

MACHAKOS COUNTY ASSEMBLY**OFFICIAL REPORT****Tuesday, 29th April, 2015**

The House met at 10.21 a.m.

*[The Temporary Speaker (Hon. Raphael Mutuku) in the Chair]***PRAYERS****Hon. Temporary Speaker:** Good morning hon. members. Clerk, proceed.**PAPERS LAID****Hon. Temporary Speaker:** Hon. Joseph Kalunde? Yes hon. Gideon Kavuu**Hon. Gideon Kavuu:** Thank you Mr. Speaker. I seek permission to go and call Mr Kalunde because he is outside.**Hon. Speaker:** Yes, Hon. Isaac Muinde.**Hon. Isaac Muinde:** Mr. Speaker, the business of this house should be taken seriously. When a hon. chairperson knows that he has a serious business to transact, he should be in in time and in case he is not in someone should be able to stand in for him. But in the spirit of collective responsibility Mr. Speaker, I would wish that the business is transferred to the afternoon.**Hon. Temporary Speaker:** Vice chairperson, Public Accounts Committee? I direct that the paper be laid in the afternoon. Clerk, proceed.**BILLS***First Readings***MACHAKOS COUNTY DESIGNATED PARKING PLACES BILL 2015**

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Hon. Felix Ngui: Thank you Mr. Speaker, Sir. Pursuant to Standing Order 119, I wish to present the The Machakos County Designated Parking Places Bill No. 1. 2015 to be read today, Wednesday, 29th April, 2015, for the first reading.

Hon. Temporary Speaker: Thank you.

THE MACHAKOS COUNTY OMNIBUS STATIONS AND PARKING BILL 2015

Hon. Felix Ngui: Thank you, Mr. Speaker, Sir. Pursuant to Standing Order No. 119, I wish to present the the Machakos County Omnibus stations and Parking Bill 2015 to be read today, Wednesday, 29th April, 2015, for the first reading. Thank you Mr. Speaker, Sir.

MACHAKOS COUNTY REVENUE ADMINISTRATION BILL 2015

Hon. Oliver Nzeki: Thank you Mr. Speaker, Sir. Pursuant to Standing Order No. 119, I wish to present The Machakos county Revenue Administration Bill 2015 to be read today, Wednesday, 29th April, 2015 for the first reading. Thank you Mr. Speaker, Sir.

Hon. Temporary Speaker: Next.

MACHAKOS COUNTY GOVERNMENT ADMINISTRATIVE STRUCTURES BILL

Hon. Michael Mutuku: Thank you Mr. Speaker, Sir. I would like to present a Bill. Mr. Speaker, Sir, Pursuant to Standing Order No. 119, I wish to present to the Machakos County Government Administration Structures Bill 2015 to be read to be read today, Wednesday, 29th April, 2015, for the first reading. Thank you Mr. Speaker, Sir.

Hon. Temporary Speaker: Thank you. Next.

(Orders for First Readings read - Read the First Time and ordered to be referred to the relevant Sectoral Committees)

MOTIONS

MACHAKOS COUNTY BUDGET IMPLEMENTATION REVIEW REPORT 2013/14

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Hon. Isaac Muinde: Mr. Speaker, Sir, I beg to move that the house discusses the report of the Budget and Appropriation Committee on the Machakos County Budget Implementation Review Report 2013/14 and ask Hon. Willy Kasimu to second.

Hon Wilson Kasimu: Mr. Speaker, Sir, I stand to second that the house discusses and approves the Machakos County Budget and Appropriation Review report 2013/14. Thank you Mr. Speaker, Sir.

Hon. Temporary Speaker: Thank you. Proceed.

Hon Isaac Muinde: Mr. Speaker, before I read the report, I want to remind the members that it is a report for the whole year that is 2013/14 financial year and not January to June 2013 as indicated in the Order Paper. I believe that is an error. The report is based on the whole year performance of the County Government of Machakos. This is the report as forwarded to the County Government by the office of the Controller of Budget and is the source of information is the county treasury of Machakos that sends the report to the Controller of Budget in Nairobi and compiles that report and sends back to us.

The purpose of this report Mr. Speaker, is for members to know the performance of the county and to discuss and make recommendations so that the feedback can be sent to the Executive on areas where improvement is needed. Mr. Speaker, Sir, on behalf of the Budget and appropriation Committee and pursuant to the provision of Standing Order No. 186(1), it is my pleasant privilege to present to this hon. house the Report of the Budget and Appropriation committee findings on the county budget Implementation review report for the fiscal year 2013/14.

Mr. Speaker, the committee derives its mandate from standing order 186 (3) (a) that states that, 'there shall be a select committee to be known as the County Budget and Appropriation committee which is mandated to investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget.

The main objectives of the committee are therefore to ensure that public funds are well utilized and the public realizes value for money in all government expenditure. The bases of the Committee's execution of its mandate is annual and on special reports.

COMMITTEE MEMBERSHIP

The committee as constituted by this assembly comprises of the following members.

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1. Hon. Isaac Muinde Chairman
2. Hon. Rachael Nduku Vive Chairperson
3. Hon. Wilson Kasimu Member
4. Hon. Ruth Ndumi “
5. Hon. Charles Mutisya “
6. Hon. Sammy Nduva “
7. Hon. Christine Mutune “
8. Hon. Renson Muthiani “
9. Hon. John Sila “

MACHAKOS COUNTY BUDGET IMPLEMENTATION REVIEW REPORT 2013/14

Mr. Speaker, the Machakos county budget implementation review report by the controller of budget provides the status of the county budget implementation against budgeted estimates for the fiscal year 2013/14. The expenditure analysis is based on the actual expenses reported during the period against the budget which is broadly classified into recurrent and development activities. Mr. Speaker, Sir, the report of the Controller of Budget reflects how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the county fiscal strategy paper for the financial year.

OBSERVATIONS

Mr. Speaker the report shows a detailed analysis on revenue collected against the expenditure. Mr. Speaker, on page 104, the report reflects Ksh. 2.5 million instead of Ksh. 2.5 billion as the expected revenue from local sources. That was an error. In coming up with the budget, the local revenue was expected to be Ksh. 2.5 billion but the report makes an error and instead of indicating billion it indicates Ksh. 2.5 million.

Mr. Speaker, on page 107, on the challenges of the county, the Controller of Budget raised an issue on continued delay in preparation of reports that guide the budgetary process. Mr. Speaker, Sir, the report reflects higher absorption rate of the recurrent expenditure as compared to the absorption of the development expenditure. Perhaps the county government has a bigger appetite for recurrent expenditure as opposed to development.

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Mr. Speaker, the report shows that Ksh. 18.5 million was paid out as debt. The nature of the debt is yet to be identified.

Mr. Speaker, the report has put emphasis on implementation of the IFMIS system and the continued use of manual system exposing the county government to accounting errors. Further, the County has never establishment an audit committee to support in internal controls. Mr. Speaker, as we speak today, two years after devolution, this county government with the county assembly included is using manual accounting system meaning errors can always occur where even payments can even be made twice because IFMIS has not been implemented. This is against the requirements of PFM law.

Mr. Speaker, travelling for both the county Assembly and the executive was very intense in the first year of devolution. In addition, it was noted that, most members from Executive travel on first class even over short distances which was very expensive for the county.

Further, Mr. Speaker, the under budgeting on sitting allowances to members of county assembly was the reason behind over absorption as reflected by controller of budget. Mr. Speaker, when we were budgeting for the sitting allowances, we budgeted based on the first arrangement when the SRC had not enhanced the sitting allowances for members and it was enhanced later meaning that we had to re-budget and increase and that shows over absorption where 100 percent because the 59 members of the assembly spend more than what was budgeted but the reason is the enhanced sitting allowance.

Mr. Speaker, the expenditure on purchase of vehicles amounted to more than a billion which was above the expectations and should be restricted in future. When we talk of development expenditure in 2013/14, I want to emphasize that in most of the development expenditure in the county was purchase of vehicles and machinery showing an over absorption in development I n the vote of vehicles which means we have shown improved or higher development but it was simply purchase of vehicles. Finally, Mr. Speaker, the expenditure exceeds the revenue by Ksh. 243 million which is against the principle of budgeting. We spent

more that we budgeted for and that means occasioning the county to debts, both internal and external.

RECOMMENDATIONS

Mr. Speaker, Sir, the committee recommends that the expenditure on development be fully implemented to empower the county to achieve the predetermined economic growth. Mr. Speaker, the county executive should embark on full implementation of the IFMIS system and bring an end to the continued exposure to accounting errors through the manual system. The county executive should walk a step further and establish an audit committee as recommended by the Controller of Budget and be vetted by the assembly. Mr. Speaker, even with a resolution of the Senate, we need to have an independent internal auditor, not in the assembly but in the county government so that the run-away expenditure can be checked. A person who cannot be sacked by the Governor or the CEC member of finance. Someone with security of tenure so that the officer can expedite his work without fear or favour

ACKNOWLEDGEMENT

Mr. Speaker, Sir, the Budget and Appropriation committee is grateful to the office of the Speaker and that of the Clerk to the County Assembly for the support accorded during the committee sittings. I wish to express my appreciation to the Hon. Members of the Committee who sacrificed their time to participate in the activities of the Committee and in preparation of this report.

Appended are the names of all the members with their signatures save for one who was absent at the time we were signing the report but has been here all the time during the report analysis. Mr. Speaker, Sir, it is therefore my pleasant duty and privilege, on behalf of the budget and appropriation committee to table this annual County Budget Implementation Review Report for 2013/14, to this hon. house for consideration. Thank you, Mr. Speaker.

Hon. Temporary Speaker: Thank you, the report is properly before the house for debate and I welcome debate for those who are against or those in support. It seems you are in

consensus with the report. Any member against the report? Yes Hon. Oliver Munyaka.

Hon. Oliver Nzeki: Thank you Mr. Speaker, Sir. Because we have just gotten the report today and it is a bit technical, can we be given time to study it tomorrow or to go for the next time?

Hon. Temporary Speaker: Hon members, I understand this report was before the house last week and what we are doing is just a continuation, so unless hon. Munyaka, you were absent, members were issued with this report.

Hon. Kasimu: It is true, Mr. Speaker, Sir.

Hon. Muinde: Mr. Speaker, it is true this report was due in the last two weeks. It was to be debated before members left for Kisumu and remember very well, the Deputy Speaker walked a little bit late and was complaining the report is not with the members, yet every member had the report expect him and it was given to him. It is a very short report. It gives only the analysis. No one can claim not to have been given. It is a continuation, because members, during that day, asked for more time to go and read the report. They felt like they need to do a few analysis and the hon. Speaker directed so. That is why today I have come on the floor to continue the report. It was only to read the report and have members contribute.

But Mr. Speaker, when a teacher goes to class and presents his subject very well and at the end of the subject he asks students whether there is anybody with a question, chances are that the teacher has done a very nice job and everybody has understood, appreciated and accepted the content. So silence can also mean concurrence with the report, so Mr. Speaker, the report given to the house by the Budget committee can be exhaustive enough and can be sent to the CEC finance to be annexed to other reports so that in future, as they implement the budget, they can know what the house has said. So Mr. Speaker, I believe it is well explained. Thank you.

Hon. Temporary Speaker: Thank you.

Hon. Timothy Kilonzo: Mr. Speaker, Sir, I support the document fully and I think those members who oppose things whether they are good or bad, they knew the report was so good and they have absented themselves. That is why you cannot see them here, those who used to oppose everything Mr. Speaker. There are those members who cannot see work done. Even little work being done in their wards, they have eyes, the Bible says, and they cannot see. They have ears, they cannot even hear. They cannot even hear a tractor grading the roads. These are the members

who have absented themselves today and I am happy that they have learnt that they have been doing something bad to the county. I again say that they should be saved and join those who are saved.

Hon. Temporary Speaker: Hon. Timothy Kilonzo and the other members, I think we should restrict ourselves to the report. Let us avoid a situation whereby we are point fingers at each other.

Hon. Veronica Mbithe: Thank you Mr. Speaker and the house at large. Mine is to applaud the chairman and his committee of budget and Appropriation Committee for the good work they have done. The report is well laid, it is well prepared, it seems that they have taken quality time and used their time appropriately. I would like to take you to page four of the report, in line with the purchase of vehicles, paragraph two, the one that says, Mr. Speaker, the expenditure on purchase of vehicles amounted to more than a billion, which was above the expectation and should be restricted in future.

Mr. Speaker, I believe that the county government of Machakos is doing its best and this was laying the foundation of the work in phase so that every errand of the county is to be done at the right time. So the purchase of the vehicles, especially the ones for the Executive and the ones that were bought, like the ambulances and the ones for the collecting of revenue, were very much in order. It might look like it was done overboard, but I believe that it was to meet the strategic plan of the county.

So I know that in future there might be no more need for more vehicles and the Controller of Budget has just given a guideline. So I feel this is a good report and as we continue, I know that people might try to oppose and say many things about the allocations and the budget and all this, but the fact remains that the Budget and Appropriation committee are doing the right job and the county government is doing the right job and let us give credit where it is due. Thank you, Mr. Speaker, Sir.

Hon. Joseph Kalunde: In the political arena, it has been claimed for quite a long time that Machakos County is county number one but in today's newspapers, it has officially been written that it is true that it is county number one. So Mr. Speaker, for the members of the Assembly to be quiet, it means that they have accepted the report and therefore there is no need of discussing it rather than to say it is ok and we pass it. Thank you, Mr. Speaker.

Hon. Jacqueline Nziva: Thank you Mr. Speaker and the house at large. Let me applaud the Budget committee for the good work they have done. In every public budget, there must be

some measures which are put in place so that some costs may be cut down. Like in page three, travelling for both the county assembly and the executive was very intense in the first year of devolution and it was noted that most members from the executive traveled on first class even over short distances. Because they oversaw that expense and decided to cut the cost down, I think we are on the right track. Thank you Mr. Speaker, Sir.

Hon. Kasimu: Mr. Speaker, Sir, it is obvious that the hon. house has seen the importance of the report I would request you to put the question. Thank you, Mr. Speaker.

Hon. Temporary Speaker: Thank you, I will still give more members to contribute.

Hon. David Manyolo: Thank you Mr. Speaker, Sir, and the house at large. I first congratulate the committee of budget for the hard and nice work they have done and presented to the house. It is for us now to say yes instead of bargaining of nothing and think of the future instead of wasting time dealing with an issue which has been well done. It is also known that we were to remove and put, and where there is removing and putting, it shows that the committee members had enough time to think and go through every department and see the importance of having this money and also reducing the money to the other slots.

So Mr. Speaker, Sir, instead of wasting time, it is the high time now for you to put the question, because most of the members have agreed and I can also read the members, even Hon. Nzoka is very serious going through the budget and he has said yes. It is the high time to put the question. Thank you, Mr. Speaker, Sir.

Hon. Temporary Speaker: Thank you Hon. David Manyolo, although we are discussing a budget report from the Controller of Budget but not the budget. I think you are diverting somehow because you have come late.

Hon. Manyolo: Mr. Speaker, Sir, it is the report.

Hon. Temporary Speaker: Thank you.

Hon. Joseph Muli: Thank you Mr. Speaker. I would like to applaud the chairman of budget committee and the members for the good analytical work they have done after scrutinizing what is supposed to be presented in this house. But I also have an issue on the presentation of the graph which was drawn for local revenue on quarterly basis system. I would also like to ask the chairman and his committee, because of the issues that took place on the

collection issue, you find some anomalies whereby the graph shows us how it has been drawn on quarterly basis to the peak, and also dropping to the fourth quarter, drastically, I would request the committee to be quoting such issues so that we can be aware of what has happened on it. Thank you Mr. Speaker, Sir.

Hon. Temporary Speaker: Thank you, that is a valid observation and I request the chairman to respond.

Hon. Muinde: Mr. Speaker, I will respond to his concern and at the same time the budget committee has had its work shared by another committee that is the Finance committee, and the issue of local revenue collection, squarely is under finance committee. However, for the last two years, as the chairman of the budget committee, I was also handling both matters before the committee was split but the reason why in page one of the report, in the four quarters, you are seeing revenue moving from Ksh. 158.2 million to Ksh. 243.3 Million is to Ksh. 454.8 million down to Ksh. 309 million, it is the nature of the business and period under which we collect licenses.

Like for example, the fourth quarter which is the period between January and March that is when single business licenses are being paid and most of the monies are collected during that period, Mr. Speaker. So you can see it drops as we go to June, but this is the time when those who have not paid, they pay with penalties, that is why it is still higher. But the first quarter, which is July to September, is usually a dry month and even in terms of what is happening in Ukambani, where we are situated, usually such a period is the dry weather period. Business is at low point at that time, so it doesn't reflect the efficiency of the collection system. It is the nature of business in Machakos County.

So the third quarter shows when money is flowing in to this and it will never change for the entire period that we are here unless our economy is now based on purely production. Things may change but as long as we are in agricultural-based economy and the fact that we collect our licenses between January and March, this trend will always continue. What may change with the increase in efficiency is the figures going up but the trend will always remain. Thank you, Mr. Speaker.

Hon. Temporary Speaker: Thank you. Do we have members with an opposing voice? Because it seems all of us are in consensus. Yes hon. Mutuku Mutua.

Hon. Mutua Mutuku: Thank you. First, let me applaud the chairman and the committee, then because of the observation which has already been highlighted in the report, mine is actually

to comment a few things in line with the observation. For example, observation on delayed preparation of reports, since we have a committee on implementation, mine is to request compliance on the same because that is the standard practice.

The other issue I would like to comment is about higher observation of recurrent expenditure as compared to the development expenditure. It is not the best practice especially when you are managing public funds. It should be the other way round and I think in future that one needs to be checked.

The other issue which I would like to comment is the Ksh.18.5 (??) which I think the chairman should have really said something because it is not disclosed the payment was for what. The other a very important key factor which was observed by the Controller of the Budget is the system. It is very important to make sure the committee of Implementation makes sure the system is in place so that next financial year, we do not experience errors like the way our chairman has said.

The other issue is about travelling. As you are aware Kenya is a third-world economy, translating Machakos County, stands to be in a third world economy. We are not expecting each and everyone to travel in the first class because it is very expensive for the Machakos county economy, except the Governor because of security reasons but the other members, the Chief Officers can travel in line with the economy were we are. We are in third world economy. The other thing I would like to comment on is about the expenditure of the vehicles which I think our chairman said we are going to restrict in future. Those are my few observations. Thank you Mr. Speaker, Sir.

Hon. Temporary Speaker: Thank you hon. member. Do we have an opposing voice? Because I think we are all in consensus.

Hon. Nzeki: Thank you Mr. Speaker. I wanted to make an---

Hon. Temporary Speaker: Yen Hon. Chairman.

Hon. Muinde: Mr. Speaker, the hon. member cannot contribute twice on the same motion. So Mr. Speaker, it is out of order to allow hon. Munyaka to contribute twice on the same agenda.

Hon. Temporary Speaker: Hon. Chairman, the Speaker has the prerogative to allow any member to contribute, so I have allowed the member.

Hon. Kasimu: Mr. Speaker, we have the Standing Orders that the hon. Speaker also follows, Mr. Speaker, Sir.

Hon. Temporary Speaker: Hon. Deputy Majority Leader, I am invoking Standing Order No. 1 which gives me that leeway. I can give a member an opportunity to contribute. So Hon. Oliver Munyaka.

Hon. Nzeki: Thank you Mr. Speaker, Sir, for saving me. I just wanted to talk about page 107. It is just an observation on the source which is Machakos County Treasury. Number 4, the county collected was 46.8 per cent of the annual local revenue target. This is partly attributed to unrealistic revenue protections. Mr. Speaker, because we have the able chairman for budget, the target is set for revenue collection was too high; Ksh. 2.6 billion so I would like him to go down at least Ksh. 2.4 billion so as not to be rated that we done collect or we collect putting our monies in to our pockets, Mr. Speaker, Sir.

Hon. Temporary Speaker: Ok. Thank you. But I understand that we have a committee of finance and revenue collection that is mandated to ensure that our county collects the maximum where possible, so that one does not go to the budget. So members, I think we are all in consensus and I will proceed to put the question.

(Question put and agreed to)

ADJOURNMENT

There is no further business, let us resume in the afternoon.

The House rose at 11.04 a.m.