

REPUBLIC OF KENYA
COUNTY ASSEMBLY OF MACHAKOS
OFFICIAL REPORT

Tuesday, 8th October, 2024

The House met at 11.12 a.m.

[The Speaker (Hon. (Mrs.) Kiusya) in the Chair]

PRAYERS

Hon. Speaker: I am advised not to make my communication at this point because the guests who we are expecting have not yet arrived.

Hon. Joshua Mwonga (Masinga Central, WDM-K): Madam Speaker, I am raising under Standing Order 27. Madam Speaker, today I woke up around 5.30 a.m. Standing Order 27 is about days and hours of plenary sitting. I had to drive about 110 km from Masinga to Machakos so that I can be here at least by 9 a.m. so that I take tea with the other Members and I be at the assembly exactly at 10.00 a.m. Madam Speaker, this issue of the Assembly starting at 11 am is demoralizing Members especially myself.

Madam Speaker, it is my wish that we amend the Standing Orders so that we can be starting the morning sitting at 1.00 a.m. That will be a service and not a disservice to the Hon. Members. Madam Speaker, at around 9.00 a.m. I was in the canteen and Members were there, we had quorum. Unfortunately around 10.30 a.m. is when we were getting a message that the plenary is going to start at 11.00 a.m. Madam Speaker, please let us look at our timings of starting our Assembly debates. Thank you.

Hon. Speaker: Thank you, Hon. Member. I want also to use the same Standing Order 27 on days and hours of starting plenary sitting. This is what it says; unless the Speaker directs otherwise the House shall meet at 10.00 a.m. and at 2.30 p.m. on Tuesdays and Wednesdays but more than one sitting may be directed during the same day. This provision allows the Speaker, to direct otherwise. I had a conversation with the Clerk seated here. It started here; do we have quorum? We do not have quorum. So then I direct we start at 11.00 a.m. so that is what they did and I am guided by this provision so therefore there is no harm. There was nothing completely out of order by me directing that we start at 11.00 a.m. because there was no quorum. It was a conversation---

Hon. Joshua Mwonga (Masinga Central, WDM-K): Madam Speaker, I agree with you that the Standing Order says unless but Madam Speaker, how could the Director or the Clerk know that Members were not in the House?

Hon. Speaker: He was in the chamber.

Hon. Joshua Mwonga (Masinga Central, WDM-K): No. Madam Speaker, the Director has just entered two minutes before you came! How could he know?

Hon. Speaker: Listen to me. This is a conversation I had with the Director personally. That is the Clerk the one seated here Dominic Musyoka so I do not know exactly what you want to ask me because there was a conversation between us and I am using these provisions. I have made the ruling Hon. Member we cannot just keep on exchanging. I am done. Let us proceed.

Hon. Joshua Mwonga (Masinga Central, WDM-K): Thank you, Madam Speaker. Exercise your powers.

PAPERS LAID VARIOUS PAPERS

Hon. Speaker: At this point, I invite Hon. Nicholas Nzioka, Leader of Majority to come forward and lay the Paper.

Hon. Nicholas Nzioka (Machakos Central, WDM-K): Thank you, Madam Speaker. Hon. Speaker, I wish to lay the following Papers on the Table of the Assembly today, Tuesday 8th October, 2024:

- i. The legislative proposal on Machakos County Youth Empowerment Bill, 2024.
- ii. The fifth report of the Committee
on Selection on nomination of Members to Committees.
- iii. Annual Financial Statements for Machakos County Executive for the year ended 30th June, 2024;
- iv. Annual Financial Statements for Machakos County Funds listed below for the year ended 30th June, 2024;
 - a. Machakos County Climate Change Fund
 - b. Machakos County Executive Car and Loan Mortgage Fund
 - c. Machakos County Bursary Fund
 - d. Machakos County Revenue Fund
 - e. Machakos County Receiver of Revenue
- v. Annual Financial Statements for Machakos County Health Facilities listed below for the year ended 30th June, 2024;
 - a. Machakos Level 5 Hospital
 - b. Kalama Level 4 Hospital
 - c. Mutituni Level 4 Hospital
 - d. Kangundo Level 4 Hospital
 - e. Kathiani Level 4 Hospital
 - f. Kimiti Level Hospital
 - g. Athi River Level 4 Hospital
 - h. Matuu Level 4 Hospital
 - i. Matuu Level 4 Hospital
 - j. Masinga Level 4 Hospital
 - k. Ndithini Level 4 Hospital

Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Member. Papers in this order; that is (a)(ii) that Paper will be committed to the social welfare and sports committee. Paper a(ii) will be committed to the finance and revenue collection committee. Paper (iv) a will be committed to the environment and natural resources committee

- (b) Will be committed to the finance and revenue collection committee
- (c) Committed to the education and social services committee
- (d) Committed to the finance and revenue collection committee
- (e) Committed to the finance and revenue collection committee
- (v) All the Papers from (a) to (k) will be committed to the health and emergency services committee.

At this point I wish to invite Hon. Dominic Ndambuki to come forward and lay another Paper.

Hon. Dominic Maitha (Muthwani, WDM-K): (a)(ii) you have committed to the committee of finance and revenue; is it right? Selection Committee?

Hon. Speaker: (a)(ii)?

Hon. Dominic Maitha (Muthwani, WDM-K): Yes. You have said...and that is the fifth report on Committee on Selection.

Hon. Speaker: I have committed it to social welfare and sports.

Hon. Dominic Maitha (Muthwani, WDM-K): Selection committee?

Hon. Speaker: No. Social welfare and sports.

Hon. Dominic Maitha (Muthwani, WDM-K): Just check, Madam Speaker. The report of Committee on Selection.

Hon. Speaker: The Paper is the legislative proposal on Machakos County Youth Empowerment Bill 2024 and it is the Paper that I have committed to the Social Welfare and Sports committee. It is a Bill. Hon. Ndambuki.

COUNTY GOVERNMENT BUDGET IMPLEMENTATION
REVIEW REPORT FOR THE FIRST NINE MONTHS OF 2023/2024

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Hon. Speaker. I wish to lay the following Paper on the Table of the Assembly today, Tuesday, 8th October, 2024; the Report of Budget and Appropriations Committee on County Government Budget Implementation review report by the CoB for the first nine months of 2023/2024.

Hon. Speaker: Thank you, Hon. Member. Then I have another Paper to be laid by Hon. Francis Kitaka. Welcome.

FINANCIAL STATEMENTS OF THE COUNTY GOVERNMENT OF MACHAKOS
(EXECUTIVE) FOR HALF YEAR FOR THE PERIOD ENDED 31ST DECEMBER, 2023

Hon. Francis Kitaka (Ndalani, WDM-K); Hon. Speaker, I wish to lay the following Papers on the Table of the Assembly today, Tuesday 8th October, 2024; the Report of Finance and Revenue Collection Committee on Financial Statements of the County Government of Machakos (Executive) for half year for the period ended 31st December, 2023. Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Member.

NOTICES OF MOTIONS
FIFTH REPORT OF THE COMMITTEE OF SELECTION
ON NOMINATION OF MEMBERS TO COMMITTEES

Hon. Speaker: May I invite Hon. Nicholas Nzioka, Chairperson Committee on Selection to come forward and give a notice of motion.

Hon. Nicholas Nzioka (Machakos Central, WDM-K): Thank you, Hon. Speaker. Hon. Speaker, I wish to give notice of the motion, THAT pursuant to Standing Order 155, this House adopts the Fifth report of the Committee of Selection on nomination of members to Committees. Thank you, Madam Speaker.

Hon. Speaker: Thank you very much, Hon. Member. Another notice of motion is to be given by Hon. Dominic Ndambuki.

COUNTY GOVERNMENT BUDGET IMPLEMENTATION
REVIEW REPORT FOR THE FIRST NINE MONTHS OF 2023/2024

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Hon. Speaker, I wish to give notice of the motion, THAT, pursuant to Standing Order 186, this House adopts the Report of Budget and Appropriations Committee on County Government Budget Implementation review report by the COB for the first nine months of the FY2023/2024.

Hon. Speaker: Thank you, Hon. Member. Another notice of motion is to be given by Hon. Francis Kitaka.

FINANCIAL STATEMENTS OF THE COUNTY GOVERNMENT OF MACHAKOS
(EXECUTIVE) FOR HALF YEAR FOR THE PERIOD ENDED 31ST DECEMBER, 2023

Hon. Francis Kitaka (Ndalani, WDM-K): Thank you, Madam Speaker. Hon. Speaker, I wish to give notice of the motion, THAT, pursuant to Standing Order 190(5), this House adopts the Report of the Finance and Revenue Collection Committee on Financial Statements of the County Government of Machakos (Executive) for half year for the period ended 31st December, 2023. Thank you, Madam Speaker.

Hon. Speaker: Thank you very much.

STATEMENT

BUSINESS FOR THE HOUSE FROM 8TH OCTOBER TO 12TH NOVEMBER, 2024

Hon. Speaker: May I invite Hon. Nicholas Nzioka Majority Leader to come forward and read the statements.

Hon. Nicholas Nzioka (Machakos Central, WDM-K): Thank you, Madam Speaker. Hon. Speaker, the House Business Committee met on 7th October, 2024 to prioritize business for the House as forwarded by Committees and Honorable Members pursuant to the provisions of the Standing Order 151(6)(d). The Committee balloted business as follows:

Tuesday, 8th October, 2024

Morning at 10.00 a. m.

- a. Response to a statement on stalled roads in Matuu Ward by Hon. Muoki Musila, Chairperson, Transport, Roads and Public Works Committee.
- b. Report of the Auditor-General on financial statements of Municipal Council of Machakos water and Sewerage Company Limited for the year ended 30th June, 2022 by Hon. Philip Ndolo, Chairperson, Public Accounts and Investments Committee.

Tuesday at 2.30 p.m.

- a. Statement on status of Cleaning Services in Masinga Level 4 Hospital by Hon. Joshua Mwonga, MCA, Masinga Central Ward.
- b. The Fifth report of the Committee of Selection on nomination of members to Committees by Hon. Nicholas Nzioka, Leader of Majority/MCA, Machakos Central Ward.
- c. Report of Budget and Appropriations Committee on County Government Budget Implementation review report by the COB for the first nine months of the FY2 023/2024 by Hon. Dominic Ndambuki, Chairperson, Budget and Appropriations Committee.

Wednesday, 9th October, 2024

Morning at 10.00 a.m.

Report on the status of stalled ECDE classes within the County; resumption of *debate* by Hon. Annastacia Mutevu, Chairperson, Education and Social Services Committee.

Afternoon at 2.30 p.m.

- a. Report of the Finance and Revenue Collection Committee on Financial Statements of the County Government of Machakos (Executive) for half year for the period ended 31st December, 2023.

- b. Motion on Alteration of Assembly Calendar and Adjournment of the House by Hon. Nicholas Nzioka, Leader of Majority/MCA, Machakos Central Ward.

Tuesday, 12th November, 2024

Morning at 10.00 a.m.

Report of the Environment and Natural Resources Committee on Budget Implementation for the Department of Climate Change for the FY 2022/2023 by Hon. Fredrick Kitetu, Chairperson Environment and Natural Resources Committee.

Thank you, Madam Speaker.

Hon. Speaker: Thank you very much, Hon. Member.

STATEMENT REPLY STALLED ROAD PROJECTS IN MATUU WARD

Hon. Speaker: At this point I wish to invite Hon. Muoki Musila, the Chairperson of Transport, Roads and Public Works Committee to come forward and give a response to a Statement that was sought by Hon. Ndawa.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Thank you, Madam Speaker. I am not Hon. Muoki Musila but I am standing in for him as a Member of Transport, Roads and Public Works. Hon. Speaker, Standing Order 41(3) provides that where a member requests for a statement from the Committee Chairperson relating to matters under the mandate of the Committee, the Speaker may either appoint a day for the Statement or direct that the Statement sought must be issued on the same day, and the Statement sought be restricted to matters within the mandate of the Committee and which have been exhaustively dealt with and concluded by the Committee or where the Chairperson is authorized by members to issue preliminary reports to the House.

Hon. Speaker, on 3rd September, 2024 during morning plenary sitting, a Statement on Status of Matuu Hospital Loop Road and Matuu Equity Lane was sought seeking information on the strategies the department has put in place to ensure the projects are completed and the expected date of completion.

Hon. Speaker, in response to the above Statement, the committee requested information from the Chief Officer, Roads and Transport and the department responded vide letter Ref: GMC/TR&PW/COUNTY ASSEMBLY/VOL.II/69 dated 24th September, 2024 as follows: The Improvement works done on Matuu Hospital Loop Road and Equity Lane were carried out by the department of roads and Transport through Force Account (use of County Equipment). The sections mentioned were opened and improvement works done up to sub-base level to make them motorable.

Some contracted works namely culvert installation, construction of a lined concrete open storm water drain and paving blocks on road shoulder were also laid on Equity Lane. To upgrade the roads to bitumen standards, the department is engaging Kenya Urban Roads Authority (KURA) to on-board them in their work programme as per the attached road inventory survey report.

That report is annexed in this response, Hon. Speaker. That annexure Hon. Speaker shows a letter from Kenya Urban Roads Authority, Lower Eastern. The road is Matuu in Machakos County. Road name, Catholic Church-Assistant County Commissioner office road, Matuu Level IV road, Equity Bank access road and Matuu market loop road.

For Catholic Church-Assistant County Commissioner is 3.1Km road, Matuu Level IV access road is 2.5Km, Equity Bank access road 400m and Matuu market loop road is 600m. All those roads the condition for them is gravel service type for all the roads. Roads are fairly maintained with isolated sections. Estimated costs or budget Ksh. 300 million, Hon. Speaker. Remarks are given at the end that is gravel. Thank you, Hon. Speaker.

Hon. Speaker: Thank you, Hon. Member. I would like now to call upon Hon. Judas Ndawa to state whether the response is satisfactory or not.

Hon. Mbili Ndawa (Matuu, MCCP): Thank you, Madam Speaker. Hon. Speaker, before I say whether I am satisfied or not satisfied I want to give a few remarks. Hon. Speaker, if I was marking the response I would just cancel and write it irrelevant. The reason why I am saying so Hon. Speaker the distance of the road that I had requested for Matuu Equity road is 377metres. From Thika-Garissa road to Matuu Level IV hospital and back to Matuu is 2.7 kilometers. 377M plus 2.7Km totals to 3.1KM.

Hon. Speaker, the department is talking of a road more than 6 Km. That is why you see their estimated amount for doing that job is Ksh. 300 million which is far higher. Before a County initiates any project, public participation is always conducted. For this matter, Hon. Speaker, I remember very well meeting was called, members of public were there and they gave that road as a priority. Hon. Speaker, after the public participation the department made promises to the residents that they are going to have that road tarmacked.

The report is saying that the County used what we call force account which is okay. Force account in another word is in-house; we use County engineers and equipment which is okay. Hon. Speaker, before the project commenced there was a budget for that. Hon. Speaker, Hon. Deputy Speaker was in that other Assembly. Hon. Dominic was also in that other Assembly, Mheshimiwa Johana was also there and other colleagues. Hon. Speaker, the entire Assembly was called at Weston Hotel and each department was given an opportunity to say the project that they intended to do and the budget which was there.

The department of roads was very clear that this project we are talking about was a flagship project and there was a budget of about Ksh. 34 million which was supposed to be used in having that 3.1km tarmacked. Hon. Speaker, from the response we are now seeing that the department is trying to deviate from its mandate. They are now telling us that we are engaging KURA to do the work. Hon. Speaker, KURA is not the one that initiated nor proposed the project.

The department knows the scope of work which was undertaken. It was very little which was remaining because a lot was done. Hon. Speaker, I do not agree with this response and I will request that we summon the department. If we ask a question and somebody is doing a letter from his comfort zone he or she does not know what is happening on the ground. I would request that we summon the department or whoever is in charge of that department to appear before the General Oversight Committee so that at least Members can have one on one conversation with that particular officer so that each and every Member can get full information of what transpired and what we expect.

Hon. Speaker, from the Statement we only asked three things. I know from the Order Paper Members have the Statement. The Statement was asking information on the strategies the department has put in place to ensure the projects are completed and expected date of completion. Hon. Speaker, from there, they are only telling us we are engaging from the time the project started up to now it is three years. We cannot engage for the entire five year term so the answer is not acceptable at all.

The expected date of completion; they are silent on this so Hon. Speaker I am not satisfied and I would require more clarification on what is happening. Hon. Speaker, if we allow this to happen another project will be started somewhere, will be done quarter way and be left. We go start another one else where we leave it and at the end of the day we will not be able to access what we have achieved as a County.

Hon. Speaker, when H.E the Governor Wavinya Ndeti took over she made a promise that all the projects that were initiated by the previous regime she will make sure those projects are completed. I am very sure she has the same in mind and this should be completed. Thank you, Hon. Speaker.

Hon. Speaker: Thank you very much. As indicated by Hon. Judas Ndawa who had requested for the Statement that the response is unsatisfactory for the reasons that he has outlined before this House. As such I would like to send back this Statement to the concerned Committee; Transport, Roads and Public Works Committee to relook at it. Invite the department to come and clarify on the issues that he has outlined before the House and to restrict themselves to the Statement requested on strategy and expected date of completion. I would request that the Committee takes 21 days to do that because it has taken a lot of time on this Statement. Thank you very much, Members. Let us proceed.

MOTION

FINANCIAL STATEMENTS OF MACHAKOS WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE, 2022

Hon. Speaker: May I invite Hon. Philip Ndolo, the Chairperson Public Accounts and Investments Committee to come forward and move the Motion.

Hon. Philip Ndolo (Mitaboni, UDA): Report of Public Accounts and Investments Committee on the consideration of the report of the Auditor General on the financial statements of municipal council of Machakos Water and Sewerage Company limited for the year ended 30th June, 2022.

Hon. Speaker, I wish to move the motion that, pursuant to Standing Order 185, this House adopts the Report of the Public Accounts and Investments Committee on the consideration of the Report of the Auditor-General on the Financial Statements of Municipal Council of Machakos Water and Sewerage Company Limited for the year ended 30th June, 2022 laid on the Table of the House on 3rd September, 2024. If you allow me, Hon. Speaker, I call Hon. Wanjiru to second.

Hon. Speaker: Thank you. Hon. Wanjiru.

Hon. Ruth Kamau (Nominated, CCU) seconded.

Hon. Speaker: Thank you.

(Question proposed)

Before I invite Members to debate on the matter may I ask the mover to highlight the Motion.

Hon. Philip Ndolo (Mitaboni, UDA): Thank you, Madam Speaker. I would like to highlight the certain parts that I will read. Executive summary on page 1, committee general observations on page 20, Committee general recommendation on page 23 and conclusion and acknowledgement. Thank you, Madam Speaker.

Hon. Speaker: Thank you. Proceed.

Hon. Philip Ndolo (Mitaboni, UDA): Thank you, Madam Speaker. Executive summary. Hon Speaker, this report on the Financial Statements of Machakos Water and Sewerage Company for the year ended June 2022 was received in the Assembly on 10th March, 2023 pursuant to Article 229(7) of the Constitution.

The report was committed to Public Accounts and Investments committee pursuant to Standing Order 185(2)(b) and (c) and the report had a qualified opinion. The key queries raised in the audit report include inaccuracies in trade and other receivables, lack of debt policy, excess non-revenue water, long outstanding receivables, use of expired water tariffs, non-compliance with WASREB regulations, weak ICT policy, noncompliance with WASREB regulations, non-disclosures and lack of training needs policy.

The Committee while exercising its mandate scrutinized the queries and noted some issues such as lack of supportive reconciliations and ledger schedules, lack of approved debt policy, improvement in reduction of non-revenue water, challenges in recovery of debts especially huge debt from the County Government, difficulties to get new water tariff because of challenges of license and relevant documentations, delay of remittances to relevant bodies and lack of ICT policy among other observations.

In order to address these issues raised from the particular queries the committee recommends observance of accuracy when doing postings, formulating of a debt management policy based on scientific findings, working towards replacing the old meters with smart water meters that cannot be easily tempered with, installing of centralized meters, fast tracking the license renewal process and all other documents required in renewal of the Water Tariff and the County Government through the County Assembly should ensure that all the pending bills owed to the Water Companies are budgeted and paid.

If you allow me Madam Speaker we shall go to Committee general observations page 20.

Hon. Speaker: Proceed.

Hon. Philip Ndolo (Mitaboni, UDA): Hon. Speaker, after considering the queries under the basis of the qualified opinion, the Committee makes the following General observations:

A. On the query on accuracy of Trade and Other payables, the Committee observed that:

The Ksh. 119,744,237 reflects the true and actual position of the Company's trade and other payables and the amount represents payment for suppliers, remittance to pension schemes, auditor general and Tanathi Water works Limited.

An amended financial statement showing reconciliation of the variance of Ksh. 5,598,952 and supporting ledgers for creditors were prepared and submitted to the Auditor General for verification and this was confirmed by the Auditor during the interrogation exercise.

B. On the query of the lack of a bad debts policy, it was observed that:

1. As at the time of audit the company did not have an approved debt policy and therefore the provisions of bad debts of Ksh. 7,091,565.00 was just an estimation by the board.
2. That the company does not have an approved debt management policy manual but currently uses the financial manual that contains guidelines on provisions for bad debts.

C. On excess of non-revenue water, the committee observed as follows:

1. The company non-revenue water improved from 44 per cent to 37 per cent of the total production.

Hon. Dominic Maitha (Muthwani, WDM-K): Point of order.

Hon. Speaker: Point of order taken. Hon. Maitha.

PROCEDURAL MOTION EXTENSION OF SITTING TIME

Hon. Dominic Maitha (Muthwani, WDM-K):

Hon. Speaker, that aware that Standing Order 27(2) provides that the Speaker shall interrupt business at 12.30 p.m. for the morning sitting;

Aware that Standing Order 27(3) provides that the House may resolve to extend its sitting time;

Aware that Standing Order 27(4) requires motion to extend sitting time to be moved at least 30 minutes before the time appointed for adjournment;

Hon. Speaker, I beg to move the motion that the House resolves to extend its sitting time until the business of the day is accomplished.

Thank you, Madam Speaker. I wish to call Hon. Kavyu to second my motion.

Hon. Speaker: Thank you.

Hon. Francis Kavyu (Kinanie, MCCP) seconded.

Hon. Speaker: Thank you, Hon. Kavyu.

(Question proposed)

(Question put and agreed to)

Hon. Speaker: Let us proceed.

Hon. Philip Ndolo (Mitaboni, UDA): Thank you, Madam Speaker and I will start again on excess revenue water. The committee observed as follows:

- i. The Company's Non-Revenue Water (NRW) improved from 44 per cent to 37 per cent of the total production from the previous year although this level still exceeds the allowable 25 per cent threshold set in the guidelines issued by the Water Services Regulatory Board (WASREB).
- ii. The Accounting Officer submitted that the NRW was contributed by pipe burst/leaks caused by vandalism during roads and buildings construction, high-water pressures, aged infrastructure and corrosion of galvanized iron pipes by acidic soils.

Hon. Speaker: Point of order.

Hon. Helen Ndeti (Nominated, WDM-K): Point of order, Madam Speaker. There are some bees here Madam Speaker and they are several. I do not know what to do!

Hon. Speaker: Maybe you could move from there. Are you able to move? Please move. Okay. You may proceed, Hon. Ndolo.

Hon. Philip Ndolo (Mitaboni, UDA): Thank you, Madam Speaker.

D. On Long Outstanding Receivables, the Committee noted that:

- i. The Company inherited huge debts from the defunct municipal council during water companies' reforms hence the huge amount of long Outstanding Receivables but the Company's trade receivables increased by 10 per cent from Ksh. 159,887,121 in the FY 2020/2021 to Ksh. 178,626,621 in the FY 2021/2022 hence the response from the accounting officer was not satisfactory.
- ii. That the Company has been facing a challenge in recovering debt due from major consumers especially the Machakos County government which in the Year under review had an outstanding debt amounting to Ksh. 27.5 million but the Management submitted that the County Executive is slowly paying the debt.
- iii. The Company has put in place measures towards recovering the trade payables such as use of rapid result initiatives on defaulters, issuance of demand notices and follow ups, relationship management with various stake holders and use of partial payment plan for defaulters who are not able to offset the debt at once.

E. On the query on use of expired Water Tariff, the Committee noted that the Company is using an expired water tariff because of delay in approval of a new tariff that resulted from failure to have requisite documents for licensing as required by the regulator, WASREB.

F. On the query on non-compliance with WASREB and WARMA Fees payments, it was observed as follows:

- i. During the Year under review, the Company did not remit WASREB and WARMA payments amounting to Ksh. 7,350,685 and of Ksh. 964,747 respectively. The Accounting officer submitted that this was occasioned by

- economic slowdown and challenges occasioned by high Inflation, 2022 electioneering period and drought resulting to the company experiencing cash flow challenges.
- ii. That the Company's delay in remittance of the stated fees led to accruing of interests amounting to Ksh. 265,212 as the time of audit.
 - iii. Lack of important documents such as Maruba dam's initial approval and designs which are still held by the National Government (Tanathi Water Works) has led to delayed approval of the water permit raised in the query.
- G. On the query on non-remittance of deductions to Retirement Benefits Schemes, the Committee observed that:
- i. The Company has non-remitted deductions to retirement benefits schemes amounting to Ksh.27,538,527. The non-remittance of this amount exposes the Company to serious financial problems as the pending money also accrues interest.
 - ii. During the Year under review, the Company was unable to remit its deductions because of cash flow challenges occasioned by delayed approval of a cost reflective tariff, harsh economic conditions, prolonged drought, high inflation and inability to pay bills on time by major consumers notably County Government of Machakos which had outstanding bills of over KSh.20 million.
 - iii. The Company has developed a payment plan agreement with the schemes on how to settle the pending amount. h) On the query on lack of a Training Committee and a Training Needs Assessment Plan it was noted that the Company during the year under review relied on staff advisory Committee that identified the Staff training needs, recommended trainings to the Board and the same approved by the Board subject to availability of funds.
The Management has since constituted a training needs assessment committee as submitted by the Accounting Officer at the time of interrogation.
- i) On Irregular Procurement of Motor Bikes, the Committee observed that;
- i. The company issued quotation for supply and delivery of motorcycle using prequalification list of suppliers instead of a framework agreement as per the provided circular which had identified and recommended approved suppliers for supply of motorbikes to all public institutions.
 - ii. The Company's decision to use Quotation was informed by the donor funding regulations which provided for guidelines on procurement of the various identified and approved interventions.
- J. On presentation and disclosures in the Financial Statements, it was observed that;
- i. During the Year under review, the Company prepared financial statements that did not conform to the prescribed reporting format by the Public Sector Accounting Standards Board since the Accounting Officer used reporting template for the previous year hence leaving out some information.
 - ii. An amended financial statement was prepared and submitted to the Auditor general for verification.
- K. Regarding the query on management of Water Bowser Sales, the Committee noted that the price of Water supply by Water Bowser was guided by the tariff provided

in the WASREB Notice of Tariff adjustments dated 4th July 2014. However, the tariff had expired and needed to be renewed.

- L. On weak ICT internal Controls, it was noted that, the Company during the Year under review and even as at the time of interrogation was using unapproved draft ICT policy.

COMMITTEE GENERAL RECOMMENDATIONS

Hon. Speaker, after considering the above general observations, the Committee makes the following recommendations:

- a) On the query on accuracy of Trade and Other payables, it was recommended that:
 - i. That the Accounting Officer should ensure correct posting of the entries in the financial statements to avoid unnecessary errors which lead to audit queries that would otherwise have been avoided.
 - ii. That the Company should for purpose of future reports provide all the documents required by the Auditor during the audit time as provided under section 9 and 47 (2) of the public audit Act 2015.
 - iii. The Accounting Officer should forward invoices for suppliers and schedules for unremitted payments to pension schemes and Tanathi Water Works.
- b) On Lack of a Bad debts Policy the committee recommends as follows:
 - i. The Company should formulate a debt management policy on scientific findings and analysis of the Company's history of collection of its debts over time in order to arrive at a more realistic percentage of provision of bad debts.
 - ii. That declaration of bad debts doesn't necessarily mean that the debts are uncollectable and therefore the Company should put strategies to enforce collection of the debts in order to boost the Company's income.
- c) On Excess non-revenue Water, it was recommended that:
 - i. The Company should follow up with the road construction agencies, private and public developers and Contractors who destroy pipes during construction exercises to ensure that they are held responsible and pay for all the losses arising from the water leakage and the costs associated with replacing the destroyed infrastructure.
 - ii. The Company should have representatives in the buildings' construction approval panel and inspection team in order to ensure that upcoming developments are not constructed on water and sewer lines and that pipes are not destroyed during the construction exercise.
 - iii. The Company Management should double its efforts in reducing the NRW by putting in place practical measures such as installation of smart meters that cannot be easily tampered with and suing of any individuals found culpable of any illegal connections.
 - iv. The Company should install centralized meters and leakage sensors at strategic distances in order to reduce water losses as a result of illegal connections and pipe leakage.

- d) On Long Outstanding Receivables, the committee recommended that:
- i). During the budgeting process, the County Government should factor all the monies owed to the Water Company (pending bills) in order to support the Company in provision of its services.
 - ii). The Company should enforce the practical measures indicated in the response in order to recover all the unpaid water bills.
 - iii). The Company should factor the payment of electricity and chemicals done by the County Government when computing water bills for the County Executive.
- e) On Use of Expired Water Tariff, the committee recommends that the Management should submit all the requisite documents required in the renewal of license to enable processing of the new water tariff by the regulator, WASREB.
- f) On Non-compliance with WASREB and WARMA Fees payments, it was recommended that:
- i. Since the Company relies on Maruba dam as the only water source, the Company should consider developing alternative water sources as a way of increasing its water supply. This will in return increase its income and its ability to pay its liabilities as fall due.
 - ii. The Company should consider negotiating with WASREB and WARMA to waive the accrued interest and come up with a payment plan of the settling the amount in question.
 - iii. Pursuant to Section 83 of the Water Act, 2016, the Management should liaise with the relevant National Government office to ensure that documents and Assets still held by Tanathi Water Works are transferred to the Water Company for its smooth operation and as a way of empowering it.
- g) On non-remittance of deductions to Retirement Benefits Schemes, it was recommended that:
- i. The Company should consider developing alternative water sources as a way of increasing its water supply and corresponding sales. This will in return increase its income and its ability to pay its liabilities.
 - ii. During the budgeting process, the County Government should factor all the monies owed to the Water Company (pending bills) in order to support the Company in provision of its services.
- h) On Lack of a Training Committee and a Training Needs Assessment Plan, it was recommended that the Management should ensure full adherence to the provisions of the institution's guiding policies when making management decisions including matters related to the Staff training.
- i) On Irregular Procurement of Motor Bikes, the committee recommended that:
- i. The Laws of Kenya are supreme and therefore when the Company is entering into any funding agreements, the Management should ensure that the donor funding regulations conform to the existing Kenyan Laws.
 - ii. Consultations should be done with the relevant state Departments/Ministries and approval sought before decisions on matters

where any external regulations contradict the existing Kenyan Laws to avoid irregularities.

- j) In regard to the query on presentation and disclosures in the Financial Statements, the committee recommended that the Accounting Officer should conduct thorough scrutiny of the financial statements before they are submitted to ensure that they are free from errors and that they conform to the current prescribed reporting format by the Public Sector Accounting Standards Board.
- k) On the query on Management of Water Bowser Sales, it was recommended that:
 - i. The Management should fast track gazettelement of the new cost reflective water tariff for transparency and accountability in management of the Water Bowser Sales and other Company water sales.
 - ii. The Company should develop a policy with clear guidelines on the management of Water Bowser Sales as advised by the office of the Auditor General.
- l) On the query on Weak ICT internal Controls the committee recommended that the Management should fast track the approval of the draft ICT policy by the Board and forward the same to the Auditor for verification.
- m) Pursuant to section 53 (1) of the public audit act 2015, the accounting officer should within 90 days after approval of this report take the relevant steps to implement the recommendations in this report and give an explanation in writing as to why the report is not implemented.

CONCLUSION AND ACKNOWLEDGEMENT

Hon. Speaker, the audit report on financial statements of Municipal Council of Machakos Water and Sewerage Company for the year ended 30th June 2022 is a qualified opinion. This implies that the report fairly represents the financial position of the company in the year under review. It indicates well that if the matters raised by the committee are considered in addition to proper internal control, compliance and observance of the disclosure of the information a positive shift in preparation of good financial statement will be realized.

Hon. Speaker, the committee on PAIC is grateful to your office for facilitating this committee to undertake its mandate, the Managing director for honouring committee invitations to respond on queries raised, the Office of the Auditor General for the advisory given, Members of the committee and the secretariat for commitment and effort throughout the process of report writing.

It is therefore my privilege and pleasure on behalf of PAIC to table before this Hon. House the report on Financial Statements of Municipal Council of Machakos Water and Sewerage Company for the year ended 30th June, 2022 for discussion and adoption.

Thank you, Hon. Speaker.

(Applause)

Hon. Speaker: Thank you very much, Hon. Member. I now invite Members to debate this motion.

Hon. Helen Ndeti (Nominated, WDM-K): Thank you, Madam Speaker. Mine is to congratulate the Chair and the entire committee for a well-written report. Without having to go to the nitty gritty, I think these water companies need to up their game in running the companies. I have heard that they are still complaining they are not getting enough water so they want to look for other means of getting more water. I still do not understand that; we have got so many boreholes they can also come up with water purification and still reticulate water to people's homes.

All in all, in the whole report you can tell there is mismanagement of the companies and all I would say is in future, anybody who is appointed by the County or whoever appoints to manage these water companies, we must ensure that these are qualified people who mean well to the community and to the society at large. Thank you.

Hon. Speaker: Thank you very much, Hon. Member. Hon. Kitaka.

Hon. Francis Kitaka (Ndalani, WDM-K): Thank you, Madam Speaker. I would first take this opportunity to thank the Chair and the team for a report well-articulated. The committee took much of their time to attend to each and every concern that was raised. Being a qualified report, we are observing that the professionalism in the preparation of this report that was submitted to the Committee lacks some serious observations of the law. However the report is very clear, it indicates what is supposed to be done by the management and I am very sure that if this is observed and adhered to, next reporting we shall be able to get a report which is well-tabulated and gives the actual picture of the organization.

However, we also observed that there are some remittances that are supposed to be for retirement benefits for the employees which have not been submitted. This is a bit worrying because once these employees retire they are not able to draw their benefits and it is important that the management prioritizes this and ensure the monies that are owed which have already been deducted from the employees are remitted in good time. Thank you very much and actually, since I joined this Assembly, this is the longest in observation; this report is too long, having so many detailed recommendations. If these organizations observed this, I am very sure we will get a good report next financial reporting. Thank you, Madam Speaker.

Hon. Speaker: Thank you very much. Very important observation right there; let us make sure that the things which are recommended here are adhered to. Hon. Wanjiru.

Hon. Ruth Kamau (Nominated, CCU): Thank you, Madam Speaker. I know you will agree with me that the Committee does its work thoroughly and also it is the same problems that are bedevilling all these water companies. We have had a repetition of matters in the previous report of Mavoko water Company about outdated tariffs, dilapidated infrastructure like the pipes, we have heard there is a lot of wastage of water due to leaking pipes and the process of replacing those pipes is too long. By the time they are replaced, we have lost a lot of water (non-revenue water).

I would also like to mention the lack of a proper debt management policy is a factor to consider because if they had clearly written guidelines, it would help them to collect the money that they are owed because that guideline would include how much time they will give the institutions, how much time they would extend to them before they pay. It would also include the measures to take if theirs is failure. If it is a policy that is in place, none of these institutions

would take it personally. I encourage that every company needs a working debt management policy.

Lastly, I still encourage the institutions to pay, beginning with Machakos County Government. We have heard they owe a lot of money although they have started paying but what they are paying is like a drop in the ocean. They need to budget for it and pay to ensure that even though these companies are not making profit, they can at least survive on their own because we had the issue of demotivated workers. I know there is no company that can survive and make profit if the workers are demotivated. Thank you, Madam Speaker.

Hon. Speaker: Thank you very much. Those are very important observations by Hon. Wanjiru. If we comply with that, we shall get it right this time. I now invite the mover to come and reply.

Hon. Phillip Ndolo (Mitaboni, UDA): Thank you, Madam Speaker and the entire House. This is a company that is supplying water to Machakos town, which is the city and the population is increasing. So the committee recommends something has to be done about the water supply and increasing the volume of water to the people of Machakos. The people cannot depend very much on the boreholes considering that the people will need the water to be piped to their homes.

The other issue is on how the boards are operating; these are political appointees and something must be done and also qualifications must be considered when appointing people to these boards so that they can also be very effective. As my vice has contributed about non-revenue water, this is water which cannot be measured and it seems much of the accountability is being hidden there. That is why we are talking about the renewed meters and also stealing of water by the people. Thank you very much.

Hon. Speaker: Thank you very much, Hon. Member.

(Question put and agreed to)

ADJOURNMENT

Hon. Speaker: The House adjourns to Tuesday, 8th October at 2.30 p.m. See you then Members.

The House rose at 12.30 p.m.