

COUNTY ASSEMBLY OF NAKURU

THE HANSARD

Third Assembly (Second Session)

Wednesday 4TH October 2023

Assembly Building

The House met at 10:05 AM

[The Temporary Speaker (Hon. William Mutai) In the Chair]

PRAYER

MOTION

REPORT OF THE AUDITOR GENERAL

The Temporary Speaker (Hon. William Mutai): Honorable Members, there is a Motion to be moved by Hon. Simon Kamau, Chairperson for the Committee on County Public Accounts and Investments.

What is it Hon. Member? I thought the Chairperson of the Committee is in the House.

Hon. Simon Kamau: Thank you Mr. Temporary Speaker. Yes, I am in the House but of course, as we agreed as Members of the Public Accounts and Investment Committee is that either the Vice Chairperson, the Chairperson or any other Member from my Committee can comfortably handle that Report. For that reason, I have delegated Hon. Ruto to do it on my behalf.

The Temporary Speaker (Hon. William Mutai): Okay. Hon. Ruto, you can carry on.

Hon. Robert Ruto: Thank you Mr. Temporary Speaker. On behalf of the Chair, I wish to move a Motion that this House adopts the Report of the Committee on County Public Accounts and Investments on the Report of the Auditor General on the Financial Statements of Nakuru Rural Water and Sanitation Services Company Limited of Nakuru County for the year ended 30th June, 2020, laid before the table of the Assembly on Tuesday, 19th September, 2023 during the afternoon Plenary.

Mr. Temporary Speaker, on behalf of the Members of Nakuru County Assembly Public Accounts and Investments Committee, I beg to move the adoption of the Report of the Auditor General on the Financial Statements of Nakuru Rural Water and Sanitation Services Company Limited for the year ended 30th June, 2020.

Introduction

Mr. Temporary Speaker, the Public Accounts and Investments Committee is a Select Committee established under Standing Order No.188 and is responsible for the examination of the working of Public Accounts and Investments.

Mandate of the Committee

Mr. Temporary Speaker, the Committee is mandated to:

- a) Examine the Accounts showing the Appropriation of the sum voted by the House to meet the public expenditure and of such other Accounts laid before the House as the Committee may think fit.
- b) Examine the Reports and Accounts of the Public Investments;
- c) Examine the Reports, if any, of the Auditor General on the Public Investments;
- d) Examine, in the context of the autonomy and efficiency of the Public Investments, whether the affairs of the Public Investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

Challenges Experienced by the Committee

- i) Mr. Temporary Speaker, Members noted time and resources allocated to the Committee is too little in comparison to the workload and clearing of backlog from the previous Committee.
- ii) Tracking of the Implementation Status of previous Public Accounts and Investments Committee Reports was difficult as Status Report on Implementation was not available.

Committee Proceedings

Mr. Temporary Speaker, the Committee held Sitzings in which it closely examined and heard evidence from the Management of Nakuru Rural Water and Sanitation Company Limited.

Mr. Temporary Speaker, in its inquiry into the Audit response of Nakuru Rural Water and Sanitation Company for the year ended 30th June 2020, the Committee heard and received both oral and written evidence from the Management.

Mr. Temporary Speaker, the records of evidence adduced, documents and notes received by the Committee from the basis of the Committee's Observations and Recommendations as outlined in the Report and can be obtained in the Hansard Reports of the Committee available in the County Assembly.

Committee's Objectives

Mr. Temporary Speaker, these observations and recommendations, if taken into account and implemented will enhance Accountability, Effectiveness, Transparency, Efficiency, prudent Investment and Financial Management of Nakuru Water and Sanitation Services Company Limited.

Nakuru County Water Entities

Mr. Temporary Speaker, Nakuru County has three Water Entities, namely:-

- 1) Naivasha Water and Sanitation Company Limited
- 2) Nakuru Rural Water and Sanitation Company Limited
- 3) Nakuru Water and Sanitation Services Company Limited

Mr. Temporary Speaker, the Committee highlighted some Errors in the Financial Statements presented and disclosure in Queries.

And the Audit Queries Mr. Temporary Speaker highlighted by the Committee are:-

1. Billing Adjustments
2. Long Outstanding Trade Receivables
3. Loan from African Development Bank which was amounting to Kshs 170 999 201 which is not incorporated in the Financial Statements, thus the Statements of the Company's Assets and Liabilities could not be concluded.
4. The Property Plant and Equipment; Mr. Temporary Speaker, the Software classified as Tangible Assets instead of Intangible Assets. The variance of Kshs 3 670 906 not reported in the Cash Flow Systems Mr. Temporary Speaker, in progress in Salgaa Water Project funded by the VEI and paid directly to Suppliers, therefore no cash received by the Company.
5. Mr. Temporary Speaker, there was another Query of Share Capital that the Company was incorporated under the Company's Act CAP 486 on 14th September 2006, through Certificate No. C.128339 according to Article 4 of the Amended Articles of Associations 2014. The Share Capital of the Company is Kshs 500 000 divided into 5000 Shares of Kshs 100 each.

However Mr. Temporary Speaker, there was no proof that the above Shares had been issued and paid at the time of Audit. In addition, no evidence in form of Share Certificates was produced for Audit to confirm the ownership of the Company. In the circumstances, the ownership of the Share Capital of Kshs. 500,000 reflected in the Statement of financial position could not be confirmed.

Committee Observations

Mr. Temporary Speaker, The Committee observed that:

- i) The Company Management has dragged its feet on this issue for many years.

- ii) The Management response has been the same without any solution in sight.

Committee Recommendations

- i. Management should provide clear documentation on how the Shares were issued and paid-up for to the Committee by 30th October 2023.
- ii. The Management should furnish the Committee with the Share Certificates for confirmation of Share ownership by the same date.

Mr. Temporary Speaker, There was also an Audit query on trade receivables and consumer deposits.

6. Non-Revenue Water

Mr. Speaker, water production records indicate that the Company produced 7,913,191 cubic meters of water during the year of which 3,591,120 cubic meters (45%) were billed to Customers. The balance of 2,343,773 cubic meters denoted as Non-Revenue Water, which was 20 points above the normal 25% set by the Water Service Regulatory Board.

Mr. Temporary Speaker, in the circumstances, the Non-Revenue Water is a significant contributor to the Company's unsatisfactory financial performance and status. Management has not indicated the actions, if any, taken to control the loss.

Mr. Temporary Speaker, on that Query the Committee observed that NARUWASCO Management has managed to reduce the previous years' Non-Revenue Water to 44% from 68%. The Management still has a long way to improve the dilapidated Infrastructure.

Committee Recommendations

- (i) Determine the accuracy of production Meters by testing and calibrating, and replacing if faulty or inaccurate.
- (ii) Eliminate major Commercial losses by servicing, testing and replacing faulty Customer Meters and identifying illegal uses (starting with large and then medium Customers).
- (iii) Install Meters for Unmetered Customers and identify Unbilled Customers through Customer Identification Survey (CIS) and issue them with bills.
- (iv) Reduce the time taken to repair bursts, surface leaks and overflows
- (v) Management should seek funding to upgrade its infrastructure which is outdated to prevent Non-Revenue Water and adhere to Water Regulatory Authority Services Board

7. Lack of Risk Management Policy

8. Lack of Information Technology Strategic Committee

Committee Observations

- (i) This was a recurrent issue raised by Auditors and the Management had not acted on it.

Committee Recommendations

- i) Nakuru Rural Water and Sanitation Company Management should adequately plan to setup an ICT Strategic Committee. The importance of this Committee is to review Nakuru Rural Water and Sanitation Company policies and research on best practices for ICT Development and Innovation in order to improve their services.

Mr. Temporary Speaker, I take this opportunity to commend the Members of the Committee for their devotion and commitment to duty, which made the consideration of the Auditor General's Report on Nakuru Rural Water and Sanitation Services Limited successful.

Mr. Temporary Speaker, I also wish to thank the offices of the Speaker and the Clerk to the Assembly for the support extended to the Committee in undertaking this important assignment.

Mr. Temporary Speaker, I wish to ask honourable Njenga to second.

Hon. Michael Njenga: Thank you Mr. Temporary Speaker sir. I rise to second the Report.

The Temporary Speaker (Hon. William Mutai): Thank you Honorable Member. Now I propose that this House adopts the Report of the Committee on the County Public Accounts and Investments on the Report of the Auditor General on the Financial Statement of the Nakuru Rural Water and Sanitation Services Company Limited of Nakuru for the year ended 30th June, 2020, laid before the table of the Assembly.

(Question Proposed)

The Motion is now open for Debate.

Yes, Hon. Robert Lang'at.

Hon. Robert Lang'at: Thank you Mr. Temporary Speaker sir. I stand to support. First of all, let me thank the Committee for the job well done.

Mr. Temporary Speaker, the Nakuru Rural Water and Sanitation Company as mentioned earlier by Hon. Ruto is one of the Entities. The Company's coverage is on rural Sub-Counties; that is Bahati, Gilgil, Kuresoi North, Kuresoi South, Rongai, Molo, Njoro and Subukia.

Mr. Temporary Speaker, I would like to thank the Management of Nakuru Rural Water and Sanitation Company because five years ago, it was on its death bed. They were nearly running on zero. As we stand today, the Company at least has some few achievements. When we sat down,

we noticed that it has done some few things which we need to commend them. Like the way *Mheshimiwa* Ruto has said, they have reduced the Non-Revenue Water from 45 to 39 as per this year.

Mr. Temporary Speaker, as I had said earlier on, Nakuru Rural Water and Sanitation Company is largely covering our rural Constituencies. It has a connection of around 31,000 customers. At the same time, their revenue stands at around Kshs 28 000 000 per month. Their target as per this year is that they want to connect 100 Kilometers per year. That means they are doing almost a Kilometer per month.

Mr. Temporary Speaker, as I finish, I want to encourage our Members here to partner. This is the only Entity which we can partner in improving Rural Water Supply Programs in our Wards. I want to encourage our fellow Members here that it is very important if we leave our water provisions to them and encourage them to manage for us because most of the water connections in our Wards do not last long because of Management; they get disconnected because of things like electricity and many things.

Mr. Temporary Speaker, I want also to commend them because last year, they were rated number 18 out of 88 Water Service Providers. They were also ranked the best in reporting in the whole Country. So Mr. Temporary Speaker, I support.

The Temporary Speaker (Hon. William Mutai): What is it *Mheshimiwa* Wanjohi?

Hon. Philip Wanjohi: Thank you Mr. Temporary Speaker sir. I want to be informed by the Honorable Member for Amalo. He is giving us data that is not contained in this Report. I want to ask whether that is in order. I think we are discussing a Report from the Public Accounts and Investment Committee and now he went ahead to tell us about that they were number this and that other position, which is not contained in the Report. Maybe he is a Shareholder in the Company. He should let us know.

Hon. Robert Lang'at: Thank you Mr. Temporary Speaker sir. As I had said earlier on, this is what I extracted from our questioning on the Company earlier on. We had informed the Company that during the 2023 Report, they should add there. Thank you.

The Temporary Speaker (Hon. William Mutai): Possibly Hon. Lang'at, you have been asked a question and you did not clarify very well where you got the information from.

Hon. Robert Lang'at: Thank you Mr. Temporary Speaker sir. I have said it that I got the information when we were questioning the Company and we have requested them that during this year, 2023 Report, they should annex most of this Report. Thank you.

The Temporary Speaker (Hon. William Mutai): Hon. Wanjohi, I think you are well answered, that he went an extra mile and he extracted more information ...

Hon. Philip Wanjohi: Mr. Temporary Speaker sir, as much as I want to agree with him, that information should have been brought to the Report and if you have any evidence to that effect, I think the Honorable Member needs to table it here so that it becomes a Document of this House. But what he is now telling us Mr. Temporary Speaker is hearsay and a reflection that he is probably a Board Member of that Company.

Hon. Robert Lang'at: Mr. Temporary Speaker sir, I have some few Documents here and I think it ...

Hon. Simon Kamau: Point of Information.

The Temporary Speaker (Hon. William Mutai): What is it?

Hon. Simon Kamau: [On a Point of Information. Thank you Mr. Temporary Speaker. I want to defend the Member from the Committee. We as a Committee of Public Accounts and Investments are dealing with Accounting issues, the issues that have been raised by the Auditor General and this is what is contained within the Report. I want to humbly ask the Members here whether in my Committee or out of my Committee, let us contain ourselves with the issues of Public Accounts. The issues on things dealing with Accounts, not any other issue.

Of course, we got that information. I want to agree with him so that we come and interrogate the Management of Nakuru Rural Water and Sanitation Company Limited, we had to get some more information but this information is not supposed to be discussed within the House. What is supposed to be discussed within the House is anything that has Queries from the Office of the Auditor General.

The Temporary Speaker (Hon. William Mutai): Honorable Kamau, are you cautioning the Member of your Committee?

Hon. Simon Kamau: Mr. Temporary Speaker sir, not cautioning. In fact, I wanted to inform the Minority Leader that the information that one of the Members of my Committee is giving here is right, because for us to narrow down to the Accounting issues, then we had to drag some other issues so that we get to the bottom of the issues that were raised by the Auditor General. I am saying that these particular issues are not supposed to be discussed here. They are supposed to be discussed within our Committee, not within the House.

The Temporary Speaker (Hon. William Mutai): Well taken Mr. Chairman. However, next time, you have to caution the Members of your Committee not to bring the same information to the House, especially the information that you do not want us to discuss because already, it seems like the information has landed in the House.

Hon. Simon Kamau: Mr. Temporary Speaker sir, I am well guided.

The Temporary Speaker (Hon. William Mutai): Hon. Palang'a.

Hon. Peter Palang'a: Thank you Mr. Temporary Speaker sir. I want to start my input from where the discussion is, in regards to the Report presented before us as an Assembly.

Mr. Temporary Speaker, the basis of our discussion is the Report before us. It is presumed that when the Committee had its own hearings they gathered a lot of information and also compiled the Report for us. It will not be fair for us to imagine and assume that all the Members of this House are part and parcel of the Committee proceedings because the information that is not contained in the Report is presumed to be not part of the Report. We should not be bringing in some information outside the context of the Report and that should be stated very clearly Mr. Temporary Speaker.

Mr. Temporary Speaker, I want to start with the Report itself and sympathise with the Committee regarding their challenges from the onset. They talked of a lack of resources to enable them to undertake some mandates. That is an issue that I may also echo that going forward we need to consider it. Having served as the Chairperson for Public Accounts and Investments Committee (PAIC) for the last ten years in the previous Assemblies, I understand the magnitude of the work and the backlog they could be having. It is wanting and I wish to have this point noted.

Mr. Temporary Speaker, their second challenge is that they could not even get the Report of the Implementation status. That then takes me back to, do we even need to discuss these Reports? Has the Committee for instance found out what has been the problem in implementing this? In the previous Assemblies, Honorable Njuguna and Honorable Isabella were part of the PAIC Committee under my Leadership and Honorable Kajwang's Leadership at some point. We did several Reports which should have culminated into the implementation of those Reports.

Mr. Temporary Speaker, the Report says that the Non-Revenue Water component has been reduced to 39% yet the last time we interrogated this Company, the Non-Revenue Water collection was at 35% if not 34% having been reduced from 45%. They took advantage of the newly elected Members of the Committee. They are now purporting to have improved the Non-Revenue Collection of water which again was not the case there before because we ought to build from the the historical position where it was.

Mr. Temporary Speaker, I think that is a point for another area but it is important to note Mr. Chairman, that those challenges you have mentioned in terms of the previous Report, form the basis of a lot of mischief and misinformation to the Committee. Going forward, I want to advise that any other Committee taking over from the previous Committee should have the continuity of the Reports and even information. This Committee suffers the absence of any person with

historical information and that is why they were duped with that particular information concerning Non-Revenue Water.

Mr. Temporary Speaker, there is also another area where they have talked of Consumer Deposits. They ought to have had Kshs 26 Million but then when the accounts were checked, there was only Kshs. 2 000 231 million. This means that the Kshs 24 million is not explained and yet the Committee goes ahead recommending and observing that going forward these people should be providing this information. It beats logic that some money has been lost, no explanation has been given and we are only recommending the way forward. We need to up our game and give measures that are supposed to be taken against these culprits who have siphoned this amount of money.

Mr. Temporary Speaker, I would have expected them to have some punitive actions against these particular persons because they were there. There is no way that the Minutes have not been signed yet the Secretary of the Board is the Managing Director and the custodian of all the proceedings. What does that mean? It means that there are some gaps and lapses somewhere. They say that Statutory Deductions and other Deductions were not done. Honorable Njuguna and any other Member who is here, this was an Audit Query over time; we discussed this issue, we made some recommendations and we even said that action should be taken against such people.

Mr. Temporary Speaker, I wonder how then 7 or 10 years down the line, the Institution is still not paying the Statutory Deductions. What happens to Honorable Wathiai who is an employee and ceases to be an employee of that particular Entity? I am just using him as an example or Honorable Palang'a who happens to be an employee of that Firm and after some time he ceased to be an employee. Statutory Deductions have not been done and remember that Statutory Deductions are the Management's obligation.

Mr. Temporary Speaker, in the Committee's recommendations, they say that they have harmonised it and going forward it is going to be paid. We need to make sure that this Institution does what it is supposed to do. The previous year's balance was Kshs. 272 Million. These are disparities that we expect the Committee to have made some serious Observations and subsequent Recommendations for these people to act on. We cannot keep on moving around and making recommendations that are not implemented.

Mr. Temporary Speaker, as I end my submissions, I stand here as the former Chairman for PAIC and a very disappointed person to the Assembly and the Executive. We have made so many recommendations that ought to have improved the services. If these recommendations are implemented they will enhance accountability, efficiency, transparency and prudent investment. It beats logic because this is what we have been talking about for a couple of years. If we are going to pass this Report for it to just gather dust on the shelves of some people's corridors, then I think this Assembly and the Honorable Members are being taken for a ride.

Mr. Temporary Speaker, If I had powers, I would have said that we cannot continue without knowing the implementation of the Reports from the same Committee before pointing fingers at the current Chairperson and his team because I think there is a total mess and I am disappointed, I am confused on whether to support it or not. Thank you.

The Temporary Speaker (Hon. William Mutai): Hon. Palanga, as you are quite aware of the setup of our system from the last election to the next election, we do not have something called the “Handing Over”. I wish there was some Handing Over that could be done but I think you have posed a very great challenge to the Implementation Committee. They should look into this matter seriously. Hon. Njuguna.

Hon. Njuguna Mwaura: Thank you Mr. Temporary Speaker. I have listened carefully, followed the proceedings and the presentations that were made by Honorable Palang’a who has a lot of experience with the Public Accounts Committee (PAC) and Public Investment Committee (PIC). The kind of Reports we have been receiving from NARUWASCO are alarming. If you look at what the Auditor General has been saying, those Reports have been very adverse and I can tell you that they are very bad Reports.

Mr. Temporary Speaker. Reports of Companies we are talking about are under and they are supposed to be written off. That is not a Company that is making any profits; they are making losses year in and year out. We wonder what sort of a Company it is, that it cannot remit Statutory Deductions. We are talking about the lives of the staff working there. Their KRA remittance, NHIF and NSSF are not remitted. If for instance today one of the staff members gets involved in an accident and is taken to PGH, they will not be attended to because paying cash is very hard. We need to come up with proper recommendations for dissolving that Company to be carried by other Companies because as far as I am concerned, that Company does not make any profits.

Mr. Temporary Speaker. That is like a dead Company that needs resuscitation and the only way to resuscitate that Company is by coming up with strategies for how the Company will be absorbed by other Companies. There was a time when we said that rather than having three Companies in one County, we should amalgamate those Companies so that they could have one CEO at the helm who would look out into the critical issues that are affecting these Companies. That Company called NARUWASCO is dead and we are not supposed to be behaving like morticians as this PAIC Committee does. We need to give it life by making sure that the recommendations we put in place are being followed.

Mr. Temporary Speaker. Some of the recommendations that were put forth in the previous years have never been implemented. I do not know whether the Assembly has been forwarding those recommendations to those Companies. It could be that the fault is not with the Company but within ourselves and the premise of the Assembly. I wish to request the Chairperson PAIC to follow up and know whether those recommendations and Reports we had written were submitted to the

relevant Authorities for Implementation. Matters of these Companies require the Water Committee that is the Environment Committee to call the Committee Executive Committee Member (CECM) and the Chief Officer (CO) of the Water Department to interrogate some of the issues that have been raised here because I do not believe that we should be having such kind of a Company.

Mr. Temporary Speaker. I also sympathise with the Chairperson because he has two Committees in one; he has Public Accounts Committee (PAC) and Public Investments Committee (PIC). It is high time this Assembly sat down and reconsidered splitting that Committee. If you look at the matters that are there, they are just operating like Mortuary Attendants. Their work is just to look at things that have been dealt with by the Companies. They are working on postmortem and the kind of Reports they are bringing here are not even able to diagnose some of the things that are making that Company die. What I am requesting this House is, if we are going to amend this Standing Order, then let us think of coming up with PIC so that, if you look at Order No. 88 where we established this Committee and look at the mandate in part two of that Order, you realise that the PIC Committee is supposed to be looking at

- a) Accounts showing the Appropriations of the sums voted by the House to meet the Public Expenditure and of such other Accounts laid before the House as the Committee may think fit.
- b) The Reports and Accounts of all County Public Investments.

Hon. Simon Kamau: Point of Information.

Hon. Njuguna Mwaura: Mr. Temporary Speaker, I do not want to be informed. I can inform him. I have experience in this Committee.

The Temporary Speaker (Hon. William Mutai): Order! Order! Order! Yes, it is from the Chairperson.

Hon. Simon Kamau: Mr. Temporary Speaker, we as the Committee of PIAC are deriving our mandate from Standing Order 188 not Order 88 as the Hon. Member for Elburgon is saying.

The Temporary Speaker (Hon. William Mutai): I hope Hon. Njuguna is well informed.

Hon. Njuguna Mwaura: I am not informed and if we can retract that Order, I have said 188 unless maybe I started with a lower tone when I was mentioning one. It is okay but ...

Hon. Simon Kamau: No! No! No! Mr. Temporary Speaker, the honourable Member...

The Speaker (Hon. William Mutai): Hon. Kamau take your seat.

Hon. Njuguna Mwaura: Thank you Mr. Temporary Speaker. It is Order No. 188. I think these terminologies of science have been confusing the Member but allow me to proceed and say that if we can have PIC, they will be looking at Investments. Once that Company has sat down and come up with a budget I think those Reports are supposed to be submitted to Public Investment Committee (PIC) so that the PIC Committee will analyse and see whether such kind of Investments adhere to the Reports of PAC.

Mr. Temporary Speaker, as it is currently, these people only wait for the Report of the Auditor General to be tabled before this House so that they can proceed. But Mr. Temporary Speaker, there are other procedures that have been faulted before and we have seen them bringing the mess to these Companies. Therefore Mr. Temporary Speaker, I wish to request this House to be cognisant of the same. That Committee today has 14 Members and how I wish Mr. Temporary Speaker those Members could be split into two, seven to go to PIC and seven to PAC; and by doing so you will find that some of the Reports they will be generating will assist in the resuscitation of such Companies and Investments that we have in this County.

Mr. Temporary Speaker, if we continue enjoying the laxity of PIC and PAC we will be losing the point because the PIC has a big role as far as analysing these Reports and Investments is concerned. But today Mr. Temporary Speaker, I sympathise with the Chairperson because the kind of workload they have and the kind of Reports they are supposed to generate are too much for them and I believe they have not even touched the work of PIC. I want to request this Honorable House including the Chairperson PAIC to move for the amendment of this Standing Order so that we can have a Committee that will assist him in carrying some of the mandates so that there will be a smooth follow-up of issues and they will have an easy way of dealing with issues.

Mr. Temporary Speaker, on the issue of debts in that Company, I am served by that Company in my Ward; my constituents are served by NARUWASCO. But I want to tell you Mr. Deputy Speaker, if you skip a single month without paying you will be disconnected forever and it can take you up to five months before you are reconnected back to the Water system. Therefore Mr. Temporary Speaker, there is no need of seeing such kind of debts and yet they have not put some measures in the ground.

The Temporary Speaker (Hon. William Mutai): Hon. Njuguna, you have put it very clearly that if you skip one month without paying, you will be disconnected forever then you retaliated again and said that it will be reconnected within five months. Put it clearly.

Hon. Njuguna Mwaura: Mr. Temporary Speaker, allow me to explain. What I meant is that the majority of the Members who are being served by NARUWASCO were disconnected and have never been connected back. Honorable Hezzy will confirm that, he comes from Njoro. If you go to Molo or Elburgon today those Members who were disconnected from NARUWASCO back in 2014 to this very day, they have never been reconnected back. Kids born within that period will

tell you that they have never seen Water from NARUWASCO yet they have a lot of Boreholes and Water sources but they do not reconnect people back.

Mr. Temporary Speaker, if there is any fault in that line, it will take months before they reconnect it back or look at the systems. That is what I meant Mr. Temporary Speaker. I wish to invoke this House to recommend and pass this Report with amendments, that we want a Forensic Audit to be conducted urgently so that we can know what is ailing this Company because those were just some of the recommendations that we were giving in the previous Reports, we would wish to see the Forensic Reports of this Company and people being held liable because of the misconduct we have been seeing in that Company.

Mr. Temporary Speaker, I beg to rest my case but I request that matters of NARUWASCO be followed keenly so that we can have a way forward as far as that Company is concerned. But as far as I am concerned, that Company is dead. Therefore, let us operate this Body so that we can see what is remaining that we can extract from that Body.

The Temporary Speaker (Hon. William Mutai): Hon. Jane from Maiella Ward.

Hon. Jane Gituku: Thank you Mr. Temporary Speaker Sir. I want to thank the PAIC Committee for the Report they have just tabled and if my memory serves me well, I think we also looked at this matter sometime back and what I can say is, that, unfortunately, we have to deal with such an issue that has glaring mismanagement of a level you cannot explain. If you look at this Report and the Standing Order that the Member for Elburgon is referring to, if I can read from my softcopy; it says that this Committee also has the mandate to establish whether the particular body being investigated is managed by sound Financial or Business Principles and Prudent Commercial Practices.

So Mr. Temporary Speaker, if we have that mandate, then what we are doing here is dealing with a Body that is long dead but we are just giving it an opportunity to be a conduit to siphon public money for their private use. If you look at all the recommendations that the PAIC Committee made, there are so many that require further action. I do not know whether we have the powers to give timelines so that these people can be engaged to produce results within a time frame line, because what we are doing here timeline is, we are looking at a Report that I am not sure we shall not forget it once we finish this Business. And what assurance do we have that these people will continue to provide all the recommendations our Chairman has called for? Or we wait until next year so that again, as one Member for Olkaria, a man who has taken a lot of salt in this House to again bring another Report and that we shall remain so toothless. What we should be recommending as a House, because and we are still learning these things and I believe through you Mr. Temporary Speaker, we should be recommending that this Outfit called NARUWASCO be disbanded or be given an opportunity for a full House Committee, because from the villages we come from Mr. Temporary Speaker, I being one of the people who have a Ward with a lot of water

problems, I have already discovered for the few years that I have been here that water is not the problem; the Managers are the problem. Every other Water point in my Ward has had a very serious problem of the people at the helm corrupting every single coin they collect from the public.

So Mr. Temporary, I think this is just a replica of what we are having at the ground and we should not just leave it at this. We should be in a position to follow it up. *Wakiingia kwa shimo*, we get into those holes because one of the Honorable Members sounded like he wanted to protect these people and no wonder somebody was asked whether he is a Shareholder because these are not people you can protect. We should be calling for mass action for people who are being served by this Outfit because if you look at pages 16, 17 and every recommendation that has been made by our Chairperson is just asking a question and when I should bring back the Report.

And therefore Mr. Temporary Speaker, because this seems like many years when we were not here and many years when we will be coming back, we shall be able to save Wanjiku who has deposited their money and who expects results but they do not seem to be forthwith coming. So I recommend to this House that we do away with this Report because I do not know whether that is still within our Standing Order. Member for Elburgon will also guide me because of this issue of Standing Orders; we should know whether we can do away with this Report or whatever it is that we should do and make sure these people are answerable as quickly as yesterday.

So Mr. Temporary Speaker, I believe that Members will also look at this Report as a reflection of what Wanjiku expects from us and our Governor was very passionate about water when she went around this County talking about how we were going to provide water; so, I wonder how we were going to achieve that Manifesto of Water for our people with this kind of Management and this kind of Outfit. So, can it be also an example for the others so that we can move forward as a people who will be counted to have stood for the interest of *Mwananchi*. Thank you, Mr. Temporary Speaker, sir. By the way, I have not...

The Temporary Speaker (Hon. William Mutai): What is it the Hon. Member?

Hon. Jane Gituku: I have not supported or rejected; I am still waiting for direction because I do not know where I stand even as I conclude.

The Temporary Speaker (Hon. William Mutai): Okay; *Mheshimiwa* Geru.

Hon. Anthony Kanyere: Thank you Mr. Temporary Speaker, for the record my name is Anthony Kamau Kanyere representing the great people of Nakuru East. “Geru” is another name you can call me outside this House. Thank you.

The Temporary Speaker (Hon. William Mutai): Thank you for that clarification; that was the most popular name we have ever known. Continue

Hon. Anthony Kanyere: I stand Mr. Temporary Speaker just to support my fellow Members who have spoken before me, especially a Member of Elburgon who was so eloquent and seemed to understand this thing. But I am a little bit confused because according to the Report, Article 217 about the ownership of the Company. I think we are even discussing something that has not been ascertained if it belongs to the Public, because according to the Report, it seems that the share Certificate was not provided and so according to the Report, we cannot ascertain who owns the so-called 5000 Shares of the Company.

Mr. Temporary Speaker, I do not know if we are to discuss these Companies since we cannot ascertain the ownership of the Company. Also, in bullet 212, there are unconfirmed balances; there is a huge amount of money to the tune of Kshs 134 million being referred to as bad debts and according to the Report, they are saying there are no strategies from the Company to recover that money. So I want to support those who have spoken before me, let us look for a way to dissolve this Company because in my Ward, I am putting money and investing in water and when I am through with the Investment when I do the boreholes and other related projects, I will forward it to the relevant Company like NAWASCO or NARUWASCO. So if they cannot give us value for money, I do not think we are going to put more resources to this Company Mr. Temporary Speaker. And as a representative of the people, we need to get value for money and also getting from my fellow Members, it seems that their services are not at par because what has been said if you do not pay the Water Bills, you are disconnected. So Mr. Temporary Speaker, I wonder where the bad debts are coming from.

So Temporary Speaker, let me stand here to support those who have the opinion that this Report should come out with some recommendations to dissolve this Company or give them time to prove their worth so that we can keep on pumping more public resources into this Company. Thank you, Mr. Temporary Speaker.

The Temporary Speaker (Hon. William Mutai): Honorable, who is popularly known as “Kamwana”, MCA from Turi

Hon. John Mwangi: Thank you Mr. Temporary Speaker sir, so, I am not Kamwana but I am Honorable CPA John Mwangi Macharia, the Member for Turi. According to the Report that I have gone through, I can state with confidence that this Company is just but a mere sham. There is no Company in existence and there are a lot of Audit Queries. One, arising because the Company went ahead to borrow a loan from African Development Bank and the purpose of the loan cannot be clearly indicated. Therefore, the Company is going ahead to pay the interest for the loan from the African Development Bank and the Company cannot be able to state clearly the purpose or the use to which the money was being put into.

Secondly Mr. Temporary Speaker+, the issue of what we call Account Receivables; the Debtors. They have a huge Debtor Balance where they cannot indicate what the purpose of the debt was.

Also, the issue of what we call Account Payables, the Creditors and therefore my recommendation is that the Company should be put under Receivership so that it can be investigated and eventually if the Company cannot be able to go back to life, it can be put Under Liquidation. Thank you Mr. Temporary Speaker.

Hon Peter Palang’a: Point of information Mr. Temporary Speaker; just to inform the House.

The Temporary Speaker (Hon. William Mutai): What is it Honorable Palang’a?

Hon. Peter Palang’a: [On a Point of Information] I just wanted to inform you and note that listening from Honorable John Macharia as an Accountant, it is important to note that his comments are not from a mere MCA like myself but it is coming from a Certified Accountant.

The Temporary Speaker (Hon. William Mutai): An Authority of Accounts. Hon. Mike.

Hon. Michael Nding’uri: Thank you Mr. Temporary Speaker; first of all I would like to say that we are looking at these documents from the wrong perspective because things like Bad Debts, NARUWASCO is incurring Bad Debts as far when it was the Era of the Defunct Municipal Council and I think with Audit, and my friend can also confirm, Honorable Mwangi, you cannot just remove a Bad Debt from a Document just because you have not been able to recover it. So, this Bad Debt does not mean that there is someone who has disconnected Water currently or in the last three months. These debts go back as far as City Hall times back when they were under County Councils.

Hon. Anthony Kanyere: Point of information; according to....

The Temporary Speaker (Hon. William Mutai): What is the information Hon. Anthony?

Hon. Anthony Kanyere: [On a Point of Information]. Thank you so much Mr. Temporary Speaker, I was basing my argument on the Report because here they have said Kshs 134 million has remained uncollected for over 120 days. So, when he purports that these debts came from the Defunct Municipal Council, I think he is misleading the House. Thank you.

The Temporary Speaker (Hon. William Mutai): Hon. John, carry on.

Hon. John Mwangi: Mr. Temporary Speaker, Let me inform my friend; we usually say in Accounting Terms, “When Bad Debts arise, then if they recur for several years, we refer to them as Bad and Doubtful Debts”. Eventually, there is a time frame when they are removed from the Books of Account and referred to as “Bad Debts Written Off”.

The Temporary Speaker (Hon. William Mutai): Hon. Mike can you continue.

Hon. Michael Nding'uri: Thank you Mr. Temporary Speaker, any Audit Document does not start from one year, so if there is a Query that for example there is this Bad Debt; if it is not sorted within the next year, in the next Audit Year, it will remain as a Bad Debt but that does not mean that the Bad Debt was incurred within the Financial Year Under Review.

Mr. Temporary Speaker, the reason they say the money remained uncollected for 120 days is because, usually they are given the requirement that they need to collect this money. But now the problem comes in that the Company is not able to collect this debt because they are far stretched. That is why even in our discussion we gave them timelines, if you check on page 19, we told them they need to give us another Status Report to see how we can Write Off these debts. Another issue that we are discussing....

Hon. Njuguna Mwaura: [On a Point of Information]. Point of information Mr. Temporary Speaker; allow me to jog the mind of the Member and Honorable Palang'a and Honorable Isabella will correct me. This is not the first Report that has Bad Debts of the NARUWASCO. This is a continuous thing that as....

The Temporary Speaker (Hon. William Mutai): Hon. Mike remain seated, a Member is on the floor.

Hon. Njuguna Mwaura: Mr. Temporary Speaker this is something that has been occurring year in and year out. Naivasha Water Services that is NAIVASCO had the same thing that emanated in 2007 on the issues of IDP's Camps; they were serving them with water and that they were dealing with issues of Sanitation and the Company went ahead to give some mitigations towards making sure that these Bad Debts were dealt with. But our Company here, NARUWASCO, has continuously disregarded the recommendations that were put forth and that is why Honorable Palang'a said, let us go back to the previous Reports that we advised the Company to put some measures in place so that they can deal with these issues of Bad Debts.

However Mr. Temporary Speaker, the Department of Water and Services, also the Chief Officer (CO) for Water is a Board Member; they know and realise that they had some strategies that we had recommended to be put in place so that we can clear this issue of Bad Debts. However Mr. Temporary Speaker, Bad Debts in NARUWASCO are just but a conduit and part of the way of navigating towards Audit Queries that is why they keep on appearing and reappearing and if you look at it critically, when they are asked of the Documents to substantiate themselves, they usually do not provide those Documents to the Auditors; and we had issues with them.

Therefore, this issue of being told that these are Bad Debts, that appeared this year, they appeared during the time of Municipalities and I do not know any other time, Mr. Temporary Speaker, this is but a process whereby you find that these Bad Debts are just excuses, and people are just hiding behind those excuses to squander money from that Water Body.

The Temporary Speaker (Hon. William Mutai): Hon. Kamau.

Hon. Simon Kamau: Mr. Temporary Speaker.

The Temporary Speaker (Hon. William Mutai): There are two critical information. Hon. Palang'a.

Hon. Peter Palang'a: Sorry Honorable Members, especially Members from the Committee. You may think probably we have an issue but it is not; I want to inform the House that the one in charge of the NARUWASCO, CPA Korir, is a Senior Accountant for years. He is not just an ordinary person or Manager but an Accountant by profession. It is important to note that even these issues are coming year in, year out, are under the watch of a Senior Accountant in this Public Entity.

Hon. Simon Karanja: Mr. Temporary Speaker...

The Temporary Speaker (Hon. William Mutai): Yes *Mheshimiwa* Kamau.

Hon. Simon Karanja: Yes...

Hon. Peter Maina: Point of information Mr. Temporary Speaker. Mr. Temporary Speaker...

The Temporary Speaker (Hon. William Mutai): Yes.

Hon. Peter Maina: [On a Point of Information] *Mheshimiwa* Michael was making a very good case and we are very much interested in listening to what he has to say. Why do you not allow him to speak uninterrupted because he was making a very good argument? Thank you.

The Temporary Speaker (Hon. William Mutai): *Mheshimiwa* Mike, do you have some more presentations to make? Or you allow your Chairman to take it over from you? It is okay.

Hon. Simon Kamau: Mr. Temporary Speaker, before my very able Vice comes to the stage, I wanted to answer some of the honorable Members and of course, I understand them and somehow, I agree with them. But you see this is a Committee that is one year old and we have started doing our own things. The Committees that were there previously never implemented what the Committee resolved, we cannot go back to what they did as Committees and Hon. Palang'a and Hon. Isabella were a part of those Committees. So, we have just started as the Committee of Public Accounts and Investments. What we are going to do is up to us as a Committee.

Mr. Temporary Speaker, For instance, now I have listened to Hon. Jane Gituku from Maiella saying that we are just making Statements. We are not making Statements as a Committee, I stand as a Chair; we have recommended that we give the Company timelines and if they will not provide

what we have asked for as a Committee, then stern action is going to be taken against them by this Committee and not what Hon. Palang's or Hon. Isabella's Committee. Again ...

Hon. Njuguna Mwaura: [On a Point of Information] allow me Mr. Temporary Speaker to inform the Chairperson. Once a Committee has gone out to investigate and write a Report, they do not write the Report on their behalf but they do so on behalf of the House so that the House can come, deliberate, give their input and the input once adopted by the House, it becomes the Report of the House. Therefore, we are not discussing the Report of the PIAC we are discussing the Report that belongs to this House unless this is an alien Report that comes from a certain Committee that is not an Organ of this House. Therefore Mr. Temporary Speaker, I would wish that the Chair be refrained from saying that this is their Report; this is a Report of this House and that is why it was tabled before this House and before the Mace; the Authority of the House Mr. Temporary Speaker.

Hon. Simon Kamau: That is what I am saying Mr. Temporary Speaker.

The Temporary Speaker (Hon. William Mutai): Alright, Order! Order Members! *Mheshimiwa* Kamau remain seated!

Hon. Simon Kamau: Mr. Temporary Speaker, I want to answer! I have been mentioned Mr. Temporary Speaker! I have been mentioned! *Mheshimiwa* Palang'a has not been mentioned!

The Temporary Speaker (Hon. William Mutai): Remain seated! I will give direction.

Hon. Simon Kamau: Mr. Temporary Speaker, I have been mentioned! I have to answer!

Hon. Peter Palang'a: Mr. Temporary Speaker, I just want to inform him...

The Temporary Speaker (Hon. William Mutai): Order! Order Members! Order! Order! Order *Mheshimiwa* Palang'a! Remain seated!

The Temporary Speaker (Hon. William Mutai): Order Members! Order Hon. Palang'a! And remain seated. Order Hon. Kamau! Remain seated. Honorable Members in the House from the look of things, I have read the mood of the House and it is like most of the Members cannot decide for now. I want to request a Member of that Committee as per the Standing Order 95 to make a request to go look for more Findings because this is a very critical area of discussion. One of the Members said that we want to resuscitate, and another Member said that NARUWASCO is already dead. So, from the look of things, this Company appears to have been playing a very critical role in Society but from the recommendations that have been made here, it seems as if we want more information in this House. What do you have to say as the Chair?

Hon. Simon Kamau: Mr. Temporary Speaker I want to agree with you, that of course more time is needed; but if you look at the recommendations and observations of the Committee, where we had some doubts about the Company, we have given some timelines. Therefore, we are waiting for these timelines to elapse so that we can see whether this Company is going to furnish us with the information that we require as a Committee on behalf of the Whole House.

Mr. Temporary Speaker, for instance, when we are talking about the issue of Bad and Doubtful Debts, I agree with the Honorable Members, and that is why I started by saying I agree with what the Honorable Members are saying because this Report does not belong to me as the Chairperson of PAIC or my Committee. I agree with the Honorable Members in what they are saying and of course, they are doing this for the interest of the people whom they represent and I respect them so much. But we have written our recommendations and submission for instance on the Bad and Doubtful Debt, we have given the Management of NARUWASCO timelines; we have told them that by 30th December this year, they should furnish us with the information that is lacking so that now we can report back to the County Assembly.

Mr. Temporary Speaker, and if the Whole Assembly will not be convinced by the Report that is going to be given by the Management of NARUWASCO, then that is when maybe we can go on and do what Hon. Njuguna from Elburgon is suggesting; we can disband the Company because I have known it is a Company that is providing services in my Ward. So again, that Company is not providing services the way it should be and of course, as a Committee, we have given timelines and we need to wait for them to give the information that we need to get. Like what Hon. Njuguna and Hon. Palang'a are saying, those are the kind of information and of course, we are giving them timelines so that at least they can furnish us with. Once we are not convinced then that is when we can act.

The Temporary Speaker (Hon. William Mutai): Hon. Chair, I think I will allow Palang'a to make his remarks then I will give direction

Hon. Peter Palang'a: Mr. Temporary Speaker and Hon. Kamau whom I have a lot of respect for, let us understand this, when the Hon. Chairperson is saying that you are giving timelines up to 30th December for you to receive the Report or some more information, remember my brother that this Report as we speak today, is being discussed in this Assembly. So, this means you will have suspended this Report because from today this Report if adopted, it ceases to be your Report. The Company will not bring the Report to you but to the Assembly.

And therefore, looking at these gaps, I want to advise you honorable Member not for anything attached, having looked at what the issues regarding that Company are, you had given a correct direction that let us suspend the discussion for us to look at more issues. It is in the interest of all our electorates and our community and will serve us well. Hon. Chairperson let you not feel offended, we will move together to see that some of the issues that we had discussed are addressed.

Mr. Temporary Speaker that is the best direction that I wish to advice. *Na Waheshimiwa wenzangu, mzee akikaa chini ya mti na akwambie maneno, ameona mbali kuliko kijana. Haya mambo ya Kampuni ya NARUWASCO yanaleta shida na si shida moja ama kidogo, wacha tukubaliane tuone vile tukavyo saidia watu wetu. Kwa manufaa ya watu wetu ndugu zangu naomba kwa heshima, kwa sababu tumeshapitia na tushayaona; kuna shida.* So, Hon. Temporary Speaker that is the right direction; *twende njia hiyo tutasaidia watu wetu.*

The Temporary Speaker (Hon. William Mutai): Thank you very much. from the look of things, there are quite a number of issues that need to be clarified and just as the Chairperson stood and requested for more time and by the Standing Order 96, I have just been corrected that by Standing Order 95, I want to adjourn this debate until a further Notice as the Committee embarks to get more Findings so that we can have some prudent discussions and just as one Member said we want to resuscitate the Company, I believe through our discussions here, we shall be able to really resuscitate the Company.

ADJOURNMENT

Hon. Members, this House stands adjourned until today afternoon at 2.30 pm

The House rose at 11.20 AM

