left with any document. When we questioned the CEC he was referring the matter back to the same accounting officer, we advised that the accounting officer must ensure he has copies of what he hands over to the Finance department.
- f. As the department enters into contracts with suppliers, prevailing market price should be considered. This will ensure suppliers do not build on a figure above the market average. It is business for the merchants but we must protect the monies meant for the public, we can have a sizeable profit margin but not to the extent of exaggerating the figures to benefit the merchant.
- 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 vide electronic funds transfer payment voucher number 1838 dated 10<sup>th</sup> January 2014, invoice number 23 dated 31<sup>st</sup> December 2013 for 893 litres 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 (3) (2) which states that public officers 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 regulations be required to pay the procuring entity for the loss resulting from this action.

Mr. Speaker sir, (h) is tabulating how the committee was able to get the loss of the money that is Kshs. 84,835 the payment made by Marigi stores on January 10, 2014 and payment voucher number 1838 dated 10<sup>th</sup> January for invoice number 23, 31<sup>st</sup> December 2013.

The payment that was made that is 893 litres of milk at Kshs. 195 per litre is giving us Kshs. 174,135. When we looked at the market price and we reasonably give the profit margin we said that for 893 litres, if at all we were fair, we would have gone to Kshs. 100 per litre which was supposed to give us Kshs. 89,300.

Therefore, out of the exaggerated price per litre, when we subtracted considering the profit margin of Kshs. 89,000, we found that there was an exaggerated amount of Kshs. 84,835.

In conclusion, the secretary to the Murang'a County Public Service Board contravened the Public Procurement and Disposal Act 2005 section (30)(3) which states that standard services, goods and works with known market price shall be procured at 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 inflated prices shall in addition to any other sanctions provided in this Act or regulations, be required to pay the procuring entity for the loss resulting from their actions.

Hence, the committee hereby do recommend that the said secretary to the said board be surcharged an amount of Kshs. 84,835 being the loss of incurred transactions.

Mr. Speaker sir, we find that as an Assembly and as a committee, we must look at the prudent usage of the public funds and we stand to be questioned by the members of the county if we do not look into how their money is being used.

Therefore, even if we looked at the price of the milk, because we know there is a program that we are supporting so much, if we would have gone with a price per litre which is Kshs.35, we would have even saved a lot of money other than going for the packed commercial milk.

Because we want to promote our farmers, if we buy as a county government from them then we will be adding to the market that the farmers really need. We were saying if the county government really promoted the Kshs.35 per litre from farmers, we would have done better with the money which may have gone to that use and we would have made sure the extra has gone to other uses. Not considering that we are advocating for Kshs.30 per litre we went ahead and considered Kshs.100.

That is why we are saying we would not have gone beyond Kshs.100 knowing that ourselves we are advocating for Kshs.35 per litre. We are saying as a committee to make sure that our public officers use money in a prudent way, we need to get extra money as per what the PFM Act says. That why we are saying we made sure we looked at the section 226 [1] of constitution and we considered PFM Act (74).

That is the much we were able to do as a committee and I must say we started this issue long before with members who were then the members of the committee, because there were still then the members of the committee before, although this time we are less by three.

All what we did, we tried to put more weight so that we pass it and be ready for tabling on Tuesday and on consideration as a motion to be supported by the House today. So allow me to call Hon. Beth who is a member of the committee to second the same. I thank you.

**Hon. Beth Ngugi:** Thank you Hon. Speaker. I second the motion.

*(Question proposed)*

**First Chair:** The motion is open for debated Hon. members.

*(Silence)*

I will now call the mover to respond. Mover you used 17 minutes in moving, you have three minutes but the chair can add you five minutes to respond.

**Hon. Mary Waithira:** Mr. Speaker, let me thank the Hon. members in this House, silence means consent. The motion and the report are self-explanatory and I think the explanation which I have not done, even the ones who have not read, I think I have done it on satisfactory manner.

And I am expecting so that we send a signal on the prudent usage of public money, I expect them and I request them to support the same. Mr. Speaker, thank you so much.

*(Question put and agreed to)*

*(Applause)*

### **ADJOURNMENT**

**First Chair:** Hon. members, once again members are invited for a Speaker's *Kamukunji* immediately after this sitting.

The House is adjourned until Tuesday next week.

*The House rose at 3:05 p.m.*