



NAIROBI CITY COUNTY ASSEMBLY

OFFICIAL REPORT

Second County Assembly – Sixth Session

Tuesday 29th March 2022

The House met at 2.30 p.m.

(Hon. Temporary Deputy Speaker (Mr. John Kamangu) in the Chair)

PRAYER

QUORUM

Hon. Temporary Deputy Speaker: Clerk, confirm if we have quorum.

(The Clerk-at-The Table confirmed there was no quorum)

(Quorum bell rung)

I understand we do not have quorum. Can the Sergeant-at-Arms ring the bell for another ten minutes?

(Quorum bell rung, again)

(The Clerk-at-The Table confirmed there was quorum)

MOTION

ADOPTION OF THE REPORT OF THE AUDITOR GENERAL ON FINANCIAL STATEMENT OF NAIROBI CITY COUNTY ASSEMBLY FOR THE YEAR ENDED 30TH JUNE 2018

(Slight delay)

Hon. Temporary Deputy Speaker: Hon. *Daktari*, expect a reprimand next time because you have delayed this House for almost 20 minutes, but in the meantime proceed.

Hon. Wilfred Odalo: Thank you. Sorry, I had a patient; I was saving someone's life, Mr. Speaker.

I beg to move that this assembly adapt the report of the Select Committee on Public Accounts on the Consideration of the Report of the Auditor General on Financial Statement of Nairobi City County Assembly for the year ended 30th June 2018 tabled on the assembly on Tuesday 15th February 2022.

Hon. Speaker, the primary mandate of my committee is to oversight the expenditure of public funds by Nairobi City County entities to ensure the value of the money and the adherence of the government

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financial regulations and procedures. The committee further aims at ensuring that the Nairobi County public funds are prudently and efficiently utilized. The committee executes its mandate based on the annual and special audit reports prepared by the Kenya National Audit Office (KENOA).

Hon. Speaker, following the committal of the Auditor General's report as required under Article 229 of the Constitution, the committee interrogated the Accounting Officer, who is the Clerk of the County Assembly together with the written submissions.

In its scrutiny, the committee was concerned in determining whether in the year under review the Accounting Officer upheld the key principles of public finance management namely:

- i) Value for money
- ii) Efficiency
- iii) Effectiveness in public spending

Hon. Speaker, due to the leadership challenges that the Assembly faced and the outbreak of the Covid 19 pandemic, the committee could not prepare its report within the statutory timelines provided for in the Constitution. I want to thank the House for allowing us more time to dispense the matter.

Hon. Speaker, the committee upon careful examination of the evidence brought before it, identified various issues raised by the Auditor General such as;

1. Inefficiency in financial reporting
2. Budget implementation during the period under review

The issues include:

1. Trial Balance
2. Payment outside IFMIS
3. Bank reconciliations
4. Fixed assets
5. Budget performance
6. Irregularity in payment of inprests

1. Trial Balance

To be precise, Hon. Speaker, under trial balance during the period under review, the Auditor General noted that the management did not provide a trial balance to support the figures reflected in the financial statements for the years 2017 and 2018. As a result, the accuracy of the financial statements for the year ended 30th June 2018, cannot be confirmed. To this end, the committee has recommended that the Accounting Officer, the Clerk, should institute measures to ensure that the assembly always act in time when dealing with the Auditor General to fulfill all audit queries.

2. Payment outside IFMIS

Hon. Speaker, payment amounting to Kshs.211 million were made outside IFMIS during the financial year 2017-2018. The committee noted that this is a recurring audit query and the assentation that the assembly was not on IFMIS during the financial year under review is misleading as confirmed by the Auditor General while interrogating the report. It had been reported that in the proceeding financial year, that the assembly was fully on IFMIS, the relevant infrastructure had been installed and officers trained. To

this end, the committee has recommended that the County Assembly should strictly adhere to the prescribed public finance management processes and regulations.

3. Bank Reconciliations

Hon. Speaker, the Auditor General reported that the assembly did not prepare bank reconciliations for the five bank accounts as disclosed in Note 13 (a) to the financial statements and contrary to Regulation 90 of Public Finance Management Act.

As a result of the omission indicated above, the accuracy of cash and cash equivalence balance of Kshs.10 million could not be confirmed.

Accordingly, the Committee has recommended that the Accounting Officer should institute measures to ensure that the Assembly act in time when dealing with the Auditor General's Report by providing necessary documentation and explanation required as the timeline of audit in order to allay fears of misappropriation of the funds.

4. Fixed asset register

The Auditor General reported that the Assembly did not maintain during the year under review, a fixed asset register. The disclosure under Annex 4 to the financial statement is therefore not supported by fixed asset register. Consequently, it was not possible to ascertain the existence, location and accuracy of additional assets in the year 2017 and 2018 of Kshs.161 million or balance of Kshs.279 million relating to historic cost of assets as at 30th June 2018 as disclosed.

To this end, the Committee has again recommended that the Accounting Officer should urgently prepare a variable assets register as prescribed under the Public Finance Act,2012.

5. Budget performance

Hon. Speaker, during the financial year under review, June 2018, the County Assembly had approved a budget of Kshs.1.7 billion, comprising of recurrent vote of Kshs.1.3 billion and development vote of Kshs.417 million. The summary statement of appropriation, both recurrent and development, reflected overall expenditure totaling up to Kshs.483 million, equivalent to 72% absorption rate, but overall expenditure of 28%.

The Committee has therefore recommended that the County Treasury should ensure timely release of funds to the County Assembly to enable the Assembly fully discharge its mandate. In addition, the Accounting Officer should strive to ensure that the Assembly fully implements its budget as approved.

6. Irregular payment of imprest

Hon. Speaker, the Auditor General noted that the Assembly spent a total of Kshs. 401,000 on transport and night out refund to the County Assembly Members who had travelled to a funeral of a sister to one of the Assembly Members in Mumias. This event was not official, and facilitating it was contravening the Public Finance Management Act on effective management accountability of public funds.

The Committee has therefore recommended that the Accounting Officer should strictly adhere to the Public Management regulation principle as in the Constitution and Public Financial Act, and the attendance regulations when utilizing public funds.

Finally, the County Assembly Service Board should sanction the Accounting Officer during the period under review for the breach of law that is the payment of attending a burial in Mumias.

In conclusion, Hon. Speaker, I would like to thank the Accounting Officer who appeared before the Committee and provided the response which provided the valuable insight into the issue raised by the Auditor General.

I also wish to appreciate my fellow Hon. Members of the Committee, the office of the Speaker and the Clerk of the County Assembly, and the office of the Auditor General for the steadfast support. Special appreciation goes to the Committee secretariat, who have had to go beyond the normal call of duty on numerous occasions.

Hon. Speaker, as I mentioned, we had a leadership hitch, but nevertheless, we have managed to reach this far.

. Hon. Speaker, I now move and call upon Hon. Ogeto to second the Motion. Thank you.

Hon. Moses Ogeto: Hon. Speaker, first I want to thank the chairman of the Public Accounts Committee for giving me the privilege of seconding this Motion.

Secondly, as I stand to second this Motion the chairman of the Public Accounts Committee and its Committee have done what it does as per section 195 of the Constitution of the Republic of Kenya, Article 225 of the constitution is very clear about the Auditor General Report and how it is being presented before the Assembly and how the members of the PAC do their investigation and give sanctions.

As you are well aware, this is a very serious watchdog committee, which gives sanctions. I have seen that it is very unfortunate that their accounting officer will 'face the rat' for overpaying Members who went for a funeral. It is a very unfortunate, event with the law as it cuts both sides of the coins, as it will affect even you honorable Speaker if you went to that funeral, as the law is very clear. That is why this House is called a legislative arm of the government.

Hon. Speaker, before I give my small submission, I would like to give my condolences to the family of Hon. Abdi Hassan also known as Alias Guyo who lost four members of his family in an aggressive road accident. We shall say that may God rest their souls in peace and where they will be let them pray for us those who have remained on this earth, as there is nothing much we can do since it is an accident.

We wish to comfort, as the Deputy Minority Whip of the Nairobi City County Assembly, the family of Hon. Ali Hassan Abdi because it is very painful and it is not something easy when you lose members of your family. As we comfort his family, may their soul rest in peace.

Hon. Speaker, as I proceed on the same Motion, if you see the report which men and women who sit in the Public Account Committee led by Hon. Wilfred Oluoch Odalo tabled, they suggested that whatever happened went against the PFM Act. I wish the Members of the County Assembly to ensure that the legislative proposals which represent this Assembly will not affect all of us. This is because when we go to an election and the accounting officer wants to surcharge you with the money that you went to a funeral in Mumias, it is a very painful experience.

Hon. Speaker, that is why we are saying when we do legislation of this House, let us do them within the law. When I am on my feet, I usually say that these Standing Orders are made by us and the moment you amend that Standing Order it must be adopted in the next Assembly sitting.

The laws that we make in this House are for the Nairobians. The PFM act was created by parliament to ensure that public funds are safeguarded and that is why we are worried. We must strive to get public confidence because the acts that have been passed by parliament must be respected. Let us talk about how public funds get to the pockets of individuals. That is unfortunate. Let the NMS know that any funds they have taken from the county will be audited someday. They should not assume that they are not part of us. In case there are officers, who make approvals for no work done will be jailed or surcharged. With those few remarks Hon. Speake, I beg to second the motion

Hon. Temporary Deputy Speaker: Thank you very much Hon. Ogeto

(Question proposed)

Hon. Temporary Deputy Speaker: Honorable Members, anyone who wishes to debate on the PAC Motion before I call the mover. I now call upon the mover

Hon. Wilfred Odallo: Thank you Members for supporting this Motion. Silence is a sign of support and I also wish to thank the secretariat and Members of the committee. I urge that we all be friends of the PAC committee. Thank you.

(Question put and agreed to)

ADJOURNMENT

Hon. Temporary Deputy Speaker: Honorable Members, there being no other business, the House is adjourned until Thursday at 2:30 p.m. Thank you and God bless you all.

The House rose at 3.40 p.m.