

## MURANG'A COUNTY ASSEMBLY THE HANSARD

Tuesday, 11<sup>th</sup> October 2016

The House met at 2:38pm.

*(Temporary Speaker Hon. Beth Ngugi in the Chair)*

### PRAYERS

#### NOTICE OF MOTION

ADOPTION OF REPORT OF BUDGET AND APPROPRIATIONS COMMITTEE ON THE FIRST HALF COUNTY BUDGET IMPLEMENTATION REVIEW REPORT FOR THE FY 2015/2016 BY THE CONTROLLER OF BUDGET

**Hon. Joseph Muchina:** I wish to give the following notice of motion;-

That, this Assembly adopts the report of the Budget and Appropriations select committee on the First Half County Budget Implementation Review Report for the FY 2015/2016 by the Controller of Budget, laid on the table of the Assembly today Tuesday October 11, 2016.

ADOPTION OF REPORT OF HEALTH SERVICES COMMITTEE ON VISIT TO KENNETH MATIBA DENTAL AND EYE HOSPITAL

**Hon. James Njoroge:** I wish to give a notice of motion;

That, this Assembly adopts the report of the Health Services sectoral Committee on a Visit to Kenneth Matiba Eye and Dental Hospital Kenol on August 24, 2016 laid on the table of the Assembly today October 11, 2016.

### MOTION

ADOPTION OF REPORT OF COMMITTEE ON GOVERNANCE, LABOUR AND SOCIAL WELFARE AND JUSTICE AND LEGAL AFFAIRS ON STATUS OF PENDING BILLS FOR THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION AS AT 30<sup>TH</sup> JUNE, 2016

**Hon. Jesse Mburu:** I beg to move the following motion;-

That, this Assembly adopts the report of the sectoral committee on Governance, Labour and Social Welfare and Justice and Legal Affairs, on the status of pending bills for the department of Public Service and Administration as at 30<sup>th</sup> June, 2016, laid on the table of the Assembly on Tuesday October 4, 2016.

Madam Speaker the motion is in the members' files. The motion brought to this House by my committee is meant to ensure that the county does not lose any money on dubious deals. You find that there was some 25 million brought to the attention of the committee and my committee summoned the concerned officials and we had a meeting with the service providers.

In the recommendations, we note that the public service department had pending bills amounting to 25, 356, 050 and 36,636,640 as at 30<sup>th</sup> June 2016. There was an annual staff group life cover with a pending bill of 11, 516, and 126 by the APA insurance. The company made a contract with the county government to cover 266 of its employees at a cost of 11, 516, and 106 per annum for two years. The contract commenced on 1<sup>st</sup> August 2015

Despite the commencement, no services were offered since the county government failed to pay the premiums even after three consecutive reminders to the county government. Madam Speaker, we have been able to note that the contract was signed and there was some money that the county was supposed to pay to APA insurance. AP gave three reminders, when the county failed to make any payment and APA cancelled the contract.

*(Hon. John Gitau rose on a point of information)*

**Hon. John Gitau:** I wanted to inform the member that the insurance company is not called AP but APA.

**Hon Jesse Mburu:** Thank you member for pointing out that error. APA cancelled the contract since there was no money paid. My committee asked why the money was not paid and the contract had already been suspended by APA insurance company. Why was it still pending and why had it to appear as a pending bill? There was no satisfactory answer. Those figures should not have appeared in the pending bill.

Madam Speaker, if you go to number three, you will find that there was a bill of Kshs. 15,000,000 that was owed to Jomo Kenyatta University Enterprises for consultancy services on Human Resource. The county government and the JKUAT Enterprise entered into a contract that was payable in three phases; 40% upon submission of the inception report, 50% upon discussion of draft final report and 10% upon submission of the final report. The county government failed to pay the 40%.

The initial 40% was not paid despite many reminders which were produced before the committee. The county did not pay and we were wondering why this money had to appear as a pending bill. If, let's say, it came to the Assembly and sailed through, it would mean that this money would have been paid for no services which had not been rendered to the county.

Madam Speaker, if you look at number four of our recommendation, you will find that there were consultancy services on vetting of public service board chairperson at the cost of Kshs. 464,000. There lacked any supportive documents to show that that work was done. If it was done, it was a board service for vetting the chairperson of the Service Board. The officer who appeared before the committee from that department did not provide any proof to show that the services were rendered to the county.

Number five is that there were pending bills on training of senior officers amounting to Kshs. 2,425,560 owed to once again Jomo Kenyatta University Enterprises. 17 senior officers were trained at a cost of Kshs. 2,425,560 on June 9, 2014. The JKUAT Enterprise was not issued with a local service order to date; thus the payment has never been done. On this, the committee found that if these officers were really trained, the money should be paid to the JKUAT Enterprises. There is no need for anybody lending services to the county and it fails to pay. We therefore recommended that this money should be paid to JKUAT.

Number six is that the pending bill on the legal fees amounted to Kshs. 18,000,000; the Public Service Administration department could not provide any documents to support the bill. The existence of the pending bill could not be substantiated and emphatically verified. It would mean that the Kshs. 18,000,000 which was supposed to be paid for legal services was supposed to be supported by documents which were not provided during the interview that we had with the officers from the department; thus we did not have otherwise but to recommend that this money should not be paid unless documents are provided.

Madam Speaker, the committee made some recommendations; for example, we recommended that the pending bill of Kshs. 11,516,126 on annual staff group life cover by the APA insurance limited be cancelled.

Number two, that the pending bill of Kshs. 15,000,000 owed to JKUAT Enterprise for consultancy fees services on human resource is withheld until the contract is fully completed and results achieved. Paying a bill for a service that had no value for money would portray lack of fiscal prudence which is contrary to the Public Finance Management (PFM) Act, 2012. This was simply for the county to provide to the committee the documents supporting; but there were none; that was why we recommended that this payment be withheld until the documents are produced.

Number three, the Public Service department should hasten the process of consulting the relevant department on the inception report so as to give a go ahead to Jomo Kenyatta University of Agriculture and Technology (JKUAT) enterprise to complete the remaining phases. It has taken quite some time for the county to keep their word and deal with the service provider. Though money should not be provided until it is---

We found that, it is the county which is delaying provision of services; thereby delaying payment and money should not be paid until the services are provided. Although services will not be completed until the money agreed upon is paid, the committee found that the party to blame is the county.

The process of paying the pending bills on training of senior officers amounting to Kshs. 2,425,560 million to JKUAT enterprises be ratified by issuing the local service order and subsequently process the payment. However in subsequent services, local service order should be issued prior to the service provider.

If the hon. members go through the recommendations of the committee, it is meant to prevent loss of money. I would request members to adapt this motion so that we do not lose money through dubious dealings either by service providers or the county officers.

It is worthwhile to note, that all the departments in this Assembly should go out of their way so as to prevent loss of money and long processes of taking officers to court. I urge the members of this Assembly to support this motion so that we do not incur any losses. With those few remarks, I call upon Hon. Joseph Ndung'u to second the motion.

**Hon. Joseph Ndung'u:** Thank you Madam Speaker, it is good to complete Joseph Ndung'u Njogu because we have two people by the name Joseph Ndung'u here and we are seated next to each other. I could see Joseph Ndung'u Muchina getting confused whether he is the one or not; it is therefore good to complete Njogu.

I stand to second the motion. This committee called the JKUAT consultant, the APA insurance and the officers from the county government where we listened to all of them. According to how the chairperson of Governance Labour and Social Welfare, Justice and Legal Affairs has explained, that is how we agreed, as per the recommendations; hoping members have gone through them, we agreed that we should be very careful because we might even lose our money for services that have not been rendered.

On the other hand we are also delaying services to be rendered by the service providers due to delay by the county government in paying them, so as to give the best services to our people. Without many remarks I wish to second.

*(Question Proposed)*

**Hon. James Kariuki:** Madam Speaker, I rise to support the motion and also caution the committee on the issue of pending bills especially for Jomo Kenyatta Enterprise. I have dealt with that organization before and my view is that they are not very serious people. They are a department that's meant mainly to deal with issues to do with Agri-business, value-addition and many others.

From the little time I interacted with them, I did not find them serious because if they were, they would have done a lot for this country, but it looks like all they are interested in is earning their salaries.

In my view they are not a very serious organization but they have all it takes, the personnel, the money and everything they need to make a difference especially on areas of innovation and discoveries, but they are not doing enough.

When you go there and request them to do something, they will do it but then when you follow up, you find that they are not very keen mainly because they are employees. May be what the government or the institution should do is to pay them commissions without salaries

so that they would be more serious. Otherwise it's an institution that can transform a country and a society in a very great manner. The people who are manning Jomo Kenyatta Enterprises are not a serious lot mainly because they are salaried people.

I can see from that report that the county government has a pending bill Ksh.5.4 million, my question is, did we get value for our money from that institution? My view is I do not think we did because if we were to engage JKUAT as an agricultural county, we would engage them on issues to do with value addition and I would like to know if the officers that were trained, did get training on issues of value addition and other innovations especially in agriculture and crop husbandry. Madam Speaker I doubt so in my view that pending bill although it is supposed to be paid it is on the higher side and I think it is also important when we are dealing with such institutions we do due diligence and research because we have other serious people like Kenya Industrial and Research Development Institute (KIRDI), Kenya Industrial Properties Institute (KIPI). These institutions seems to be a little bit more serious because they are parastatals, but JKUAT is not although it has the Human Resource and intellectual capacity but they are not doing enough according to my view .

When I saw that they are some of the people we owe in the pending bill at Kshs. 5.4 million then I got a little bit worried. Otherwise they are people if you can engage them properly they can do a good job but I still doubt whether they are doing that kind of a job. Madam Speaker I support the motion.

**Hon. Cecilia Gitu:** Thank you Madam Speaker, I am a member of this particular committee, I want to say that I am happy that we are cracking the whip now so that we can stop financial indiscipline because as we engaged the stakeholders and did our research, we were informed by the County Governments Act and Public Procurement Act and you find that most of the items that we are saying should not be paid have not followed the regular law that is supposed to be followed.

There is supposed to be a system of doing things in the government, and if you look at some of the dubious payments that we are talking about they skipped one step or two. Sometimes there is no invoice, work is not rendered, there is no delivery and that is how an institution loses. An institution like ours, the government might lose. Sometimes you find work was not done and you are paying for the services that were not there. So it is our task as a committee to see that every payment is legitimate.

I want to say thank you to Hon. Kariuki for telling us that there are some people we should avoid working with. As we go on engaging the service providers, we should have a blacklist as a government, a blacklist of those people whom we have given tenders, who have let us down. I do not want to repeat the institution in question but we are well informed.

In total, I want to say the committee was very thorough because we have not made any conclusion without interviewing people that were mentioned, and the conclusions we made here are binding unless otherwise informed, I stand to support.

**Hon. Duncan Njuguna:** Thank you Madam Speaker, before I make any remark, with your leave I would like to recognize the presence of Maragi secondary school students led by Mrs. Wanyoike, Mrs. Maina and Mr. Wachwa.

I stand to support the report and congratulate the committee because they have done a good job which is supposed to be done by the committee on Finance, IT and Planning. I remember the Finance committee brought pending bills here amounting to 948 million, now I am wondering whether the total amount of pending bills in this report was included in that report because it was also a concern of Controller of Budget, she was asking whether the same was included in the budget of 2016/2017.

I find the recommendations convincing, for instance the last one, the pending bills be factored in the budget 2017/2018. We are already in the process of budget making, the Annual Development Plan has been forwarded and all the other documents so that the Fiscal

Strategy Paper can be drawn, so it is good that the pending bills amounting to so many millions especially in this department to be included.

We have other departments especially lands and I remember they engaged JKUAT survey department and I do not know whether they were paid because we have not engaged the County Executive Committee (CEC) member for lands as she has not been available for the last one month.

Most of what we see as pending bills are funds diverted from the reasons they were requisitioned for to other uses. I remember in a report that was forwarded by Controller of Budget in the first quarter of last financial year 2015/2016, the Controller of Budget was so concerned about diverting funds and that was one of her observations in that report; that we are requisitioning funds and diverting the same for other uses and I tend to think that the same was done to these pending bills because according to the budget 2015/2016 they could have paid but they opted not to.

We have the members who are in this Assembly and also the executive, who always complain about the pending payments from the previous local authorities, especially those who are in the executive. You find that the county government owes them a lot of money in millions, and year in, year out there is a vote for payments to the pending bills that were carried forward from the local government to the county government. So I wonder, like those unpaid allowances and others, when are they going to be paid and we always factor them in the budget?

So it is a very big concern to all the sectoral committees, this is a challenge to other committees, even in lands where I am the chair, they should come up with this kind of a report so that we can now challenge executive and even factor it in the budget 2017/2018. With those few remarks I hereby support the report. Thank you.

**Temporary Speaker (Hon. Beth Nguni):** I call on the mover to respond.

**Hon. Jesse Mburu:** Thank you, I would like to take this opportunity to thank the hon. members, particularly those that have contributed to the debate. Thank you Hon. Kariuki for informing the members that JKUAT enterprise is not a serious enterprise to deal with. Hon. Duncan has asked whether this part of the bill is part of the bigger bill of 900 million, I want to tell him it is. So it is 900 minus what has been recommended not to be paid by this committee. I am also asking or requesting other departments to go through the bills that are pending and you will find out that some of them are dubious and should not pass through this House.

If you look, there is a mistake that occurred and I apologize to the House; after the recommendations, the person preparing the report said the pending bills to be factored in the budget 2017/2018. That is a problem, because we have said that the money should not to be paid and it should not be factored in the budget 2017/2018. With those few remarks I thank the House once again for supporting the motion. Thank you.

*(Question put and agreed)*

#### ADJOURNMENT

**Temporary Speaker (Hon. Beth Nguni):** Hon. members there being no other business, this House stands adjourned until tomorrow 2.30pm.

*The House rose at 3:15 p.m.*