

REPUBLIC OF KENYA
MACHAKOS COUNTY ASSEMBLY

OFFICIAL REPORT

Wednesday, 25th July, 2018

The House met at 2.41 p.m.

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

PRAYERS

Hon. Deputy Speaker: Good afternoon, Members. Serjeant at Arms, could you ring the bell please.

(Quorum Bell rang for 10 minutes)

Good afternoon members. Welcome to this afternoon sitting. With us in the gallery over there we have with us today members of Brightway Girls School which is in Tumba; Tumba is in my area. Welcome. Karibuni sana to this afternoon's sitting.

(Applause)

I am pleased to have you around today to participate with us in on this afternoon session which we are going to be conducting this afternoon and I hope you learn from it so that in future you can aspire to become legislators like we are. You will take the good sides which you will see from here and you leave the bad sides you see from here from here but I believe the Hon. Members who are here are going to be able to debate and give you tips on how you can be able to become better future leaders. So, *karibuni sana*. Welcome.

STATEMENTS

Hon. Deputy Speaker: Hon. Members, under this Order, we have two statements, one from the Hon. Jacqueline Nziva and the other one from the Hon. Kisini. Hon Jacqueline Nziva.

BUSINESS FOR THE HOUSE FOR 25TH JULY, 2018

Hon. (Ms.) Nziva: Hon. Speaker, I stand under Standing Order 41(2)(a) where during the Statement Hour, a Member of the House Business Committee designated by the Committee for

that purpose shall for not more than ten minutes, present and lay on the Table, a Statement informing the House of the business coming before the House.

Hon. Speaker, the House Business Committee met today, 25th July, 2018 and balloted business for this afternoon pursuant to the provisions of the Standing Order 151 as follows:

Wednesday, 25th July, 2018

Afternoon at 2.30 p.m.

Report of Public Accounts and Investments Committee on Financial Reports for Mavoko Water and Sewerage Company for the year ended 30 June 2016 by Hon.

Joseph Musau, Chair PAIC

Thank you Mr. Speaker, Sir.

(Applause)

Hon. Deputy Speaker: Thank you, Hon. Nziva. Hon. Robert Kisini.

CONCERNS ON PROJECTS UNDER URBAN DEVELOPMENT GRANTS

Hon. Kisini: Thank you Mr. Speaker for giving me this time. I stand here in response of a Statement sought by Hon. Stephen Mwanthi on 18th July, 2018 on the Urban Development Grants of Ksh. 1,018,320,500.00 allocated to the Machakos County Government and it was as follows:

- (i) Whether public participation was conducted and if it was advertised;
- (ii) Which criterion was used to identify the projects in different wards in the Municipalities?

Mr. Speaker, this was committed to the committee on environment and trade and I want to seek some more time from you because we are not ready so that maybe I can bring it over next week. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you, Hon. Kisini. The response of this Statement should go back to the House Business Committee and be re-balloted for next week when if the member will be ready on that time. Hon. Peter Mutiso, did you have an issue you wanted to comment on?

Hon. P.J, Mutiso: Yes, Mr Speaker I have an issue with the first statement. Today is Wednesday it is not Tuesday, Mr. Speaker as my able colleague has said.

Hon. Deputy Speaker: Noted. I think you need to note that today is Wednesday not Tuesday. I think might up been a typo or an error in speech so it is good for the HANSARD for that to be corrected. Thank you.

MOTION

FINANCIAL STATEMENTS OF MAVOKO WATER AND SEWERAGE COMPANY FOR THE
YEAR ENDED 30TH JUNE, 2016

Hon. Deputy Speaker: Hon. Members, under this Order, we have one motion by the Hon. Joseph Musau, chairperson Public Accounts and Investments Committee. Hon. Musau.

Hon. Wambua: Thank you, Mr. Speaker. Mr. Speaker, I would wish to move the following motion.

That aware that Article 229(7) of the Constitution states that Audit Reports shall be submitted to Parliament or the relevant County Assembly;

Further aware that pursuant to Article 229(8) of the Constitution, within three months after receiving an audit report, the Parliament or the County Assembly shall debate and consider the report and take appropriate action;

Cognizant that the Committee on Public Accounts and Investments is established pursuant to Standing Order 185 and is mandated to examine reports, accounts and workings of the County Public Investments: Remembering that in April 2018, the Committee undertook interrogation exercise of the Audit Report on Financial Statements of Mavoko Water and Sewerage Company for the year ended 30th June, 2016;

Mr. Speaker, I wish to move the motion that this Hon. House discusses and approves the Report of Auditor General on the Financial Statements of Mavoko Water and Sewerage Company for the year ended 30th June, 2016.

I once again implore the incoming MP Machakos Town constituency Hon. Mutiso to second this motion. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Hon. Mutiso, just a minute. I think the motion was read last time; remember we adjourned but we postponed the motion to be done today. So, I think your reading was just a refresher. You do not need to be seconded so you can just continue. Thank you

Hon. Wambua: Point of information, Mr. Speaker. This motion was not read; in fact, it was just read one page and we were on the offside of time. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you. Then Hon. Peter Mutiso, please go ahead I think I have been given the wrong information. Just continue. Thank you.

Hon. P.J. Mutiso: Thank you, Mr. Speaker. I second the motion.

Hon. Deputy Speaker: Thank you, Hon. Joseph Musau, you may proceed.

Hon. Wambua: Once again thank you, Mr. Speaker. As the introduction, Mr. Speaker, On 15th February, 2018, the report of Auditor General on the Financial Statements of Mavoko Water and Sewerage Company for the year ended 30th June, 2016 was received in the office of the Clerk pursuant to Article 229(7) of the Constitution that states that Audit Reports shall be submitted to Parliament or the relevant County Assembly.

The report was committed to Public Accounts and Investments committee pursuant to Standing Order. 185(2)(b) and (c) that states that 'the Public Accounts and Investments Committee shall be responsible for examination of reports, accounts and workings of the County Public Investments and whether the affairs of the public investments are being managed in

accordance with sound financial or business principles and prudent commercial practices.’

Committee Mandate

Mr. Speaker, the Public Accounts and Investments Committee is established pursuant to Standing Order 185(1) and (2), that states that ‘there shall be a select committee to be designated the County Public Accounts and Investment Committee which shall be responsible for:

- a) The examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think fit.
- b) The examination of the reports, accounts and workings of the County Public Investments;
- c) 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.

Committee Membership

Mr. Speaker, the Public Accounts and Investment Committee comprises of the following Honourable members;

1. Hon. Joseph Musau – Chairperson
2. Hon. Winfred Mutua – Vice Chairperson
3. Hon. Agatha Mutunga
4. Hon. Alice Nzioka
5. Hon. Johana Munyao
6. Hon. Josephat Kasyoki
7. Hon. Peter Mutiso

Some Legal Provisions on Audit Reports

Mr. Speaker, Article 229 (5) of the Constitution provides that ‘the Auditor-General may audit and report on the accounts of any entity that is funded from public funds.’ Article 229(8) of the Constitution states that ‘within three months after receiving an audit report, the parliament or the County Assembly shall debate and consider the report and take appropriate action.’

Article 201(d) and (e) of the Constitution provides that the principles of public finance includes prudent and responsible use of public money and responsible financial management and clear fiscal reporting.

Article 226(2) of the Constitution states that the accounting officer of a county public entity is accountable to the County Assembly for its financial management. Article 232(1)(a), (e) and (f) of the Constitution provides that values and principles of public service includes high standards of professional ethics, accountability for administrative acts and transparency and provision to the public of timely, accurate information.

Section 47 of the Public Audit Act 34 of 2015 states that ‘the financial statements required under the Constitution, the Public Finance Management Act, 2012 (No. 18 of 2012) and any other legislation, shall be submitted to the Auditor General within three months after the end of the fiscal year to which the accounts relate and the financial statements shall be in the form and content as prescribed by the Public Sector Accounting Standards Board.

Section 62(1)(b) and (c) of the Act provides that ‘a person shall not without justification, fail to provide information required under this Act or without justification, fail to provide information within reasonable time that is required under this Act.’
Section 31 of Public Audit Act 34 of 2015---

Hon. Deputy Speaker: You want to call on a point of order when a report is being read?

Hon. (Ms.) Kanini: Yes, Mr. Speaker.

Hon. Deputy Speaker: What is the point of order?

Hon. (Ms.) Kanini: Thank you, Mr. Speaker. Is it in order for that Chairman to continue reading the report while we do not have quorum in the House?

Hon. Deputy Speaker: Mr. Clerk, could you find out if there are any Members who have gone for short calls and you tell them to come back to the House? Hon. Rozina, I think we do have quorum so please Hon. Musau, continue.

Hon. Wambua: Thank you, Mr. Speaker. Section 62(1)(b) and (c) of the Act provides that ‘a person shall not without justification, fail to provide information required under this Act or without justification, fail to provide information within reasonable time that is required under this Act.’

Section 31 of Public Audit Act 34 of 2015 states that within three months after Parliament or the County Assembly has debated and considered the final report of the Auditor-General and made recommendations, a State Organ or a public entity that had been audited shall, as a preliminary step, submit a report on how it has addressed the recommendations and findings of the previous year's audit.

Committee Sitting and Evidence Taking

Mr. Speaker, on 16th April, 2018 the committee held a meeting with the Accounting Officer of Mavoko Water and Sewerage company who had been invited to respond on various queries raised in the Audit report pursuant to Article 226(2) of the Constitution that provides that the Accounting Officer of a County public entity is accountable to the County Assembly for its financial management.

The queries raised in the audit report relate to the following areas:

- Cash and Cash equivalents.
- Trade and other receivables.
- Unaccounted for water.
- Late Submission of Financial Statements.

Details of the Financial Statements

Cash and Cash Equivalents

Mr. Speaker, the statement of financial position as 30th June, 2016 and the statement of cash flows for the year ended reflect cash and cash equivalents balance of Ksh. 15,280,031. However, the disclosure in notes 14(a) and 14(b) of the Financial Statements, the cash and cash

equivalents balance as at 30th June, 2016 was Ksh. 7,843,602. In the circumstances, the accuracy of the financial statements cannot be confirmed.

The Accounting Officer responded that the difference arose because in the cash flow they recognized the Ksh. 7,436,429 as a financing activity (increase in financing year 2016 Ksh. 6,248,523; year 2015 Ksh. 1,187,906. It should have been recognized as part of cash and cash equivalent. As can be seen from notes 14(a) and (b), the total cash and cash equivalent was Ksh. 15,280,031 less the Ksh. 7,436,429 being un-presented cheques giving a total of Ksh. 7,843,602.

The Committee noted that sum of Ksh. 6,248,523 and Ksh. 1,187,906 total to Ksh. 7,436,429 which was disclosed by the Accounting Officer as a financing activity. Further, it was observed subtracting the financing activity of Ksh. 7,436,429 from the total cash and cash equivalent balance of Ksh. 15,280,031 leaves a net figure of Ksh. 7,843,602 as at 30th June 2016. There was therefore coherence on the various figures stated by the Accounting Officer, hence the committee was satisfied with the response.

Trade and Other Receivables

Mr. Speaker, the trade debtors ledger accounts provided for audit had a closing balance of Ksh. 99,687,024 as at 30th June, 2016, while the trade debtors listing was ksh. 92,682,069 giving a difference of Ksh. 7, 004,955

The Accounting Officer responded that the un-reconciled difference in the trade and other receivables accumulated due to transition from the old manual system of billing and accounting where some of the accounts could not be identified since they were handed over by the municipal council. We are proposing to seek approval from the BOD to write off the difference. That was the response of the Accounting Officer.

The committee after inquiry noted that the debt of Ksh. 7,004,955 was incurred in 2007 and that many of the debtors ran away when Syokimau was being demolished making it difficult for the Company to trace them. However, the Accounting officer confessed that he has account names of the debtors.

Unaccounted for Water (UFW)

Mr. Speaker, during the year under review, the company produced 1,633,814 cubic meters (m^3) of water, and out of which, only, 975,217 m^3 was billed to customers. The balance of 658,597 m^3 or approximately 40 per cent was not billed to customers. Hence estimated loss incurred through unaccounted for water (UFW) was Ksh. 19,757,910. The industrial allowable loss is set maximum of 25 per cent hence the company incurred abnormal loss of Ksh. 7,504,304.

The significant level of unaccounted for water (UFW) impacted negatively on the company's profitability and its long-term sustainability.

The response from the Accounting Officer was that the Company has taken measures to reduce the unaccounted for water by preparing a Non-revenue Water (NRW) strategy and forming a dedicated NRW team to specifically deal with NRW. Installing digital meters to big consumers and water kiosks; these digital meters are not easy to tamper with due to their operational mechanism.

Servicing meters continuously and replacing the old ones to reduce commercial losses. Carrying out consumer engagements to sensitize our customers on how to report to us any illegal connections. Peer to peer learning has enabled Mavoko Water and Sewerage Company to learn best practice and incorporate them in our operations where practicable. These measures will enable us to reduce the NRW gradually.

The Committee observed that In the previous Audit report for the company, 2015, the company reported Unaccounted For Water (UFW) of approximately 44 per cent that translated to abnormal loss of Ksh. 9,385,029. From the query, the company had UFW of approximately 40 per cent that translates to a loss of Ksh. 7,504,304 which was still stated as abnormal loss. The scenario is that the company has improved its modalities of counteracting the Non-Revenue Water but still the percentage is above the allowable 25 per cent.

Late Submission of Financial Statement

Mr. Speaker, the company submitted its financial statements for the year ended 30th June, 2016 on 14th November, 2016 which was one and a half months after the statutory deadline of 30th September, 2016.

The response by the Accounting Officer was that in future, the financial statements will be submitted by 30th September, each year.

The committee noted that the Accounting Officer did not give factual reasons as to why the financial statements were not submitted on time and further the company was not sensitive to public audit standards and practices. This was a contravention of Section 47 of the Public Audit Act, 2015 that requires every state corporation to prepare and submit its financial statements to the Auditor General within three months after the end of the financial year to which the accounts relate.

GENERAL OBSERVATIONS LINKING THE QUERIES AND THE RESPONSES

1. In query No. 1 on Cash and Cash equivalents total balance of Ksh. 15,280,031 differed with that balance disclosed in Notes 14 a and 14 b of Ksh. 7,843,602 for Unpresented cheques and financing activity of Ksh. 7,436,429 because the company did not prepare monthly reconciliations for the previous months when the audit exercise was being done.
2. In the previous Audit report for the company for the year ended June, 2015, the query on Trade and Other Receivables also arose whereby the company had a debt amounting to Ksh. 6,829,338. In query No. 2 the debt receivables amount to Ksh. 7,004,955. The debt has increased and the response given by the Accounting Officer in the previous report is the same response given in this report, that the debt arose from transition from the old manual system of billing and accounting where some of the accounts could not be identified since they were handed over by the municipal council and the company is proposing to seek approval from the Board of Directors to write off the difference. This shows the company is unable to recover those debts.
3. In query No. 3 on Unaccounted for Water, there was a decrease of Unaccounted For Water from 44 per cent to 40 per cent in 2015 and 2016 with a corresponding valuation of Ksh. 9, 385,029 and Ksh. 7,504,304 respectively. There is a reduction in UFW but still the loss is too high indicating that mechanisms to counter the loss have not been fully exploited.
4. In query No. 4 on Submission of Financial Statements, the company did not submit its Audit report three (3) months after the end of a fiscal year as provided in Section 47. of the Public Audit Act 34 of 2015. Hence this was a breach of the law.

Recommendations

Mr. Speaker, based on the above key observations the committee recommends the following;

1. On query No. 2 on Trade and other Receivables, the debt receivables of the company amount to Ksh. 7,004,955. The County Government of Machakos should write off some of the old debts pursuant to Section 150(2) of the Public Finance Management Act, 2012 that states that ‘an Accounting Officer for a County Government entity, may with the approval of the County Executive Committee member for finance, write off a loss exceeding the amount referred to in subsection (1) but not exceeding a further amount, and in circumstances prescribed by the regulations approved by Parliament.’ This is because based on the current situation it seems impossible for the company to recover the huge debts.
2. On the query No. 3 on unaccounted for Water, the company should sharpen its monitoring system. This will arrest water losses resulting from pipe breakages and illegal connections. The end result will be a reduction in the Unaccounted For Water. Also there is need for the company to set a maximum consumption level of water above which the company should disconnect water supply to the customer. This will reduce the risk on non-payment.
3. On late submission of Financial Statements the Committee confirmed that the company contravened Section 13 (1) of the Public Audit Act, 2003 and recommended that any future reports intended for submission to the office of Auditor General should be within the time limit stipulated failure to which provisions of Section 47(1) of Public Audit Act, 2015 on Audit offences should be invoked.
4. Pursuant to Section 31 of Public Audit Act 34 of 2015, the Mavoko Water and Sewerage Company should within three months submit a report to this Assembly on how it has addressed the recommendations and findings contained in this report.

Conclusion

Mavoko Water and Sewerage Company is a prominent water service provider in this region and as detected from its financial statements, it is an entity that can propel the county to greater heights in terms of revenue collection and provision of employment. This can only be achieved if the Departments of County Government of Machakos support the company by paying their debts to avoid setting bad precedence of defaulting to other institutions and individuals in addition to discouraging cartels of illegal connections.

In order for the County Government of Machakos to realize one of its goals of providing employment and promoting the spirit of devolution, there is need for the County Government to intervene to rescue some of its entities that are collapsing due to managerial or financial constraints.

It is therefore my privilege and pleasure on behalf of Public Accounts and Investments Committee to table before this Hon. House the report on Financial Statements of Mavoko Water and Sewerage Company for the year ended June, 2016 for discussion and adoption. Thank you, Madam Speaker.

This report was read and adopted by the following committee members. Thank you, Mr. Speaker, Sir.

Hon. Deputy Speaker: Thank you, Hon. Musau, chairman PAIC for presenting that report in a very articulate way.

(Question proposed)

Members, you may debate on this motion. Hon. Mueni.

Hon. (Ms.) Mueni: Thank you, Mr. Speaker. The report is very clear to every Member that the officers in the office are squandering the money as though it is theirs; so what is important is those people, without much talking,, be taken to the police so that we can talk to them when they are there because the Assembly cannot do much than that.

It is only for those people to be taken to police then they talk from there. It is like the people of Kenya Power and NYS; until they were taken to the police, we couldn't understand how much money was eaten but now we can know Kenya's money is not well cared for. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you, Hon Mueni. Hon. Dominic.

Hon. Ndambuki: Thank you, Hon. Speaker. Having gone through this report that has been presented to us by the PAIC, there are two commonalities we are able to draw from this report and a report that we went through yesterday. From my observation, it is very clear that the water companies that we have in this county have a common challenge that is man-made and this challenge is prudent financial management.

It is my feeling that the County Government of Machakos should move with speed and ensure that the board members of these water companies comply with financial reporting regulations so that we can try to see to it that we have a turn round in the management of these water companies. Hon. Speaker, again I have observed that we are losing a lot of revenue through the unaccounted for water. This has been a common challenge with all the reports that we have gone through for the various water companies that we have in the County.

Actually, this is one of the main factors that will contribute to losses that may be realized by these companies. it is very important that the management boards of these companies like the Mavoko Water and Sewerage Company control and try to limit the unaccounted for water so that we may realize revenue as a county from these entities because if the trend continues, then there could some hemorrhage of revenue.

We are trying to look for revenue to run this county but our efforts may be thwarted by such acts if we do not control them. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you, Hon. Member. Hon. Majority Leader.

Hon. Muendo: Thank you, Hon. Speaker. I would like to put a few comments on this report. We had a report from Mwala Water and Sewerage Company which had the same problems. The same report actually is like a duplicate of what is happening in Mavoko. Mr. Speaker, you remember I brought a motion here to harmonize all the water providers in Machakos County to be put under the management of the County of Machakos.

These water boards, most of them are managed by the people who don't care; they are there just to squander money and all the water boards in Machakos County have the same

problem of financial management. Therefore, my recommendation, there is an Act of 2016 which provides that the County Government of Machakos should put in place a water board which is stipulated for in that policy which was prepared by the First Assembly.

Hon. Speaker, to solve this problem of mismanagement of public funds, let this House move with speed and take seriously that policy which was left hanging, it was not completed; we make that policy to be the guide for the water companies in Machakos and then make that water board which is going to be controlling, managing and overseeing the management of water providers in this County.

Unless we do that, Hon. Speaker, if we cannot have that board in place, these people are actually going to be misusing public funds. It is therefore my recommendation that the same motion which I brought here, the chairperson of the implementation committee must fast-track and follow up that motion to be implemented.

Finally, Mr. Speaker, we have problems in the management of the other water providers like the boreholes which we have in the county; some belong to Machakos County government, others belong to CDF, others belong to NGOs and we are still facing similar problems of mismanagement.

Therefore my recommendation is to make sure we have that board which has got Chief Executive Officer who will be employed by the board to manage all the water providers in this County. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you, Hon. Majority Leader. Hon. Kisini.

Hon. Kisini: Thank you, Mr. Speaker for giving me time to also give some input on this report. I want first to thank the committee for being very fair; according to my assessment and its reporting and I can also give it a fair view of what they have said. I do not want to condemn in a blanket manner what this report has reported and I do not want to compare Mavoko with Mwala because both reports are not the same in some areas; they are the same and in others, they are not the same.

Like the unaccounted for water, that is the same but for example, when the committee called the officer, they were satisfied in item number one on cash and cash equivalents and they stated in their report that there was, therefore, a coherence on the various figures stated by the accounting officer hence the committee was satisfied with that response.

It might also differ in areas where we have some of this losses or debts and that is why I am saying let us say it is the same because this company has reported that one of the reasons they have this youth debts some of them were inherited when there they were trying to destroy in Syokimau houses and as water was connected in those areas so when that estate was put down, they had those debts there and that is one of the reason maybe they inherited those debts.

They have also said that they inherited some debts from the former municipal councils and maybe some of the records got lost; you remember these water boreholes were formerly run by municipal councils before they were owned by the County Governments. So, maybe some of these things might be true but all the same, I am saying that the loss of water might also be attributed as they are saying to some bursts, old pipes and so forth.

I also want to note on the last page where I want to request the county government to intervene. For example, Mavoko Water and Sewerage Company is manning the water and sewage there and they inherited the EPZ main water which takes sewage to the EPZ water dam and it is very far.

Like now, we have that EPZ line full and this company might be small it may not have enough resources to maintain that EPZ main water line. So, when they cry for help from the County Government to come and assist in that main water line, it is true. So, I have seen that they have been given three months to respond and I am not defending them but I am only trying to say let us not compare but let us say where there are areas of loss or cooperation like the unaccounted for water we can concur on that.

Thank you, Mr. Speaker. I can say the report was fair to what is happening in the company. Thank you.

Hon. Deputy Speaker: Thank you, Hon. Kisini. Hon. Katumo.

Hon. Katumo: Thank you, Mr. Speaker. First, I want to begin by thanking the committee and the chairman for bringing this report into this House for discussion and adoption. Firstly, I want to say being a resident and coming from Mavoko, this MAVWASCO is not a strange identity; it is a company that is mandated to supply water to the residents of Mavoko.

I want to say, Mr. Speaker, I agree with the most of the recommendations here that of course, there are gaps into the managerial systems and operation of this company in terms of the recommendations that the committee has forwarded to this Assembly; you look through them you will find something very common. There are a lot of gaps in terms of trying to collect money and pay at the same time.

This raises the issue of proper action of the company employees in terms of trying to get money to pay and also collect the same. Then there is a lot of wastage; this is very clear that a lot of water goes to waste, water that could have been consumed or sold to get income gets lost all the time and that is very common especially in some areas Mlolongo. At the same time, you find also laxity has been found to be the major cause of weakness of the staff.

To say the truth, Mr. Speaker, sometimes back, I used to operate a water kiosk; I was the vendor in one of my groups in Mlolongo and I remember four years ago, that kiosk broke down and we have been calling them to come and repair and up to today, they have not done so and you can really ask yourself whether these people are serious or not and you can find of course you do not know what happens. My concern is should we have such companies in place, if they cannot do the simple things of repairing and making sure that water flows.

What I have found, seriously speaking, is that what they do best Mr. Speaker you will agree with me, is they do a lot of illegal connections and make sure that houses that cannot be billed receive this water. So, this committee needs to go further and do a lot of queries.

This committee did some queries but the questions here were very fair and shallow trying just to ask how much, what you do but it should go deeper and make a site visit and see where the problem lies. The problem is not only the figures but goes further to make sure that even if you have a point of where you are supposed to get water, the water does not reach there not because there is no water, it is because of the illegal connections, a lot of corruption going in there and things like that.

Mr. Speaker, you must understand water is very key and when we do not receive this fresh water, most of our Machakos residents do not enjoy that right and therefore it is very prudent to make sure if these companies are not able to manage water and offer water services, then something has to be done to do away with them.

For me, I do not have a lot of faith and confidence with them because they have failed us, they have failed me in the last four years and you can imagine what else they can do if they are

not able to repair a water kiosk. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you, Hon. Katumo. Members allow me to call upon the Hon. Member chairman of PAIC Hon. Musau to respond.

Hon. Wambua: Thank you, Mr. Speaker. First and foremost, I would wish to thank the House, Hon. Members for being very keen and having a very close follow up of what I was going through. I want also to acknowledge the work done by the committee. Mr. Speaker, I would wish to add the following;

The issue of unaccounted for water has become too much. Yesterday, we read our report here which showed Mwala Water Company had water almost Ksh. 7 million been unaccounted for. Today we have this report from Mavoko which has water worth Ksh. 9,385,029 also been unaccounted for.

Mr. Speaker, if you calculate very well the amount Ksh. 9,385,029; if you divide by Ksh. 12,000 which is salary paid to most of our contractual employees, you will realize that, that money can pay for 782 employees and we have claims some in the past have gone without salaries and is money that should have been earned by the county but has been lost as unaccounted for water.

Mr. Speaker, I would also like to note that our executive has a major role because we have the Water Act 2016 as our Majority Leader has said, Mr. Speaker. It ought to have been gazetted and to have met in place water service boards. The boards, with water providing companies are all illegal. The problem is that it is not their wish; the CEC water should have gazetted and made sure there are boards in place but up to now since the Act was in place, we do not have the board. That is a major challenge.

Mr. Speaker, these water companies are hiding behind doubtful debts and bad debts; it is the time the County Government of Machakos should write off some of these debts so that we may have more transparency in these companies.

Mr. Speaker, as I can see, the future of all the water in Machakos will be placed on the water providing companies because the free boards that we are having are not much sustainable, Mr. Speaker hence it is good for these water companies to be prudent since water is life and without water no life and that is why Mr. speaker in the deserts we have oasis.

Thank you, Mr. Speaker. Thank you, Hon. Members for appreciating the work of our committee.

Hon. Deputy Speaker: Thank you, Hon. Member.

(Question put and agreed to)

I just want to make one comment, Hon. Members. We cannot overemphasize on the issues which have been raised by the report that has been brought here especially on two key issues which, in my opinion, are the perfect recipe for closing or running down a company.

We are talking about increased unaccounted for water in these companies on one hand and the little money you collect, you have raising trade receivables. So, we have increased unaccounted for water and the little water that is now sold is sold and the money is not collected; this is a recipe for disaster and although that comes down to what most Members have alluded to; bad or incompetent managements of companies.

We therefore request that the report which has been adopted by this House is forwarded to the executive and quickly acted on so we can be able to bring these companies back to viable going concerns.

ADJOURNMENT

Hon. Deputy Speaker: With that Hon. Members, comes the end of business for today and this House now stands adjourned to Tuesday, the 31st of July, 2018 at 10.00 a.m. Thank you.

The House rose at 3.42 p.m.