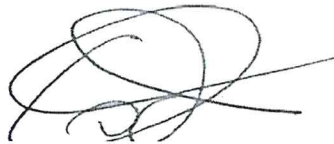


The Committee noted that there was slow implementation of its numerous interim recommendations that are given out to counties during its meetings. The secretariate was tasked to develop a tracker on the implementation of the interim recommendations and to regularly update the Committee on the same.

**MIN. NO. SEN/CPICSF/1037/2024 DATE OF NEXT MEETING &
ADJOURNMENT**

The Chairperson adjourned the meeting at two minutes past noon. The next meeting would be held on Tuesday, 30th, April, 2024 at 11:00 am.



29/4/2024

SIGNED: DATE:

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, MP.)

- d) Malindi Water and Sewerage Company Limited – Kilifi County;
 - e) Mandera Water and Sewerage Company Limited – Mandera County;
 - f) Migori Water and Sanitation Company Limited – Migori County;
 - g) Mombasa Water and Sanitation Company Limited – Mombasa County;
 - h) Nanyuki Water and Sanitation Company Limited – Laikipia County; and
 - i) Nithi Water and Sanitation Company Limited – Tharaka Nithi County.
3. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following county water service providers for the Financial Year 2020/2021 (1st July, 2020 to 30th June, 2021), having been proposed and seconded by Sen. Paul Karungo Thangwa, MP and Sen. William Kipkemoi Kisang, MP –
- a) Busia Water and Sewerage Services Company Limited – Busia County;
 - b) Iten-Tambach Water and Sewerage Company Limited – Elgeyo-Marakwet County;
 - c) Kirinyaga Water and Sanitation Company Limited – Kirinyaga County;
 - d) Malindi Water and Sewerage Company Limited – Kilifi County;
 - e) Mandera Water and Sewerage Company Limited – Mandera County;
 - f) Migori Water and Sanitation Company Limited – Migori County;
 - g) Mombasa Water and Sanitation Company Limited – Mombasa County;
 - h) Nanyuki Water and Sanitation Company Limited – Laikipia County; and
 - i) Nithi Water and Sanitation Company Limited – Tharaka Nithi County.

MIN. NO. SEN/CPICSF/1036/2024

ANY OTHER BUSINESS

The Chairperson informed members that the Committee was finalizing interrogation of Reports of the Auditor-General on the financial statements of funds established in counties and that it would soon embark on interrogation of audited reports of other entities in counties such as –

- a) County Corporations;
- b) Level 4 and 5 Hospitals; and
- c) Conditional Grants administered as Funds.

The secretariate was tasked to liaise with the Office of the Auditor General to establish and generate for its consideration, a list of –

- i).conditional grants that are administered as funds in counties;
- ii).level 4 and 5 hospitals in counties; and
- iii).corporations in Counties.

Chairperson after being proposed by Sen. Miraj Abdillahi Abdulrahman, MP and seconded Sen. Eddy Gicheru Oketch, MP.

- xii) The Minutes of a Hundred and Seventy Seventh Sitting held on Thursday, 16th November, 2023; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. William Kipkemai Kisang, MP and seconded Sen. Eddy Gicheru Oketch, MP.

**MIN. NO. SEN/CPICSF/1034/2024 MATTERS ARISING FROM THE
PREVIOUS MINUTES**

There were no matters arising.

MIN. NO. SEN/CPICSF/1035/2024 ADOPTION OF REPORTS

The Committee adopted the followings sets of reports and directed the secretariat to prepare them for tabling in the Senate;

1. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following county water service providers for the Financial Year 2018/2019 (1st July, 2018 to 30th June, 2019), having been proposed and seconded by Sen. William Kipkemai Kisang, MP and Sen. Miraj Abdillahi Abdulrahman, MP -
 - a) Busia Water and Sewerage Services Company Limited – Busia County;
 - b) Iten-Tambach Water and Sewerage Company Limited – Elgeyo-Marakwet County;
 - c) Kirinyaga Water and Sanitation Company Limited – Kirinyaga County;
 - d) Malindi Water and Sewerage Company Limited – Kilifi County;
 - e) Mandera Water and Sewerage Company Limited – Mandera County;
 - f) Migori Water and Sanitation Company Limited – Migori County;
 - g) Mombasa Water and Sanitation Company Limited – Mombasa County;
 - h) Nanyuki Water and Sanitation Company Limited – Laikipia County; and
 - i) Nithi Water and Sanitation Company Limited – Tharaka Nithi County.
2. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following county water service providers for the Financial Year 2019/2020 (1st July, 2019 to 30th June, 2020), having been proposed and seconded by Sen. Paul Karungu Thangwa, MP and Sen. Eddy Gicheru Oketch, MP –
 - a) Busia Water and Sewerage Services Company Limited – Busia County;
 - b) Iten-Tambach Water and Sewerage Company Limited – Elgeyo-Marakwet County;
 - c) Kirinyaga Water and Sanitation Company Limited – Kirinyaga County;

MIN. NO. SEN/CPICSF/1033/2024 CONFIRMATION OF MINUTES

- i) The Minutes of the Eight second Sitting held on Tuesday, 18th July, 2023; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. William Kipkemoi Kisang, MP and seconded by Sen. Eddy Gicheru Oketch, MP.
- ii) The Minutes of the eighty fourth Sitting held on Tuesday, 25th July, 2023; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Godfrey Atieno Osotsi, MP and seconded by Sen. William Kipkemoi Kisang, MP.
- iii) The Minutes of the forty Ninth third sitting held on Thursday, 10th August, 2023; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by William Kipkemoi Kisang, MP and seconded by Sen. Paul Karungo Thangwa, MP.
- iv) The Minutes of the forty Ninth fourth Sitting held on Thursday, 21st August, 2023; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Paul Karungo Thangwa, MP and seconded by William Kipkemoi Kisang, MP.
- v) The Minutes of a Hundred and Fourteen Sitting held on Thursday, 19th May, 2023; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by William Kipkemoi Kisang, MP and seconded by Sen. Paul Karungo Thangwa, MP.
- vi) The Minutes of a Hundred and Eighteenth Sitting held on Wednesday, 25th October, 2023; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Eddy Gicheru Oketch, MP and seconded by William Kipkemoi Kisang, MP.
- vii) The Minutes of a Hundred and Twenty First Sitting held on Friday, 27th October, 2023; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Miraj Abdillahi Abdulrahman, MP and seconded Sen. Eddy Gicheru Oketch, MP.
- viii) The Minutes of a Hundred and Twenty Second Sitting held on Saturday, 28th October, 2023; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Miraj Abdillahi Abdulrahman, MP and seconded Sen. Eddy Gicheru Oketch, MP.
- ix) The Minutes of the Fifth Seventh Sitting held on Tuesday, 4th July, 2023; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Miraj Abdillahi Abdulrahman, MP and seconded Sen. Paul Karungo Thangwa, MP.
- x) The Minutes of a Hundred and Twenty Second Sitting held on Thursday, 2nd November, 2023; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. William Kipkemoi Kisang, MP and seconded Sen. Miraj Abdillahi Abdulrahman, MP.
- xi) The Minutes of a Hundred and Sixth Sitting held on Tuesday, 14th November, 2023; were confirmed as a true record of the proceedings and signed by the

- | | |
|---|----------------------|
| 1. Sen. Godfrey Atieno Osotsi, MP | - Chairperson |
| 2. Sen. William Kipkemai Kisang, MP | - Member |
| 3. Sen. Paul Karungo Thangwa, MP | - Member |
| 4. Sen. Eddy Gicheru Oketch, MP | - Member |
| 5. Sen. Miraj Abdillahi Abdulrahman, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|--|-----------------------------|
| 1. Sen. (Prof.) Tom Odhiambo Ojienda, MP | - Vice – Chairperson |
| 2. Sen. Ledama Olekina, MP | - Member |
| 3. Sen. Hamida Kibwana, MP | - Member |
| 4. Sen. Maureen Tabitha Mutinda, MP | - Member |

SECRETARIAT

- | | |
|-----------------------|----------------------------|
| 1. Mr. David Angwenyi | - Clerk Assistant I |
| 2. Mr. Erick Njogu | - Clerk Assistant III |
| 3. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 4. Ms. Faith Wangoi | - Legal Counsel |
| 5. CPA Kennedy Owuoth | - Fiscal Analyst |
| 6. Ms. Raisa Mwithi | - Researcher Officer |
| 7. Mr. Josphat Ng’eno | - Media Relations officer. |
| 8. Mr. William Omondi | - Audio officer |
| 9. Mr. Julia Gachoki | - Serjeant at- arms |

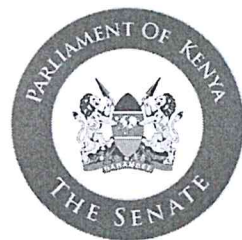
MIN. NO. SEN/CPICSF/1031/2024 PRAYER

The meeting was called to order by the Chairperson at thirty minutes past 11 O’clock followed by a word of prayer.

MIN. NO. SEN/CPICSF/1032/2024 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Paul Karungo Thang’wa, MP and seconded by Sen. William Kipkemai Kisang, MP, as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Confirmation of Minutes;
4. Matters arising from the previous minutes;
5. Adoption of Reports;
6. Any Other Business; and
7. Date of the Next Meeting and Adjournment.



13TH PARLIAMENT 2ND SESSION

MINUTES OF A HUNDRED AND SIXTH-SIXTH SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE ON THE CONFIRMATION OF MINUTES AND ADOPTION OF REPORTS HELD ON MONDAY, 29TH APRIL, 2024, AT 11:00 AM AT COMMITTEE ROOM 10, SECOND FLOOR, BUNGE TOWER.

PRESENT

- ii).The Committee noted that the Non-Revenue Water stood at 62.2% that is 37.6 percentage points above the recommended threshold of 25% as per the Water Services Regulatory Board (WASREB) guidelines. The County Government to put in place clear and actionable measures on how the water company intends to tackle the high Non-Revenue Water, clearly indicating how both physical and commercial losses will be addressed and a report on the same to be filed with the committee within 60 days from the date of the meeting and the Office of the Auditor-General to verify the measures and report on their effectiveness in the subsequent audit cycle;
- iii).The Committee noted that trade receivable amounting to Kshs 60,689,129 remained outstanding in the year under review. Further, Government institutions such as Kenya Revenue Authority, Kenya Prisons, Kenya Forests Services among others remained as debtors to the water company. The County Government to put in place a debt recovery plan and submit the same to the Committee and the Office of the Auditor-General for verification within 60 days from the date of the meeting. Further, the County Government to enter into a Payment Agreements with the said institutions and recovers the outstanding amounts within 90 days from the date of the meeting. The Office of the Auditor-General to report on the matter in the next audit cycle; and
- iv).The Governor, within 60 days from the date of the meeting, ensures that Nithi Water and Sanitation Company Limited is fully owed by the County Government of Tharaka Nithi in line with Water Act, 2016 and other guiding laws.

MIN. NO. SEN/CPICSF/516/2023 ANY OTHER BUSINESS

There was no other business.

MIN. NO. SEN/CPICSF/517/2023 DATE OF NEXT MEETING & ADJOURNMENT

The Chairperson adjourned the meeting at Seven minutes to two o'clock in the afternoon. The next meeting would be held on Thursday, 27th, July, 2023 at 9:30 am.



11/4/2024

SIGNED: DATE:

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, MP.)

The Following queries were interrogated for the Financial Year 2019/2020

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
6. Budgetary Control and Performance	The company recorded an under collection of Kshs. 54,980,555 and an under expenditure of Kshs. 53,835,387. The under expenditure affected the planned activities and may have impacted negatively on service delivery to the residents of Tharaka Nithi County.	<p>The Committee observed that the water company recorded an under collection and an under expenditure that may have affected the planned activities and may have impacted negatively on service delivery to the residents of Tharaka Nithi County. The Committee directed the Accounting Officer to exert budgetary control measures in line with regulation 42(1) of the Public Finance Management (County Governments) Regulations, 2015. Further the water company to institute proper and realistic budget planning. The Auditor-General to review the measures put in place and provide a status update in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>

Interventions and Resolutions

Having considered the issues raised by the Office of the Auditor General on the Financial Statements of Nithi Water and Sanitation Company Limited for Financial Years under review, the Committee directed as follows-

- i). The Committee noted that some of Nithi Water and Sanitation company assets had not been transferred from the defunct local authority (Municipality of Chuka Township) and that the National Government (Lands Department) shared land with County entities. The Committee directed County Government in consultation with the Inter-governmental Relations Technical Committee (IGRTC) ensures all assets are transferred in favour of the County Government within 60 days from the date of the meeting. Further, the Governor, within 120 days from the date of the meeting, to engage the said National Government entity and amicably resolve the matter;

2. Trade and Other Payables	<p>The opening balances and the associated invoices of payables balances of Kshs. 7,262,572 were not availed for audit.</p>	<p>The Committee observed that the Accounting Officer submitted the support ledgers explaining the build up to the arrears.</p> <p>Query was marked as resolved.</p>
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES		
4. Excessive Non – Revenue Water	<p>The Non-Revenue Water (NRW) stood at 62.6% ratio, that is, 37.6 percentage points above the sector benchmark of 25% as set by Water Services Regulatory Board (WASREB). The high NRW curtailed the Company's profitability in the year under review and may, if not urgently contained by Management, pose a significant risk to the Company's ability to deliver its services in a sustainable way.</p>	<p>The Committee observed that the water company registered very high NRW and that the measures put in place by the water company to address the same were inadequate. The Committee directed the Governor to ensure that within 60 days from the date of the meeting, the water company puts in place comprehensive measures to address the high NRW and the measures to clearly indicate how it intends to tackle both the physical and the commercial losses. The Auditor-General to review the measures and provide a status update on their effectiveness in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>
5. Long Outstanding Trade Receivables	<p>The water company's receivables of Kshs. 60,689,129 remained outstanding for a long time hence their recoverability was doubtful.</p>	<p>The Committee observed that the water company's debts had been long outstanding and that the recovery measures outlined by the management were inadequate. The Committee directed the Accounting Officer to develop a comprehensive debt recovery plan as well as a debt management policy and submit copies of the same to the Auditor-General for verification. The Auditor-General to review the effectiveness of the measures put in place and provide a status update on the same in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>

**LIMITED FOR FINANCIAL YEARS 2018/2019,
2019/2020 AND 2020/2021**

The Following queries were interrogated for the Financial Year 2020/2021

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
1. Fixed Assets	<ul style="list-style-type: none"> i. The ownership documents for the cars and land hosting the water company's buildings were not provided for audit review. ii. The value of land parcels belonging to the water company were disclosed in the financial statements. 	<p>The Committee observed that –</p> <ul style="list-style-type: none"> i. The water company was yet to transfer ownership of some of its assets from defunct local authorities and that the water company shared some of its land with a National Government entity (Lands Departments); and ii. The water company failed to disclose the value of its parcels of land in its financial statements. <p>The Committee directed the Governor, in consultation with the Intergovernmental Relations Technical Committee (IGRTC) to ensure the County Government of Tharaka Nithi takes full ownership the land within 60 days from the date of the meeting from the defunct local authorities. The Governor to further engage the Lands Department to address on the matter of the parcel of land occupied by the two entities within 120 days from the date of the meeting, that is, the water company and the Lands Department of the National Government. The Auditor-General to review the matter and provide a status update in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>

B. OFFICE OF THE AUDITOR GENERAL

- | | |
|-------------------------|----------------------------|
| 1. Mrs. Jane Kariuki | - Director of audit |
| 2. Mr. Reuben Kamuruchi | - Deputy Director of audit |
| 3. Mr. Mark Gachamja | - Liaison officer |

C. THE NATIONAL TREASURY

- | | |
|--------------------|-------------------|
| Dr. Jackson Ndungu | - Liaison officer |
|--------------------|-------------------|

D. ETHICS AND ANTI-CORRUPTION COMMISSION

- | | |
|--------------------|-------------------|
| Mr. Patrick Kinoti | - Liaison Officer |
|--------------------|-------------------|

MIN NO. SEN/CPICSF/512/2023 PRAYER

The meeting was called to order by the Chairperson at ten minutes past twelve O'clock followed by a word of prayer.

MIN NO. SEN/CPICSF/513/2023 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. William Kipkemoi Kisang, MP and seconded by Sen. Maureen Tabitha Mutinda, MP, as follows

—

1. Prayer
2. Adoption of the Agenda
3. Administration of oath of witness and Tabling of Documents
4. Meeting with County Executive of Tharaka Nithi to consider Reports of the Auditor-General on the Financial Statements of Nithi Water and Sanitation Company Limited for Financial Years 2018/2019, 2019/2020 and 2020/2021.
5. Any Other Business
6. Date of the Next Meeting and Adjournment

MIN. NO. SEN/CPICSF/514/2023 ADMINISTRATION OF OATH OF WITNESS AND TABLING OF DOCUMENTS

The Governor of Tharaka Nithi County took Oath of Witness and tabled the Management responses and supporting documents for the audit reports of Nithi Water and Sanitation Company Limited for the Financial Years 2018/2019, 2019/2020 and 2020/2021.

MIN. NO. SEN/CPICSF/515/2023 MEETING WITH COUNTY EXECUTIVE OF THARAKA NITHI TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF NITHI WATER AND SANITATION COMPANY

- | | |
|-------------------------------------|----------|
| 2. Sen. William Kipkemai Kisang, MP | - Member |
| 3. Sen. Maureen Tabitha Mutinda, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|--|---------------------------|
| 3. Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP | - Vice-Chairperson |
| 4. Sen. Paul Karungo Thangwa, MP | - Member |
| 5. Sen. Eddy Gicheru Oketch, MP | - Member |
| 6. Sen. Miraj Abdullahi Abdulrahman, MP | - Member |
| 7. Sen. Hamida Kibwana Ali, MP | - Member |

IN ATTENDANCE

- | | |
|---------------------------|--------------------------------|
| Senator Mwenda Gataya, MP | - Senator Tharaka Nithi County |
|---------------------------|--------------------------------|

SECRETARIAT

- | | |
|--------------------------|-----------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Mr. Erick Njogu | - Clerk Assistant III |
| 4. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 5. CPA Kennedy Owuoth | - Fiscal Analyst |
| 6. Ms. Raisa Mwithi | - Researcher officer |
| 7. Mr. Kataa Matano | - Researcher officer |
| 8. Mr. Andrew Nyairo | - Legal counsel |
| 9. Ms. Winfred Ocholla | - Audio officer |
| 10. Mr. Josphat Ng'eno | - Media Relations Officer. |
| 11. Mr. Holifield Murimi | - Attached to the Committee |
| 12. Mr. John Pere | - Serjeant-At-arms |

IN ATTENDANCE

A. THARAKA NITHI COUNTY EXECUTIVE

- | | |
|----------------------------|--------------------------------------|
| 1. HON. Muthomi Njuki, EGH | - Governor |
| 2. Mr. Laban Mwaniki | - Managing Director |
| 3. Mr. Njue Njaai | - CECM Water |
| 4. Mrs. Loise Mutua | - Chief officer Water and Irrigation |
| 5. Mrs. Irine Kithaka | - Commercial manager |
| 6. Mr. Nduaii .E K | - Director Accounts |
| 7. Mr. Erick Munene | - Internal auditor |
| 8. Mrs. Gloryfine Kathure | - Technical Manager |
| 9. Mr. Dennis Miriti | - Procurement officer |
| 10. Mr. Kennedy Mirithi | - Head of Commercial |
| 11. Mrs. Alice Micheni | - Liaison officer |
| 12. Mr. Andrew Endovo | - Communications officer |
| 13. Mr. Sammy Githinji | - Office of the Governor |
| 14. Mrs. Liz Kwigi | - Communication office |

vi). The Committee directed the Governor to pursue securing ownership documents of assets transferred from the Water Works Agencies to the Water Companies.

MIN. NO. SEN/CPICSF/617/2023

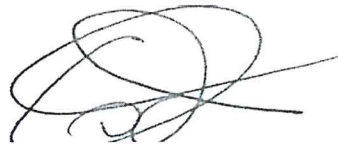
ANY OTHER BUSINESS

There was no any other business.

MIN. NO. SEN/CPICSF/618/2023

**DATE OF NEXT MEETING &
ADJOURNMENT**

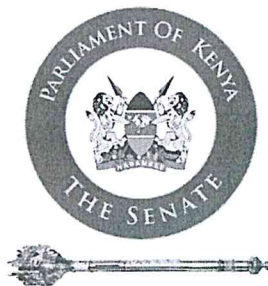
The Chairperson adjourned the meeting at nine minutes past noon. The next meeting would be held on Thursday, 21st September, 2023 at 11:30 am.



11/4/2024

SIGNED: DATE:

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, MP.)



13TH PARLIAMENT 2ND SESSION

MINUTES OF THE EIGHTY FIFTH SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE WITH THE COUNTY EXECUTIVE OF THARAKA NITHI TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENT OF THE NITHI WATER AND SANITATION COMPANY LIMITED FOR FINANCIAL YEARS 2018/2019, 2019/2020 AND 2020/2021 HELD ON TUESDAY, 25TH JULY, 2023 AT THE SHIMBA HILLS HALL, FIRST FLOOR, KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) AT 11.00 A.M.

PRESENT

1. Sen. Godfrey Atieno Osotsi, MP

- Chairperson

Having considered the issues raised by the Office of the Auditor-General on the Financial Statements of the water companies for the said financial years, the Committee recommended as follows -

- i). Noting that the Board of Directors of Nyahururu Water and Sanitation Company Limited was irregularly constituted, the Committee directed the Governor of Laikipia County to regularize the appointment of the Board members in line with the Water Act, 2016 and Water Services Regulatory Board (WASREB) Guidelines. Further, the Governor, within 60 days from the date of the meeting, submits an updated copy of the CR-12 to the Committee and the Office of the Auditor-General for verification;
- ii). Noting that the water companies (Nyahururu Water and Sanitation Company Limited and Nanyuki Water and Sewerage Company Limited) had put in place comprehensive strategies on how they intended to address the matter of Non-Revenue Water, the Committee directed the Office of the Auditor-General to verify the measures and report on their effectiveness in the subsequent audit cycle;
- iii). Noting that the water companies (Nyahururu Water and Sanitation Company Limited and Nanyuki Water and Sewerage Company Limited) had made unauthorised utilization of money from customer deposits, the Committee directed the Governor of Laikipia, within seven (7) days from the date of the meeting, to submit to the Committee and the Office of the Auditor-General evidential support to demonstrate that refunds to the deposits accounts were ongoing. Further, the Office of the Auditor-General to verify the matter and report on the status of the same in the subsequent audit cycle;
- iv). Noting that Nyahururu Water and Sanitation Company Limited has been on a loss-making trend leading to negative working Capital, the Committee directed the Governor of Laikipia, within 60 days from the date of the meeting, to put in place comprehensive mitigation measures to boost the financial health of the water company for self-sustainability;
- v). Noting that the water companies (Nyahururu Water and Sanitation Company Limited and Nanyuki Water and Sewerage Company Limited) had high trade receivables in the years under review, the Committee directed the Governor to put in place a Debt Recovery Plan to guide the recovery process and submit the same to the Office of the Auditor-General for verification within 30 days from the date of the meeting. Further, the Governor to submit to the Office of the Auditor-General and the Committee, a debtors schedule and a schedule of all receivables within 7 days from the date of the meeting; and

The Following queries were interrogated for the Financial Year 2020/2021

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
1. Lack of Ownership Documents	<ul style="list-style-type: none"> i. Title Deed for the land acquired from the Nanyuki High School by the water company was not provided for audit review. ii. Logbooks for one (1) motor vehicle and (4) motorcycles valued at Kshs. 4,165,708 were not provided for audit review. 	<p>The Committee observed that the Accounting Officer failed to provide ownership documents of the piece of land acquired from Nanyuki High School, the four (4) motorcycles and one (1) vehicle.</p> <p>The Committee also observed that the ownership of the four (4) motorcycles and one (1) vehicle was yet to be transferred from the defunct local authorities and the Northern Water Works Development Agency to the County Government.</p> <p>The Committee directed the Governor submit to the Auditor-General, the ownership documents of the land acquired from the Nanyuki High School within 30 days from the date of the meeting.</p> <p>The Office of the Auditor General to follow up on the implementation of the management's mitigating measures and report back to the committee on the same in the subsequent audit cycle.</p> <p>The Governor, within 30 days from the date of the meeting, should engage the Intergovernmental Relations Technical Committee and secure full ownership of the assets held by the defunct local authorities and the Waer Works Development Agencies.</p> <p>Query remains unresolved.</p>

Interventions and Resolutions

<p>5. Unauthorized Over Expenditure</p>	<p>There was a breach of the law the water where the water company incurred an over expenditure of Kshs. 10,755,219 on 17 items without necessary approvals. Further, the water company also incurred an expenditure amounting to Kshs. 4,607,957 without budgetary allocation.</p>	<p>The Committee observed that the water company incurred an authorized over expenditure and expenditure outside the budget in the year under review.</p> <p>The Committee directed the Accounting Officer to exert budgetary control measures in line with regulation 42(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 and also ensure that all expenditure incurred by the water company is within the approved budget in line with the law.</p> <p>The to regularize the expenditure incurred outside the budget.</p> <p>Auditor-General to monitor the matter and provide a status update in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>
<p>1. Failure to Disclose Material Uncertainty in Relation to Going Concern</p>	<p>The water company's current liabilities exceeded its current assets leading to a negative working capital of Kshs. 22,759,607 hence the company could not meet its short term financial obligations as and when they fall due. The company also registered an operating loss of Kshs. 5,679,069 leading to a negative reserve balance of Kshs. 52,946,261.</p> <p>Management has not disclosed the material concern in relation to going concern and any measures it has taken, or intends to take, to reverse the unfavourable financial performance and put the Company on a path to profitability.</p>	<p>The Committee observed that the water company was technically insolvent and that its continued exitance as a going concern was dependent on financial support from the County Government and its creditors.</p> <p>The Committee further noted that the Management failed to disclose in the notes to the financial statements, the material uncertainty in relation to going concern and any mitigating measures put in place by the to reverse the undesirable financial situation.</p> <p>The Committee directed the Governor the Governor of Laikipia, within 60 days from the date of the meeting, to put in place comprehensive mitigation measures to boost the financial health of the water company for self-sustainability.</p> <p>Query remains unresolved.</p>

b. Nanyuki Water and Sanitation Company Limited

	name of the water company and that the fixed asset register was not up to date.	<p>register was not up to date as required by the law.</p> <p>The Committee directed the Governor to ensure that the water company takes full ownership of all its assets and that the Accounting Officer maintains an updated fixed asset register as required by section 149(2)(o) of the Public Finance Management Act, 2012.</p> <p>Query remains unresolved.</p>
4. Unauthorized Expenditure of Customer Deposits	The water company spent customer deposits amounting to Kshs. 26,714,922 without authorization and did not have a policy guideline on how to access, utilize and refund the money within specified timelines.	<p>The Committee observed that the water company utilized customer deposits without approval and that at the time, the water company had made any refunds to the deposits account.</p> <p>The Committee directed the Governor to ensure that within 14 days from the date of the meeting, the water company comes with a repayment plan for the deposits, with clear timelines and submit the same to the Auditor-General and the Committee for verification. The Auditor-General to monitor compliance with the repayment plan and provide a status update in the subsequent audit cycle.</p> <p>The Board of Director to come with clear guidelines on how the management of the water company can access, utilize and refund customers deposits within specified timelines. Customer deposits should be held in a fixed/call account where the management cannot easily access it as well as where interest earned can be used to offset bank charges.</p> <p>Query remains unresolved.</p>

The Following queries were interrogated for the Financial Year 2019/2020

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations

REPORT ON THE FINANCIAL STATEMENTS

Audit Query	Concern	Observation and Recommendations
1. Appointment of Board Members	There was a breach of the law as the information provided for audit review indicated that the Company had ten Board members, contrary to Section 3.4.1 (2) of WASREB guidelines that limits the number of Board members to seven.	<p>The Committee observed that Board of Directors of the water company was irregularly constituted. The Committee directed the Governor to regularize the appointment of the Board members and submit an updated CR-12 within 60 days from the date of the meeting.</p> <p>Query remains unresolved.</p>
2. Excess Non-Revenue Water	The Non-Revenue Water (NRW) for the water company stood at 39.4%, that is, 14.4 percentage points above the sector benchmark of 25% as per WASREB Guidelines.	<p>The Committee observed that the water company registered a high NRW in the period under review and that the significant level of Non-Revenue Water could be an indication of inefficiency and ineffectiveness in the use of public and water resources, which may negatively impact on the Company on the Company's profitability and its ability to sustain services. The Committee further observed that the measures put in place were inadequate. The Committee directed the Governor to ensure that within 60 days from the date of the meeting, the water company puts in place comprehensive measures on how it intends to address the NRW, clearly indicating how both the Commercial and Physical losses will be addressed. The Accounting Officer to submit the measures to the Auditor-General for verification. The Auditor-General to provide a status update on the effectiveness of the measures taken in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>
3. Unrecognized Property, Plant and Equipment	Four (4) motor vehicles and granted by the Northern Water Works Development Agency and the County Government of Laikipia had not been transferred and registered in the	The Committee observed that the assets belonging to the water company were yet to be transferred in its favour and that the fixed asset

C. ETHICS AND ANTI-CORRUPTION COMMISSION

Mr. Patrick Kinoti

- Liaison Officer

MIN NO. SEN/CPICSF/613/2023 PRAYER

The meeting was called to order by the Chairperson at thirty minutes past nine O'clock followed by a word of prayer.

MIN NO. SEN/CPICSF/614/2023 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. William Kipkemoi Kisang, MP and seconded by Sen. Miraj Abdullahi Abdulrahman, MP, as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Administration of oath of witness and Tabling of Documents;
4. Meeting with Laikipia County Executive to consider Reports of the Auditor-General on the Financial Statements of the Nyahururu Water and Sanitation Company Limited and Nanyuki Water and Sanitation Company Limited for the Financial Years 2018/2019, 2019/2020 and 2020/2021;
5. Any Other Business; and
6. Date of the Next Meeting and Adjournment.

MIN. NO. SEN/CPICSF/615/2023 ADMINISTRATION OF OATH OF WITNESS AND TABLING OF DOCUMENTS

The Governor of Laikipia County took Oath of Witness and tabled the Management responses and supporting documents for the audit reports of Nyahururu Water and Sanitation Company Limited and Nanyuki Water and Sanitation Company Limited for the Financial Years 2018/19, 2019/20 and 2020/21.

MIN. NO. SEN/CPICSF/616/2023 MEETING WITH LAIKIPIA COUNTY EXECUTIVE TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE NYAHURURU WATER AND SANITATION COMPANY LIMITED AND NANYUKI WATER AND SANITATION COMPANY LIMITED FOR THE FINANCIAL YEARS 2018/2019, 2019/2020 AND 2020/2021

a. Nyahururu Water and Sanitation Company Limited

The Following queries were interrogated for the Financial Year 2020/2021

- | | |
|--|---------------------------|
| 1. Sen. Godfrey Atieno Osotsi, MP | - Chairperson |
| 2. Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP | - Vice-Chairperson |
| 3. Sen. William Kipkemai Kisang, MP | - Member |
| 4. Sen. Paul Karungo Thangwa, MP | - Member |
| 5. Sen. Eddy Gicheru Oketch, MP | - Member |
| 6. Sen. Miraj Abdullahi Abdulrahman, MP | - Member |
| 7. Sen. Maureen Tabitha Mutinda, MP | - Member |
| 8. Sen. Hamida Kibwana Ali, MP | - Member |

IN ATTENDANCE

- | | |
|----------------------|---------------------------|
| Sen. John Kinyua, MP | - Senator Laikipia County |
|----------------------|---------------------------|

SECRETARIAT

- | | |
|------------------------|----------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Mr. Erick Njogu | - Clerk Assistant III |
| 4. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 5. CPA Kennedy Owuoth | - Fiscal Analyst |
| 6. Ms. Raisa Mwithu | - Researcher officer |
| 7. Mr. Kataa Matano | - Researcher officer |
| 8. Mrs. Angela Kagunyi | - Legal counsel |
| 9. Ms. Winfred Ocholla | - Audio officer |
| 10. Mr. Josphat Ng'eno | - Media Relations Officer. |
| 11. Mr. John Pere | - Serjeant-At-arms |
| 12. Mr. Alvin Muzuni | - Attachee |

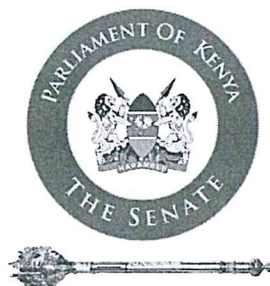
IN ATTENDANCE

A. LAIKIPIA COUNTY EXECUTIVE

- | | |
|--------------------------|--|
| 1. Hon. Joshua Irungu | - Governor |
| 2. Mr. Koinange Wahome | - County Secretary |
| 3. Mrs. Leah Njeri | - CECM – Water and Environment |
| 4. Mr. Wachira Gacheri | - CECM – Finance and Economic Planning |
| 5. Mr. Kennedy Gitonga | - MD Nanyuki Water |
| 6. Mrs. Phoebe Karimi | - Internal auditor Nanyuki Water |
| 7. Mr. Bernard Mwaura | - MD Nyahururu Water |
| 8. Mr. Francis Nelegwa | - CM Nyahururu Water |
| 9. Mrs. Esther Muthoni | - Finance manager Nyahururu Water |
| 10. Mr. David Muyuki | - Director Nyahururu |
| 11. Mr. Martin Muchiri | - Director NANAISCO |
| 12. Mrs. Damaris Wanjiku | - Director NYAHUWASCO |

B. OFFICE OF THE AUDITOR GENERAL

- | | |
|----------------------|----------------------------|
| 3. Mr. Mutai Philip | - Deputy Director of Audit |
| 4. Mr. Mark Gachanja | - Liaison officer |



13TH PARLIAMENT 2ND SESSION

MINUTES OF THE HUNDRED AND SECOND SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE WITH THE COUNTY EXECUTIVE OF LAIKIPIA TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENT OF THE NYAHURURU WATER AND SANITATION COMPANY LIMITED AND THE NANYUKI WATER AND SANITATION COMPANY LIMITED FOR FINANCIAL YEARS 2018/2019, 2019/2020 AND 2020/2021 HELD ON THURSDAY, 21ST SEPTEMBER, 2023 AT THE IMPALA ROOM, FIRST FLOOR, KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) AT 10.00 A.M.

PRESENT


- iii). That the Governor introduces performance contracting for all employees and the undertake asset mapping of the water company's assets and liabilities to improve the efficiency of the company;
- iv). That the Office of the Auditor-General reviews the measures put in place by the County to turn around the water company and report on their efficacy in the subsequent audit cycle;
- v). That within 14 days from the date of the meeting, the Governor submits the new CR-12 of the water company indicating that the county fully owns the water company;
- vi). That within 30 days from the date of the meeting, the Governor submits to the Committee comprehensive measures to tackle the high Non-Revenue Water that stood at 50% and clearly indicate how they intend to deal with both the physical and commercial losses;
- vii). Noting that the County Government indicated that it had challenges of pending licenses for sewerage operations and management with the National Environment Management Authority (NEMA), the Committee directed the County Government, to engage NEMA on the matter and submit feedback to the Committee on the way forward and any other challenges that may arise. The Committee to engage NEMA on the same thereafter; and
- viii). The Committee to engage Coast Water Works Development Agency on the matter of the long outstanding debt.

MIN. NO. SEN/CPICSF/392/2023 ANY OTHER BUSINESS

The Committee to consider a county visit to Mombasa in the month of august to verify the mitigating measures put in place by the management.

MIN. NO. SEN/CPICSF/393/2023 DATE OF NEXT MEETING & ADJOURNMENT

The Chairperson adjourned the meeting at twenty-six minutes past two o'clock in the afternoon. The next meeting would be held on Monday, 26th June, 2023 at 10:00 am.



11/4/2024

SIGNED: DATE:

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, MP.)

	health hazard to the residents of Mombasa, contrary to Regulations 10 and 11 of the Environmental Management and Coordination (Waste Management) Regulations, 2006 which requires an operator to have a license for the transportation of waste and to operate a waste disposal site or plant among others. The management was thus in breach of the law.	<p>measures put in place were satisfactory and considered the matter addressed.</p> <p>The committee directed the Office of the Auditor-General to provide a status update on the matter in the subsequent audit cycle.</p> <p>The query remains unresolved.</p>
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The Following query was interrogated for the Financial Year 2019/2020

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

4. Unaccounted for Water	The Non-Revenue Water stood at 46%, that is 21 percentage points above the sector benchmark of 25% as per the WASREB guidelines, which may have negatively impacted on the Company's profitability and its ability to sustain services.	<p>The Committee noted that the County Government of Mombasa had put in place mitigation measures to address Non-Revenue water.</p> <p>The Office of the Auditor-General indicated that the measures put in place were satisfactory but their effectiveness could only be ascertained in the subsequent audit cycle.</p> <p>The Committee directed the Office of the Auditor-General to verify their effectiveness in the subsequent audit cycle.</p> <p>The query remains unresolved.</p>
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Interventions and Resolutions

The Committee having considered the issues raised by the Office of the Auditor-General on the Financial Statements of the two water companies for the said Financial Years, it noted that they had management challenges and directed as follows;

- i). That the Governor takes keen interest in the management of Mombasa Water Supply and Sanitation Company Limited and ensure efficiency in its operations;
- ii). That to improve efficiency in service delivery and to turn around the water company, the Governor reconstitutes the Board of Directors within 30 days from the date of the meeting;

REPORT ON THE FINANCIAL STATEMENTS

Audit Query	Concern	Observation and Recommendations
1. Failure to Disclose Material Uncertainty Related to Going Concern	<p>The current liabilities exceeded the current assets resulting to negative working capital of Kshs. 1,464,597,678. The accumulated deficit stood at Kshs. 2,077,362,476 as at 30 June, 2020. The material uncertain in relation to going concern and any mitigating measures put in place by the company's directors the undesirable precarious financial position had not been disclosed in the notes to the financial statements.</p>	<p>The Office of the Auditor-General informed the Committee that the mitigating measures put in place by the management were satisfactory, but they needed to monitor their effectiveness.</p> <p>The Committee considered the matter unresolved pending verification of the effectiveness of the measures put in place by the Office of the Auditor-General.</p> <p>The query remains unresolved.</p>
2. Unconfirmed Share Capital	<p>The accuracy and completeness of the share capital balance of Kshs. 5,000,240 could not be confirmed due to the following reasons –</p> <ul style="list-style-type: none"> i. Shares valued at Kshs. 5,000,000 of the defunct Mombasa Water and Sewerage Company were not liquidated and transferred to the new Mombasa Water Supply and Sanitation Company Limited as at 30th June 2021. ii. The new water company had 5,000 authorized shares but only 12 had been paid for leaving a balance of 4,988 unallotted shares. iii. Note 2 to the financial statements reflected 5,012 that were issued but unpaid for valued at Kshs. 5,000,240, which was more than the authorized 5,000 shares. 	<p>The Committee noted that the had been transferred from the defunct local authority to the County Government and a copy of the CR12 to confirm the same was provided.</p> <p>The Office of the Auditor-General indicated that the response submitted by the water company was satisfactory.</p> <p>The Committee directed the Governor to ensure that the CR12 was submitted to the Office of the Auditor-General within 14 days for verification.</p> <p>The query remains unresolved.</p>
3. Sewerage and Sanitation Management in Mombasa City	<p>Review of the Company's records and an audit inspection carried out in January, 2022 revealed weakness in the management of sewerage and sanitation services within Mombasa City where there were instances of collapsed sewer lines, sewerage treatment plants that had not worked for years and raw sewage was emptied into the ocean posing a</p>	<p>The Committee noted that the County Government was implementing mitigating measures to improve sewerage management in Mombasa County.</p> <p>The Office of the Auditor-General informed the committee that the</p>

13. Mr. Mohamed Bow - Director Intergovernmental Relations

B. OFFICE OF THE AUDITOR GENERAL

1. Mr. Paul K. Nzioka - Deputy Director Audit
2. Mr. Ezekiel O. Omore - Audit Associate

C. ETHICS AND ANTI-CORRUPTION COMMISSION

Mr. Patrick Kinoti - Liaison Officer

MIN NO. SEN/CPICSF/388/2023 PRAYER

The meeting was called to order by the Chairperson at sixteen minutes past eleven O'clock followed by a word of prayer.

MIN NO. SEN/CPICSF/389/2023 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. Miraj Abdillahi Abdulrahman, MP, as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Administration of oath of witness and Tabling of Documents;
4. Meeting with the County Executive of Mombasa to consider Reports of the Auditor-General on the Financial Statements of the Mombasa Water Supply and Sanitation Company Limited for Financial Years 2018/2019, 2019/2020 and 2020/2021;
5. Any Other Business; and
6. Date of the Next Meeting and Adjournment.

MIN. NO. SEN/CPICSF/390/2023 ADMINISTRATION OF OATH OF WITNESS AND TABLING OF DOCUMENTS

The Governor of Mombasa County took Oath of Witness and tabled the Management responses and supporting documents for the audit reports of the Mombasa Water Supply and Sanitation Company Limited for the Financial Years 2018/2019, 2019/2020 and 2020/2021.

MIN. NO. SEN/CPICSF/391/2023 MEETING WITH MOMBASA COUNTY EXECUTIVE TO CONSIDER THE AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS OF MOMBASA WATER SUPPLY AND SANITATION COMPANY FOR THE FINANCIAL YEARS 2018/2019, 2019/2020 AND 2020/2021

The Following queries were interrogated for the Financial Year 2020/2021

PRESENT

- | | |
|--|---------------------------|
| 1. Sen. Godfrey Atieno Osotsi, MP | - Chairperson |
| 2. Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP | - Vice-Chairperson |
| 3. Sen. Paul Karungo Thangwa, MP | - Member |
| 4. Sen. Eddy Gicheru Oketch, MP | - Member |
| 5. Sen. Miraj Abdillahi Abdulrahman, MP | - Member |
| 6. Sen. Hamida Kibwana Ali, MP | - Member |
| 7. Sen. Maureen Tabitha Mutinda, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|-------------------------------------|----------|
| 1. Sen. Ledama Olekina, MP | - Member |
| 2. Sen. William Kipkemai Kisang, MP | - Member |

IN ATTENDANCE

- | | |
|----------------------|--------------------------|
| Sen. Mwinyihaji Faki | - Senator Mombasa County |
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SECRETARIAT

- | | |
|--------------------------|-----------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Mr. Erick Njogu | - Clerk Assistant III |
| 4. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 5. CPA Kennedy Owuoth | - Fiscal Analyst |
| 6. Ms. Raisa Mwithu | - Researcher officer |
| 7. Mr. Kataa Matano | - Researcher officer |
| 8. Mr. Andrew Nyairo | - Legal counsel |
| 9. Ms. Winfred Ocholla | - Audio officer |
| 10. Mr. Josphat Ng'enh | - Media Relations Officer. |
| 11. Mr. Holifield Murimi | - Attached to the Committee |
| 12. Mr. James Ngusia | - Serjeant-At-arms |

IN ATTENDANCE

A. COUNTY EXECUTIVE OF MOMBASA

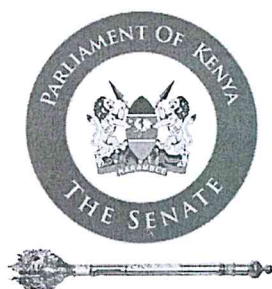
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|-----------------------------|-------------------------------|
| 1. Hon. Abdullswamad Nassir | - Governor |
| 2. Mr. Evans Oanda | - CECF Finance |
| 3. Mrs. Emily Achieng | - CECM Water |
| 4. Mr. Abdurahim Farah | - MD MOWASCO |
| 5. Mr. Kinyai Laban | - GM MOWASCO |
| 6. Mr. Munyi Mugo | - Legal manager Mombasa water |
| 7. Mr. Richard Abiero | - Director Audit |
| 8. Mr. Mejuma Mwinyi | - Principal Accountant |
| 9. Mr. Nicholas Morachini | - Senior Accountant |
| 10. Mrs. Zahra Ahmed | - Chief Accountant |
| 11. Mr. Noah Akala | - Chief of staff |
| 12. Mr. Jimmy Waliaula | - County Attorney |



14/11/2023

SIGNED: DATE:

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, MP.)



13TH PARLIAMENT 2ND SESSION

MINUTES OF THE SIXTH FOURTH SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE WITH THE COUNTY EXECUTIVE OF MOMBASA TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENT OF THE MOMBASA WATER SUPPLY AND SANITATION COMPANY LIMITED FOR FINANCIAL YEARS 2018/2019, 2019/2020 AND 2020/2021 HELD ON THURSDAY, 22ND JUNE, 2023 AT THE IMPALA ROOM, FIRST FLOOR, KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) AT 11.00 A.M.

		give a preliminary report within seven (7). Query remains unresolved.
12. Unfettered Access to Billing System Vendor	The Billing System's Vendor retained the controls of the system hence the management could not guarantee the security and integrity of the data in the database of the billing system.	The Committee directed the Governor to ensure that the water company took full control of the Billing System within 60 days from the date of the meeting. The query remains unresolved and the matter to be reviewed in the subsequent audit cycle.

Interventions and Resolutions

That the Committee having considered the issues raised by the Office of the Auditor General on the Financial Statements of Migori County Water and Sanitation Company Limited for the Financial Year 2020/21 it resolved as follows;

- i). To consider written management responses for remaining issues raised by the Auditor General on the Financial Statements of Migori County Water and Sanitation Company Limited for the Financial Years 2020/21, 2019/20 and 2018/19;
- ii). The Governor to ensure that the County Government takes full ownership of the water company by transferring all the shares owned by the defunct local authority and submit a copy of the CR-12 within 60 days;
- iii). The Governor to submit to the Committee measures put in place to refund customer deposits with 14 days. The Office of the Auditor General to verify the measure and report in the subsequent audit cycle; and
- iv). The Governor directed to write a demand letter to Kirui Secretaries (service provider) to provide documents in their possession that were necessary in facilitating the audit process. In the event of non-compliance, the Governor to inform the committee for its intervention.

MIN. NO. SEN/CPICSF/265/2023

ANY OTHER BUSINESS

There was no any other business.

MIN. NO. SEN/CPICSF/266/2023

DATE OF NEXT MEETING & ADJOURNMENT

The Chairperson adjourned the meeting at fifteen minutes past two o'clock in the afternoon. The next meeting would be held on Wednesday, 26th, April, 2023 at 10:00 am.

		<p>The Committee acceded to his request and resolved to review the matter in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>
9. Payment of Salaries Below the Minimum Wage	<p>Employees were earning monthly wages totalling Kshs. 10,000 contrary to the Regulation of Wages General Amendment Order of 2018 which sets the minimum monthly wage for employees working in Migori County at Kshs. 12, 523.</p>	<p>The Committee noted that the management of the water company had taken remedial measures to address the staff salary minimum wage.</p> <p>Query was considered resolved.</p>
10. Irregular Payment of Directors' Emoluments	<p>The regularity of the board emoluments totalling Kshs. 1,338,478 could not be confirmed.</p>	<p>The Committee noted that the management of the water company had failed to submit crucial documents that were necessary in responding to the matter as they were not provided by the secretarial service provider.</p> <p>The Committee directed the Governor to ensure that demand letters were written to the said service provider to submit the necessary documents failure to which the Committee shall intervene.</p> <p>Query remains unresolved and the matter to be reviewed in the subsequent audit cycle.</p>
11. Non-Revenue Water	<p>The non-revenue water stood at 48% that is 23 percent points above the sector benchmark of 25% as prescribed by the Water Services Regulatory Board (WASREB) guidelines.</p>	<p>The Committee, with 60 days from the date of the meeting directed the management of the water company to put in place comprehensive measures to tackle the high NRW (both physical and Commercial losses). Office of the Auditor-General to verify the measures and report on their effectiveness in the subsequent audit cycle.</p> <p>The Committee further directed the EACC to commence investigations into the operations of the past regime</p>

	78,737,415 resulting resulting in an unexplained variance of Kshs 1,006,000	<p>the variance was because of a casting error and that the necessary corrections had been done.</p> <p>The Company's Board of Directors was directed to ensure that the management of the water company comes up with realistic budgets and undertake supplementary budgets as often as possible to ensure the budget is realised.</p> <p>The Committee to review the matter in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>
7. Unresolved Prior Year Matters	A review of the progress on follow up of Auditor's recommendations indicated that the Management had not resolved the issues as at 30 June, 2021.	<p>The Committee observed that that the management had not provided an explanation as to why the matters were not.</p> <p>The Committee directed the management to try to resolve all prior year issues in line with Section 149(2)(I) of the Public Finance Management Act, 2012.</p> <p>The Committee to review the matter in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES		
8. Trade and other Payables	The water company had salary arrears of Kshs. 14,540,883 and unremitted Pay-As-You-Earn (PAYE), National Social Security Fund (NSSF) remittances and Withholding Tax arrears totalling to Kshs. 2,908,753 and had been outstanding for more than 12 months as at 30 June 2021.	<p>The Committee observed that</p> <ol style="list-style-type: none"> the matter of salary arrears was not adequately addressed by the management; and the management was taking some steps to address the matter of unremitted statutory deductions. <p>The Governor requested the Committee to allow him to solve the matters within sixty (60) days from the date of the meeting.</p>

		The query was considered resolved.
4. Comparative Trade and other payables	The prior year trade and other payables comparative balance reflected in the statement of financial position of the year under review of Kshs. 47,140,532 differed with the corresponding balance of Kshs. 46,928,659 reported in the previous year's audited financial statements, resulting in an unreconciled variance of Kshs. 211,873.	<p>The Committee observed that the 2020/2021 final report was finalized before the OAG report for the FY 2019/2020 was finalized due to transition within the Office of the Auditor-General.</p> <p>However, the Office of the Auditor-General confirmed that the certified comparative figures had been adopted while submitting the 2021/2022 annual report and financial statements.</p> <p>The query was considered resolved.</p>
5. Material Uncertainty Related to Going Concern	The current liabilities totalling Kshs. 69,288,996 exceeded current assets of Kshs. 46,388,281 resulting in a negative working capital of Kshs. 22,900,715.	<p>The Committee observed that the water company was a loss-making trend leading to negative working capital.</p> <p>The Committee directed the Governor to ensure the water company put in place strategic and innovative measures for recovery and boost the financial health of the water Company for self-sustainability.</p> <p>The Office of the Auditor-General to provide a status update on the matter in the subsequent audit cycle.</p> <p>Query remains unresolved</p>
Other Matter		
6. Budgetary Control and Performance	The comparison of the budget and actual receipts resulted to an under-funding of Kshs. 29,978,612 or 38% of the budget whereas that of the incurred expenditure and the approved budget resulted to an under-expenditure Kshs 26,601,319 or 38% of the budget. Further, the recomputed total of Kshs 77,731,415 differed with the total final budget amount of Kshs	<p>The Committee observed that the underfunding and under expenditure may have had an adverse effect on the water company's planned activities and service delivery to the residents of Migori County.</p> <p>The Office of the Auditor-General informed the meeting the matter of</p>

**COMPANY LIMITED FOR FINANCIAL
YEARS 2018/2019, 2019/2020 AND 2020/2021**

The Following queries were interrogated for the Financial Year 2020/2021

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
1. Customer Deposits Account	The management of the water company withdrew Kshs. 7,006,448 from the customer deposits account without the approval of the Board of Directors	<p>The Committee noted that refund to the deposits account was yet to be done.</p> <p>The Committee, within 14 days from the date of the meeting, directed the management of the water company submit a comprehensive repayment plan for the customer deposits.</p> <p>Query remains unresolved.</p>
2. Issued Capital	The ownership, of the water company was yet to be transferred from the defunct local authorities to the County Government in line with the Water Act, 2016 and other sector guidelines.	<p>The Governor requested the Committee to allow him resolve the matter within sixty (60) days from the date of the meeting.</p> <p>The Committee acceded to his request and directed that the management submits a copy of the CR12 upon the lapse of the 60 days.</p> <p>Query remains unresolved.</p>
3. Comparative Trade and other Receivables	The prior year trade and other receivables comparative balance reflected in the statement of financial position of the year under review of 34,892,265 differed with the corresponding balance of Kshs. 34,680,390 reported in the previous year's audited financial statements, resulting in an unreconciled variance of Kshs. 211,875.	<p>The Committee observed that the 2020/2021 final report was finalized before the OAG report for the FY 2019/2020 was finalized due to transition within the Office of the Auditor-General.</p> <p>However, the Office of the Auditor-General confirmed that the certified comparative figures had been adopted while submitting the 2021/2022 annual report and financial statements.</p>

10. Dr. Achwora John
11. Mr. Dennis Wasike

- CO – Finance
- Governor’s liaison office

B. OFFICE OF THE AUDITOR GENERAL

1. Mr. Laban Ondara - Principal Auditor
2. Mr. Japheth Kasivu - Principal Auditor
3. Mr. Mark Gachanja - Liaison Officer

C. ETHICS AND ANTI-CORRUPTION COMMISSION

Mr. Patrick Kinoti - Liaison Officer

MIN. NO. SEN/CPICSF/261/2023 PRAYER

The meeting was called to order by the Chairperson at half past ten O’clock in the morning followed by a word of prayer.

MIN. NO. SEN/CPICSF/262/2023 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Hamida Kibwana Ali, MP and seconded by Sen. Miraj Abdillahi Abdulrahman, MP, as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Administration of oath of witness and tabling of documents;
4. Meeting with the County Executive of Migori to consider Reports of the Auditor-General on the Financial Statements of Migori County Water and Sanitation Company Limited for Financial Years 2018/19, 2019/20 and 2020/21;
5. Any Other Business; and
6. Date of the Next Meeting and Adjournment.

MIN. NO. SEN/CPICSF/263/2023 ADMINISTRATION OF OATH OF WITNESS AND TABLING OF DOCUMENTS

The Governor of Migori County took Oath of Witness and tabled the Management responses and supporting documents for the audit reports of the Migori County Water and Sanitation Company Limited for Financial Years 2018/2019, 2019/2020 and 2020/2021.

MIN. NO. SEN/CPICSF/264/2023 MEETING WITH THE COUNTY EXECUTIVE OF MIGORI TO CONSIDER REPORTS OF AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF MIGORI COUNTY WATER AND SANITATION

**THE IMPALA ROOM, FIRST FLOOR, KENYATTA INTERNATIONAL
CONVENTION CENTRE (KICC) AT 10.00 A.M.**

PRESENT

- | | |
|--|---------------------------|
| 1. Sen. Godfrey Atieno Osotsi, MP | - Chairperson |
| 2. Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP | - Vice-Chairperson |
| 3. Sen. William Kipkemai Kisang, MP | - Member |
| 4. Sen. Paul Karungo Thangwa, MP | - Member |
| 5. Sen. Eddy Gicheru Oketch, MP | - Member |
| 6. Sen. Maureen Tabitha Mutinda, MP | - Member |
| 7. Sen. Hamida Kibwana Ali, MP | - Member |
| 8. Sen. Miraj Abdillahi Abdulrahman, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|-------------------------|----------|
| Sen. Ledama Olekina, MP | - Member |
|-------------------------|----------|


SECRETARIAT

- | | |
|------------------------|----------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Mr. Erick Njogu | - Clerk Assistant III |
| 4. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 5. CPA. Kennedy Owuoth | - Fiscal Analyst |
| 6. Mr. Josphat Ng'eno | - Media Relations officer. |
| 7. Ms. Winfred Ocholla | - Audio officer |
| 8. Mr. Patrick Ngenoh | - Procurement officer |
| 9. Mr. Andrew Nyairo | - Legal counsel |
| 10. Ms. Raisa Mwithi | - Research Officer |
| 11. Mr. Matano Kataa | - Research Officer |
| 12. Mr. Josphat Ng'eno | - Media Relations Officer. |
| 13. Mr. John Pere | - Serjeant-at-arms |

IN ATTENDANCE

A. COUNTY GOVERNMENT OF MIGORI

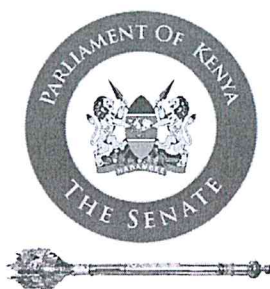
- | | |
|------------------------------|--------------------|
| 1. Hon. (Dr.) Ochillo Ayacko | - Governor |
| 2. Mr. Maurice N. Otunga | - CECM Finance |
| 3. Mr. Christopher O. Rusana | - CECM Water |
| 4. Mr. Jacob Maroe | - MD MIWASCO |
| 5. Mr. Shadrack Rioba | - MIWASCO |
| 6. Hon. Thomas Arungu | - MCA |
| 7. Hon. Jacob Calebs | - MCA |
| 8. Mrs. Janet Kagati | - Head of Treasury |
| 9. Mr. Phidale Castro Ouma | - CO – Water |



29/4/2024

SIGNED: DATE:

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, MP.)



13TH PARLIAMENT 2ND SESSION

MINUTES OF THE FORTY THIRD SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE WITH THE COUNTY EXECUTIVE OF MIGORI TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE MIGORI COUNTY WATER AND SANITATION COMPANY LIMITED FOR FINANCIAL YEARS 2018/19, 2019/20 AND 2020/21, HELD ON TUESDAY, 25TH APRIL, 2023 AT

- ii).The Governor, within 60 days from the date of the meeting, ensures that the water company complies with the WASREB advisory Ref: WASREB/LEGAL/582 VOL.VI (9) dated 6th April, 2023 to all Governors, and that full ownership of the water company is transferred to the County Government in line with the law (Water Act, 2016) and other guiding laws. Upon completion, the Governor submits a copy of the CR-12 to the Committee;
- iii).The County Government in collaboration with the County Assembly to finalizes the enactment of a County Water Act to support the operations of Mandera Water and Sanitation Company Limited;
- iv).The Committee noted that in some instances the management of the water company submitted documents for audit outside the set timelines during the audit process contrary to the provisions of section 31 of Public Audit Act, 2015. The Water company ensures total compliance with the said provisions of the law going forward;
- v).For Good governance, sound accountability, protection of public resources, and improved service delivery, the management of Mandera Water and Sewerage Company commences metering of its customers;
- vi).The management to maintain an updated asset register in the format prescribed by the National treasury and the provisions of section 136 (1) of Public Finance Management (County Government) regulations, 2015 and a copy of the same to be submitted to the Committee within 60 days from the date of the meeting;
- vii).The Committee noted that the management of the water company had failed to establish an internal audit function and an audit committee contrary to section 167 (1) Public Finance Management (County Government) regulations, 2015. The management to establish internal audit function and an audit committee for the water company within 60 days from the date of the meeting. Further the County Government ensure that the internal is adequately resourced; and
- viii).The Committee noted some assets of the water company had not been transferred from the defunct local authorities (Mandera County Council). The County Government in consultation with the Intergovernmental Relations Technical Committee (IGRTC) ensures all assets are transferred in favour of the County Government within 60 days from the date of the meeting.

MIN. NO. SEN/CPICSF/510/2023

ANY OTHER BUSINESS

There was no other business.

MIN. NO. SEN/CPICSF/511/2023

**DATE OF NEXT MEETING &
ADJOURNMENT**

The Chairperson adjourned the meeting at thirty-seven minutes past eleven o'clock in the afternoon. The next meeting would be held on Thursday, 27th July, 2023 at 9:30 am.

		Auditor-General for verification.
		Query remains unresolved.
5. Additions in the Year Under Review	<p>i. Variance of investment balances on fixed assets of Kshs. 23,458,859 between the statement of cash flows and Note 14 to the financial statements was not explained or reconciled.</p> <p>ii. The balance of Kshs. 843,427 of financing activities of fixed assets inherited from the Northern Water Services Board was not explained.</p> <p>iii. Review of records on the assets indicated that the properties were not registered in the Company's name.</p>	<p>The Committee observed that the variance of Kshs. 23,458,859 was adequately addressed in the management response. However, properties amounting to Kshs. 843,427 inherited from the Northern Water Services Board was not explained and the said assets were not registered in the company's name.</p> <p>The Committee directed the Governor to engage IGRTC and ensure full ownership of all the assets of water company within 60 days from the date of the meeting. The Accounting Officer to ensure that all assets of the water company are valued within 60 days from the date of the meeting and maintained an updated fixed asset register in required format and submit a copy of the same to the Auditor-General and the Committee for verification. The Auditor-General to review the matter and provide a status update in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>
6. Freehold Land	The water company did have ownership documents of a freehold piece of land valued at Kshs. 4,500,000.	<p>The Committee observed that the ownership documents for the land were availed.</p> <p>Query was marked as resolved.</p>

Interventions and Resolutions

Having considered the issues raised by the Office of the Auditor General on the Financial Statements of Mandera Water and Sewerage Company Limited for the Financial Years under review, the Committee directed as follows;

- i). The Governor takes keen interest in the operations of the water company in the county in line with Article 179 of the Constitution;

		Query was marked as resolved.
3. Equity and Capital Grants	The ledger records on the Equity and Capital balances of Kshs. 28,959,668 and Kshs. 117,106,002 respectively were not provided for audit review	<p>The Committee observed that the Accounting Officer submitted for audit review, the ledgers to support the members' equity and capital grants balances and that the same was reviewed by the Auditor-General.</p> <p>The Committee directed the Accounting Officer to ensure that documents are submitted within the required timelines in line with section 9(1)(e) of the Public Audit Act.</p>
4. Valuation of Assets	No disclosure has been provided in the financial statements on how the diminution in value of the Company assets during the dormancy period was accounted for in the books of the Company, and how the opening property, plant and equipment balance totalling Kshs. 65,522,125 as at July, 2018 was arrived at.	<p>Query was marked as resolved.</p> <p>The Committee observed that the accuracy of the opening property, plant and equipment balance totalling Kshs. 65,522,125 could not be confirmed as the water company failed to demonstrate how the balances were arrived at.</p> <p>Further, the Committee noted that some of the assets and liabilities belonging to the water company were yet to be transferred from the defunct local authorities and the water company had not demonstrated any efforts to pursue the matter with the Intergovernmental Relations Technical Committee (IGRTC).</p> <p>The Committee directed that –</p> <ol style="list-style-type: none"> the Governor to engage IGRTC for full transfer of assets and liabilities in favour of the water company. the Accounting Officer to carry out a valuation of all the company's assets within 60 days from the date of the meeting and submit an updated fixed asset register to the Committee and the

The Following queries were interrogated for the Financial Year 2018/19

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
1. Water Sales Revenue	<p>i. The number and values of monthly bills issued to customers could not be confirmed as the revenue schedule provided for audit review did not have invoice numbers and invoice dispatch registers.</p> <p>ii. The water company had not installed water meters at its water pumps.</p>	<p>The Committee observed that at the time of audit, the water company had not metered its water supply system and therefore relied on a flat rate billing system.</p> <p>The Committee further noted that the water company was in the process of automating its revenue system but failed to address the metering issues.</p> <p>The Committee therefore directed the Governor to ensure that all customers are metered through smart meters for accurate billing. Further, the Governor to ensure that the old infrastructure is replace and that the water company deploys appropriate technologies such as GIS to detect bursts and leakages real time. The Auditor-General to monitor implementation and provide a status update in the subsequent audit cycle.</p> <p>Query remains unresolved</p>
2. County Government Grants	The Grants balances of Kshs. 37,010,483 from the County Government of Mandera were not supported with ledger records.	<p>The Committee observed that the management provided the supporting schedule and that the same had been reviewed by the Auditor-General.</p> <p>The Committee directed the Accounting Officer to ensure that documents are submitted within the required timelines in line with section 9(1)(e) of the Public Audit Act.</p>

		Accounting officer exerts budgetary control measures in line with regulation 42(1)(b) of the Public Finance Management (County Governments) Regulations, 2015. The query remains unresolved.
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The Following queries were interrogated for the Financial Year 2019/20

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
4. Lack of Ownership Documents	<ul style="list-style-type: none"> i. Intangible assets amounting to Kshs. 881,600 from Northern Water Works Development Agency were not disclosed in the Notes to the financial statements. ii. Land hosting Suftu Water intake had no title deed. iii. Buildings and civil works amounting to Kshs. 62,989,234 should have been reported under project costs in the statement of Profit and loss and the projects were to be owned by the community. 	<p>The Committee observed that –</p> <ul style="list-style-type: none"> i. the land ownership documents were provided and verified by the Auditor-General. ii. The intangible assets were not inherited from Northern Water Works Development Agency and that they were acquisitions by the water company. iii. The Accounting Officer failed to provide supporting documents to verify the acquisition of the intangible assets. <p>The Committee directed the Governor to ensure that the acquisition documents for the intangible assets are submitted to the Auditor-General for audit review with 14 days from the date of the meeting.</p> <p>Query remains unresolved.</p>

The Governor of Mandera County took Oath of Witness and tabled the Management responses and supporting documents for the audit reports of Mandera Water and Sewerage Company Limited for the Financial Years 2018/19, 2019/20 and 2020/21.

MIN. NO. SEN/CPICSF/509/2023

**MEETING WITH THE COUNTY
EXECUTIVE OF MANDERA TO CONSIDER
REPORTS OF THE AUDITOR-GENERAL ON
THE FINANCIAL STATEMENTS OF
MANDERA WATER AND SEWERAGE
COMPANY LIMITED FOR FINANCIAL
YEARS 2018/2019, 2019/2020 AND 2020/2021**

The Following queries were interrogated for the Financial Year 2020/2021

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
1. Inaccuracies in the Financial Statements	The accuracy of the financial statements could not be confirmed as note 19 to the financial statements reflected different amounts of members' equity. Members's equity was also not captured in the statement of changes in equity. Statement of financial position and the statement of changes in equity reflected varying retained earnings balances.	<p>The Committee observed that the County Government of Mandera disputed the figures captured by the Auditor-General.</p> <p>The Committee directed the Governor to engage the Auditor and resolve the dispute. The Committee to review the matter in the subsequent audit cycle.</p> <p>The query remains unresolved.</p>
KEY AUDIT MATTERS		
3. Budgetary Control and Performance	There was revenue under collection of Kshs. 75,328,131 and under absorption of Kshs. 101,739,771 which may have negatively impacted on service delivery to the residents of Mandera town of the budget.	<p>The Committee observed the under collection and under expenditure was as a result of low sales volumes of water due to Covid-19 and drought as well as slow disbursements of funds by donors due to security concerns in the county. Further the Committee noted that no budgetary control measures were put in place by the water company.</p> <p>The Committee directed the Governor to ensure that the</p>

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| 7. Mr. Kassin Hafi | - MD MADWASCO |
| 8. Mr. Ahmed Mohamed | - Principal Accountant |
| 9. Mr. Ibrahim Asduwa | - Assistant Director |
| 10. Hon. Abdullahi Ibrahim | - Chairperson PAIC |
| 11. Mr. Abdifafah Kollow | - Clerk Asst. PAIC |
| 12. Hon. Mohamed Mohamud | - Member PAIC |
| 13. Mrs. Susan Gichuchi | - Director Administration |
| 14. Mr. Issadin Edow | - Chief of Staff |
| 15. Mr. Basia Isaack | - Director Energy |
| 16. CPA Najma Suraw | - Deputy CEO Manderera Water |

B. OFFICE OF THE AUDITOR GENERAL

- | | |
|-----------------------|---------------------|
| 1. Mr. Hurrie Njoroge | - Director of audit |
| 2. Mr. Martin Mutiga | - Principal auditor |
| 3. Mr. Mark Gachamja | - Liaison officer |

C. ETHICS AND ANTI-CORRUPTION COMMISSION

- | | |
|--------------------|-------------------|
| Mr. Patrick Kinoti | - Liaison Officer |
|--------------------|-------------------|

D. THE NATIONAL TREASURY

- | | |
|--------------------|-------------------|
| Dr. Jackson Ndungo | - Liaison Officer |
|--------------------|-------------------|

MIN NO. SEN/CPICSF/506/2023 PRAYER

The meeting was called to order by the Chairperson at twenty eighty minutes past nine O'clock followed by a word of prayer.

MIN NO. SEN/CPICSF/507/2023 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. William Kipkemoi Kisang, MP and seconded by Sen. Hamida Kibwana Ali, MP, as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Administration of oath of witness and Tabling of Documents;
4. Meeting with the County Executive of Manderera to consider Reports of the Auditor-General on the Financial Statements of Manderera Water and Sewerage Company Limited for Financial Years 2018/2019, 2019/2020 and 2020/2021;
5. Any Other Business; and
6. Date of the Next Meeting and Adjournment.

MIN. NO. SEN/CPICSF/508/2023 ADMINISTRATION OF OATH OF WITNESS AND TABLING OF DOCUMENTS

AND SEWERAGE COMPANY LIMITED FOR FINANCIAL YEARS 2018/2019, 2019/2020 AND 2020/2021 HELD ON TUESDAY, 25TH JULY, 2023 IN FIRST FLOOR, SHIMBA HILLS, KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) AT 9.30 A.M.

PRESENT

- | | |
|--|---------------------------|
| 1. Sen. Godfrey Atieno Osotsi, MP | - Chairperson |
| 2. Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP | - Vice-Chairperson |
| 3. Sen. William Kipkemai Kisang, MP | - Member |
| 4. Sen. Hamida Kibwana Ali, MP | - Member |
| 5. Sen. Maureen Tabitha Mutinda, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|---|----------|
| 1. Sen. Paul Karungo Thangwa, MP | - Member |
| 2. Sen. Eddy Gicheru Oketch, MP | - Member |
| 3. Sen. Miraj Abdillahi Abdulrahman, MP | - Member |

IN ATTENDANCE

- | | |
|------------------------------|--------------------------|
| Senator Roba Ali Ibrahim, MP | - Senator Mandera County |
|------------------------------|--------------------------|

SECRETARIAT

- | | |
|--------------------------|-----------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Mr. Erick Njogu | - Clerk Assistant III |
| 4. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 5. CPA Kennedy Owuoth | - Fiscal Analyst |
| 6. Ms. Raisa Mwithi | - Researcher officer |
| 7. Mr. Kataa Matano | - Researcher officer |
| 8. Mr. Andrew Nyairo | - Legal counsel |
| 9. Ms. Winfred Ocholla | - Audio officer |
| 10. Mr. Josphat Ng'eno | - Media Relations Officer. |
| 11. Mr. Holifield Murimi | - Attached to the Committee |
| 12. Mr. John Pere | - Serjeant-At-arms |

IN ATTENDANCE

A. COUNTY EXECUTIVE OF MANDERA

- | | |
|-------------------------|--------------------------------------|
| 1. Hon. Muhamed Khalif | - Governor |
| 2. Mr. Billow Hassan | - County Secretary |
| 3. Mr. Ibrahim. M | - CEC – Finance |
| 4. Mr. Hussein Somo | - County Attorney |
| 5. Mr. Abdirahman Ahmed | - Deputy Director Financial Services |
| 6. Mr. Addikadir Tache | - CEO Finance |

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, MP.)



13TH PARLIAMENT 2ND SESSION

MINUTES OF THE EIGHTY FOURTH SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE WITH THE COUNTY EXECUTIVE OF MANDERA TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENT OF THE MANDERA WATER

**REPORTS OF THE AUDITOR-GENERAL ON
THE FINANCIAL STATEMENTS OF
MALINDI WATER AND SEWERAGE
COMPANY LIMITED AND KILIFI
MARIAKANI WATER AND SEWERAGE
COMPANY LTD. FOR THE FINANCIAL
YEARS 2018/2019, 2019/2020 AND 2020/2021.**

The Governor of Kilifi County, Hon. Gideon Maitha Mung'aro, appeared before the Committee to respond to the issues raised in the reports of the Auditor-General on the financial statements of Malindi Water and Sewerage Company Limited and Kilifi-Mariakani Water and Sewerage Company Limited for the financial years for 2018/19, 2019/20 and 2020/21.

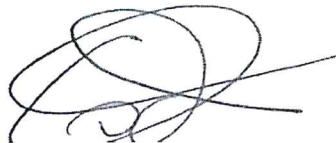
The Governor requested the Committee to consider the written management responses of the audit reports and to allow him to travel back to Kilifi following the Shakahola tragedy and the Committee acceded to the request.

MIN. NO. SEN/CPICSF/271/2023 ANY OTHER BUSINESS

- i. The Committee sought to know the status of preparation for the Inquiry into the County Pension Fund Liabilities and was informed by the secretariat that preparations of an advert for public participation and letters to County Pensions Fund, LapTrust and Lapfund were underway. The Committee directed the secretariat to present the draft advert for its consideration during the next meeting.
- ii. Following revocation of the earlier permission granted by the Hon. Speaker of the Senate to hold its sittings on Wednesday mornings, the Committee directed the secretariat to revise the work schedule, proposing other modalities of holding its meetings. Further, the Committee directed the Secretariat to reschedule the meeting with the County Executive of Kirinyaga that was scheduled for Wednesday, 3rd May, 2023 to later date.

**MIN. NO. SEN/CPICSF/272/2023 DATE OF NEXT MEETING &
ADJOURNMENT**

The Chairperson adjourned the meeting six minutes past eleven o'clock. The next meeting would be held on Tuesday, 2nd, May, 2023 at 10:00 am.



14/11/2023

SIGNED: DATE:

- | | |
|-------------------------|------------------------------|
| 5. Mr. Seith Kalume | - Finance Manager, MUWASCO |
| 6. Mr. Isaac Chibule | - Ag. MD, MUWASCO |
| 7. Mr. Pascal Jira | - MD KIMAWASCO |
| 8. Mrs. Rhoda Chigiri | - Accountant KIMAWASCO |
| 9. Mr. Kingstone Mulowe | - Internal Auditor |
| 10. Mr. Nelson Mbitha | - Senior Procurement Officer |
| 11. Mr. Martin M. Mwaro | - Ag. County Secretary |
| 12. Mr. Ismail Juma | - Procurement KIMAWASCO |

B. OFFICE OF THE AUDITOR GENERAL

- | | |
|-----------------------|---------------------|
| 1. Mr. Japheth Kasivu | - Principal Auditor |
| 2. Mr. Mark Gachanja | - Liaison Officer |

C. ETHICS AND ANTI-CORRUPTION COMMISSION

- | | |
|--------------------|-------------------|
| Mr. Patrick Kinoti | - Liaison Officer |
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MIN. NO. SEN/CPICSF/267/2023 PRAYER

The meeting was called to order by the Chairperson at twenty eight past ten O'clock in the morning followed by a word of prayer.

MIN. NO. SEN/CPICSF/268/2023 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Hamida Kibwana Ali, MP and seconded by Sen. Miraj Abdullahi Abdulrahman, MP, as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Administration of oath of witness and tabling of documents;
4. Meeting with the County Executive of Kilifi to consider Reports of the Auditor-General on the Financial Statements of Malindi Water and Sewerage Company Limited and Kilifi-Mariakani Water and Sewerage Company Limited for Financial Years 2018/19, 2019/20 and 2020/21;
5. Any Other Business; and
6. Date of the Next Meeting and Adjournment.

MIN. NO. SEN/CPICSF/269/2023 ADMINISTRATION OF OATH AND TABLING OF DOCUMENTS

The Governor of Kilifi County took Oath of Witness and tabled the Management responses and supporting documents for audit reports of the Malindi Water and Sewerage Company Limited and Kilifi-Mariakani Water and Sewerage Company Limited for Financial Years 2018/2019, 2019/2020 and 2020/2021.

MIN. NO. SEN/CPICSF/270/2023 MEETING WITH THE COUNTY EXECUTIVE OF KILIFI TO CONSIDER

SEWERAGE COMPANY LIMITED FOR FINANCIAL YEARS 2018/19, 2019/20 AND 2020/21, HELD ON THURSDAY, 27TH APRIL, 2023 AT THE IMPALA ROOM, FIRST FLOOR, KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) AT 10.00 A.M.

PRESENT

- | | |
|---|----------------------|
| 1. Sen. Godfrey Atieno Osotsi, MP | - Chairperson |
| 2. Sen. Ledama Olekina, MP | - Member |
| 3. Sen. William Kipkemoi Kisang, MP | - Member |
| 4. Sen. Paul Karungo Thangwa, MP | - Member |
| 5. Sen. Eddy Gicheru Oketch, MP | - Member |
| 6. Sen. Maureen Tabitha Mutinda, MP | - Member |
| 7. Sen. Hamida Kibwana Ali, MP | - Member |
| 8. Sen. Miraj Abdullahi Abdulrahman, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|---|---------------------------|
| Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP | - Vice-Chairperson |
|---|---------------------------|

IN ATTENDANCE

- | | |
|---|--------------------------|
| Sen. (Rtd) Justice Stewart Madzayo, CBS, MP | - Senator, Kilifi County |
|---|--------------------------|

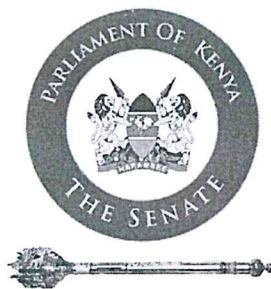
SECRETARIAT

- | | |
|------------------------|----------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Mr. Erick Njogu | - Clerk Assistant III |
| 4. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 5. CPA. Kennedy Owuoth | - Fiscal Analyst |
| 6. Mr. Josphat Ng'enh | - Media Relations officer. |
| 7. Ms. Winfred Ocholla | - Audio officer |
| 8. Mr. Patrick Ngenoh | - Procurement officer |
| 9. Mr. Andrew Nyairo | - Legal counsel |
| 10. Ms. Raisa Mwithi | - Research Officer |
| 11. Mr. Matano Kataa | - Research Officer |
| 12. Mr. Josphat Ng'enh | - Media Relations Officer. |
| 13. Mr. John Pere | - Serjeant-at-arms |

IN ATTENDANCE

A. COUNTY GOVERNMENT OF KILIFI

- | | |
|-----------------------------|-----------------------------------|
| 1. Hon. Gideon Mung'aro | - Governor |
| 2. Mrs. Yaye Shosi Ahmed | - CECM- Finance Economic Planning |
| 3. Mr. Omar Said Omar | - CECM – Water |
| 4. Mr. Ezekiah Nguma Mwarua | - CO, Water |



13TH PARLIAMENT 2ND SESSION

MINUTES OF THE FORTY FOURTH SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE WITH THE COUNTY EXECUTIVE OF KILIFI TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF MALINDI WATER AND SEWERAGE COMPANY LIMITED AND KILIFI MARIAKANI WATER AND

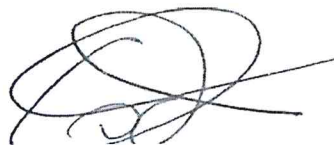
- a. Reviewing its Human Resources Management to introduce performance contracting for all staff including the top management;
 - b. Reconstituting the Board of Directors; and
 - c. Mapping all the assets of the company.
- iv). The County Government in collaboration with the County Assembly to enact a water legislation to support operations of the water company;
- v). Within 14 days from the date of the meeting, the management to prepare and submit to the Committee comprehensive mitigation measures on how they intend to address the issues of Non-revenue Water (NRW), both the Commercial and Physical losses. The NRW stood at 60%, which is way above the 25% recommended threshold as per WASREB Guidelines. Further, the Governor to collaborate with the Ethics and Anticorruption Commission (EACC) to put in place corruption preventive measures to deal with activities that may lead to high Non-Revenue Water;
- vi). The management to provide evidence of communication with Tana Athi Water in its bid to secure ownership of various assets in favour of the water company; and
- vii). The management to update the Asset Register of the water company in line with the format prescribed by the Public Sector Accounting Sector Standards Board.

MIN. NO. SEN/CPICSF/296/2023 ANY OTHER BUSINESS

The Committee received a letter from Hon. Eric Muchina, MCA Kerugoya Ward, Kirinyaga County raising allegations of abuse of Office and Financial Impropriety at Kirinyaga Water and Sewerage Company Limited. The Committee noted that the issues raised in the said letter did not relate to audit matters before the Committee. The Committee resolved to consider the contents of the letter in its subsequent meetings.

MIN. NO. SEN/CPICSF/297/2023 DATE OF NEXT MEETING & ADJOURNMENT

The Chairperson adjourned the meeting at nine minutes to three o'clock in the afternoon. The next meeting would be held on Thursday, 18th May, 2023 at 10:00 am.



11/4/2024

SIGNED: DATE:

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, MP.)

2. Non Gazettement of Board of Directors	<p>The Company had seven (7) board members serving during the year ended 30 June, 2021. However, as at the time of audit, the Board of Directors had not been gazetted.</p>	<p>The Committee observed that the water company was not in compliance with the Mwongozo Guidelines with respect to gazettment of the Board of Director.</p> <p>The Committee directed the Governor to ensure that the water company complies with the Mwongozo Guidelines.</p> <p>The Auditor-General to review the matter and provide a status update in the subsequent audit cycle</p> <p>The query remains unresolved.</p>
3. Long Outstanding Staff Imprest	<p>There were long outstanding imprests of Kshs.3,847,011 that have remained unrecovered for periods exceeding six (6) months.</p> <p>Further, eight (8) officers were issued with more than one imprest totalling Kshs.1,418,770 without surrendering the earlier issued imprests, contrary to Section 92(8) of Public Finance Management (County Governments) Regulations, 2015.</p>	<p>The Committee directed Governor to submit a list of staffs owing the Company and detailed plan on how they intend to recover the monies within fourteen (14) days.</p> <p>The query remained unresolved.</p>

Interventions and Resolutions

That the Committee having considered the issues raised by the Office of the Auditor-General on the Financial Statements of Kirinyaga Water and Sewerage Company Limited for Financial Years 2018/19, 2019/20 and 2020/21, it noted that the company had management challenges as demonstrated by the numerous unresolved matters and directed as follows -

- i). The Governor take keens interest in the operations and management of the water company in line with Article 179 of the Constitution;
- ii). The Governor ensures registration and full ownership of the water company in favour of the County Government in line with the provisions of the Water Act 2016;
- iii). Within 60 days from the date of the meeting, the Governor undertakes total restructuring of the water company by

1. Budgetary Control and Performance	<p>There was unrealised revenue collection of Kshs. 39,353,871 and an under absorption Kshs. 31,142,020, hampering service delivery to the people of Kirinyaga.</p>	<p>The Committee observed that there was an under collection and under absorption of the budget by the water company which could have affected service delivery by the water company.</p> <p>The Committee directed the Accounting Officer exert budgetary control measures in line with regulation 42(1)(b) of the Public Finance Management (County Governments) Regulations 2015, such as instituting proper and realistic budget planning as well as measures to improve revenue.</p> <p>The Auditor-General to confirm the effectiveness of the mitigating measures put in place by the water company and provide a status update in the subsequent audit cycle.</p> <p>Query remained unresolved.</p>
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES		
1. Non-Revenue Water	<p>The Non-Revenue Water stood at 60%, that is 35 percentage points above the sector benchmark of 25% as per the WASREB guidelines.</p>	<p>The Committee directed the Governor of Kirinyaga County to ensure the water company submitted to the Committee and the Auditor-General comprehensive measures on how it intended to tackle the high Non-Revenue Water, clearly indicating how both the physical and the Commercial losses would be addressed within 14 days from the date of the meeting.</p> <p>The query remains unresolved.</p>

1. Long Outstanding Receivables	<p>Salary advances of Kshs. 1,134,473 and Kshs. 170,114 for staff loans to four (4) former officers to purchase laptops had no support documentation including approvals and evidence that the Management has initiated recovery of the salary advances.</p>	<p>The Committee observed that the water company had recovered Kshs. 919,340 out of the salary advance of Kshs. 1,134,473, leaving an outstanding unrecovered debt of Kshs. 208,465. The Committee also observed that loans amounting to Kshs. 170,114 were advance to 4 former officer ad that it was yet to be recovered.</p> <p>The Committee directed the Governor to ensure that the water company institute measures to recover the outstanding balances and submit evidence of the same to the Auditor-General for verification. The Auditor-General to provide a status update on the matter in the subsequent audit cycle.</p> <p>The query remains unresolved.</p>
2. Unsupported Property, Plant and Equipment	<p>The accuracy, ownership and completeness of the property, plant and equipment balance of Kshs. 98,644,815 as at 30 June could not be ascertained as –</p> <ul style="list-style-type: none"> i. the amount was not supported by an updated asset register and the assets had not been valued for a long time. ii. Ownership documents for assets were not provided for audit. 	<p>The Committee observed that the Kshs. 98,644,815 in respect of property, plant and equipment was not supported by an updated asset register and other asset ownership documents.</p> <p>The Committee directed the Governor to ensure that the water company secures full ownership of all assets and submit an updated fixed asset register in the required format as prescribed by the Public Sector Accounting Standards Board within 14 days from the date of the meeting.</p> <p>The query remains unresolved.</p>
KEY AUDIT MATTERS		

6. Date of the Next Meeting and Adjournment

MIN. NO. SEN/CPICSF/294/2023

**ADMINISTRATION OF OATH OF WITNESS
AND TABLING OF DOCUMENTS**

The Governor of Kirinyaga County took oath of witness and tabled the management responses and supporting documents for the audit reports of the Kirinyaga County Water and Sanitation Company Limited for Financial Years 2018/2019, 2019/2020 and 2020/2021.

MIN. NO. SEN/CPICSF/295/2023

**MEETING WITH KIRINYAGA COUNTY
EXECUTIVE TO CONSIDER THE AUDITOR
GENERAL'S REPORT ON THE FINANCIAL
STATEMENTS OF KIRINYAGA WATER
AND SANITATION COMPANY FOR THE
FINANCIAL YEARS 2018/2019, 2019/2020 AND
2020/2021**

The Office of the Auditor-General indicated that the following queries had since been addressed by the management -

Report on the Financial Statements for the Financial Year 2020/2021

- a. Inaccuracies in the Financial Statements;
- b. Statement of Changes in Equity;
- c. Misstatement of Water Sales;
- d. Trade and Other Receivables;
- e. Unsupported Water Bills Adjustments;
- f. Cash and Cash Equivalents;
- g. Unsupported Short-Term Loan; and
- h. Statement of Comparison of Budget and Actual Amounts.

Other matter

- a. Movement of Conditional Liquidity Grants to Deferred Income Without Approved Budget; and
- b. Progress on Follow-up of Prior Year Audit Matters.

The Following queries were interrogated for the Financial Year 2020/2021

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations

IN ATTENDANCE

A. COUNTY EXECUTIVE OF KIRINYAGA

- | | |
|--------------------------|--------------------------------|
| 1. Hon. Ann Waiguru | - Governor |
| 2. Mrs. Jacqueline Njogu | - CECM Finance |
| 3. Mr. James Kihia | - Board Chairperson |
| 4. Mrs. Jane Murage | - Ag. Fm KIRIWASCO |
| 5. CPA Edward Nyaga | - Co. Finance |
| 6. Mr. Carilns Otieno | - Co. Planning and Procurement |
| 7. Mr. Peter Murimi | - Co. Water |
| 8. Mr. Joseph Mwangi | - Internal Auditor KIRIWASCO |
| 9. Mr. Anthony Munene | - Political advisor |
| 10. Mr. Lawrence Muchira | - County Director Budget |
| 11. Mr. Steven Gikonyo | - Kirinyaga |
| 12. Mr. Jared Wachira | - Kirinyaga |

B. OFFICE OF THE AUDITOR GENERAL

- | | |
|-------------------------|----------------------------|
| 1. Mr. Peter M. Gitonga | - Deputy Director Audit |
| 2. Mr. James Njeru | - Deputy Director of Audit |
| 3. Mr. Fredrick Kitili | - Manager Audit |

C. ETHICS AND ANTI-CORRUPTION COMMISSION

- | | |
|--------------------|-------------------------|
| Mr. Patrick Kinoti | - Liaison Officer, EACC |
|--------------------|-------------------------|

MIN. NO. SEN/CPICSF/292/2023 PRAYER

The meeting was called to order by the Chairperson at twenty-two minutes past eleven O'clock followed by a word of prayer.

MIN. NO. SEN/CPICSF/293/2023 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Paul Karungo Thang'wa, MP and seconded by Sen. Miraj Abdullahi Abdulrahman, MP, as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Administration of oath of witness and Tabling of Documents;
4. Meeting with the County Executive of Kirinyaga to consider Reports of the Auditor-General on the Financial Statements of the Kirinyaga Water and Sanitation Company Limited for Financial Years 2018/2019, 2019/2020 and 2020/2021;
5. Any Other Business; and



13TH PARLIAMENT 2ND SESSION

MINUTES OF THE FORTY EIGHTH SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE WITH THE COUNTY EXECUTIVE OF KIRINYAGA TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENT OF THE KIRINYAGA WATER AND SEWERAGE COMPANY FOR FINANCIAL YEARS 2018/2019, 2019/2020 AND 2020/2021, HELD ON WEDNESDAY, 17TH MAY, 2023 AT THE VIP LOUNGE, FIRST FLOOR, KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) AT 11.00 A.M.

PRESENT

- | | |
|---|----------------------|
| 1. Sen. Godfrey Atieno Osotsi, MP | - Chairperson |
| 2. Sen. Paul Karungu Thangwa, MP | - Member |
| 3. Sen. Eddy Gicheru Oketch, MP | - Member |
| 4. Sen. Miraj Abdillahi Abdulrahman, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|--|---------------------------|
| 1. Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP | - Vice-Chairperson |
| 2. Sen. Ledama Olekina, MP | - Member |
| 3. Sen. William Kipkemoi Kisang, MP | - Member |
| 4. Sen. Hamida Kibwana Ali, MP | - Member |
| 5. Sen. Maureen Tabitha Mutinda, MP | - Member |

SECRETARIAT

- | | |
|------------------------|----------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Mr. Erick Njogu | - Clerk Assistant III |
| 4. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 5. Mr. Kennedy Owuoth | - Fiscal Analyst |
| 6. Ms. Raisa Mwithi | - Researcher officer |
| 7. Mr. Andrew Nyairo | - Legal counsel |
| 8. Ms. Winfred Ocholla | - Audio officer |
| 9. Mr. Josphat Ng'enh | - Media Relations Officer. |
| 10. Mr. John Pere | - Serjeant-At-arms |

Further, the Office of the Auditor-General to report on the matter in the subsequent audit cycle; and

- iii). Noting that the water company had high trade receivables in the financial year under review, the Committee, within 30 days from the date of the meeting, directed, the County Government to put in place a Debt Recovery Plan and the same be submitted to Office of the Auditor General for verification.

MIN. NO. SEN/CPICSF/546/2023

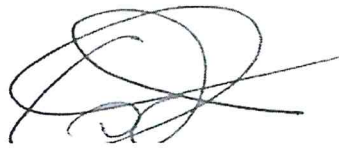
ANY OTHER BUSINESS

There was no other business.

MIN. NO. SEN/CPICSF/547/2023

**DATE OF NEXT MEETING &
ADJOURNMENT**

The Chairperson adjourned the meeting at fifteen minutes past two o'clock in the afternoon. The next meeting would be held on Thursday, 3rd, August, 2023 at 9:00 am.



11/4/2024

SIGNED: DATE:

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, MP.)

		<p>within 3 days from the date of the meeting for audit review.</p> <p>Query remains unresolved.</p>
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The Following queries were interrogated for the Financial Year 2019/20

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
3. Lack of Service Provision Agreement	The Company did not have an operating licence.	<p>The Committee observed that the water company had obtained an operating licence from the Water Services Regulatory Board.</p> <p>Query was marked as resolved.</p>

Interventions and Resolutions

Having considered the issues raised by the Auditor-General on the Financial Statements of Iten - Tambach Water and Sanitation Company Limited for Financial Years under review, the Committee directed as follows -

- i).The Committee noted that the Non-Revenue Water stood at 32% that is 7 percentage points above the sector benchmark of 25% as per the Water Services Regulatory Board (WASREB) guidelines. The Committee, within 60 days from the date of the meeting, directed the County Government to put in place clear and actionable measures on how the water company intends to tackle the high Non-Revenue Water, clearly indicating how both physical and commercial losses will be addressed and a report on the same to be filed with the committee and the Office of the Auditor-General to verify the measures and report on their effectiveness in the subsequent audit cycle;
- ii).Noting that the County Government was not in possession of ownership documents of a parcel of land hosting the water company and other public facilities and that the status had remained the same for over 10 years, the Committee, within 30 days from the date of the meeting, directed the County Government to obtain the relevant ownership documents of the said land and submit evidence of the same to the Office of the Auditor-General for varication.

<p>2. Non-Disclosure of Value and Ownership of Land</p>	<p>i. Non-disclosure in financial statements of value of land which the water company buildings are built.</p> <p>ii. Failure to provide ownership documents for the said land.</p>	<p>The Committee observed that –</p> <p>i. the value of land on which the buildings are built was not disclosed in the financial statements.</p> <p>ii. The water did not have a title deed for the said piece of land.</p> <p>The Committee directed the Governor to finalize on the process of acquiring full ownership of the said piece of land within 30 days from the date of the meeting and submit a copy of the same to the Auditor-General for verification.</p> <p>The Accounting Officer to maintain an updated and accurate fixed asset register and submit evidence of the same to the Auditor-General within 30 days from the date of the meeting for verification.</p> <p>Auditor-General to provide a status update on the matter in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>
<p>3. Trade Receivables</p>	<p>The trade receivables increased by Kshs. 4,625,822 from a balance of Kshs. 22,895,027 in the 2019/2020 financial year to Kshs. 27,520,849 in 2020/2021 financial year. No explanation was given for increase and failure to collect the debts. Kshs. 18,136,387 had been outstanding for more than 180 days.</p>	<p>The Committee observed that was an unexplained increase in the trade receivables and that the water company had not demonstrated any efforts to recover the debts. Further the water company had not provided a debtors schedule for audit review</p> <p>The Committee directed that within 30 days from the date of the meeting, the Accounting Officer to put in place comprehensive debt recovery measures to recover money owed to the company and submit evidence of the same to the Auditor-General for audit review. The Committee also directed the Governor to ensure that the water company puts in place a debt management policy and submit the same to the Auditor-General</p>

MIN. NO. SEN/CPICSF/544/2023

**ADMINISTRATION OF OATH OF WITNESS
AND TABLING OF DOCUMENTS**

The Governor of Elgeyo Marakwet County took Oath of Witness and tabled the Management responses and supporting documents for the audit reports of Iten - Tambach Water and Sewerage Company Limited for the Financial Years 2018/19, 2019/20 and 2020/21.

MIN. NO. SEN/CPICSF/545/2023

**MEETING WITH THE COUNTY
EXECUTIVE OF ELGEYO MARAKWET TO
CONSIDER REPORTS OF THE AUDITOR-
GENERAL ON THE FINANCIAL
STATEMENTS OF THE ITEN – TAMBACH
WATER AND SEWERAGE COMPANY
LIMITED FOR THE FINANCIAL YEARS
2018/2019, 2019/2020 AND 2020/2021**

The Following queries were interrogated for the Financial Year 2020/2021

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
1. Non – Revenue Water	The Non-Revenue Water for the company was 32%, that is 7 percentage points above the sector benchmark as per the Water Services Regulatory Boars (WASREB).	<p>The Committee observed that the company's Non-Revenue Water exceeded the sector benchmark threshold and that the mitigating measures put in place by the water company to address the matter were inadequate.</p> <p>The Committee directed the Governor to ensure that within 60 days from the date of the meeting, the water puts in place comprehensive measures to mitigate the Non-Revenue Water that is, both the physical and commercial losses. The measures to include replace of old dilapidated pipes, installation of smart metres and application of GIS systems to track bursts and leakages real-time among other measures.</p> <p>Query remains unresolved.</p>

IN ATTENDANCE

A. ELGEYO/MARAKWET COUNTY EXECUTIVE

- | | |
|-------------------------|--------------------------|
| 1. Hon. Wisley Rotich | - Governor |
| 2. Mr. Jason Lagat | - CECM Water |
| 3. Mr. Fredrick Linyewa | - Chair ITWASCO |
| 4. Mr. Alphanus Tanui | - CECM Finance |
| 5. Mr. Paul Yator | - MD ITWASCO |
| 6. Mr. Jeremiah Kigen | - CFM ITWASCO |
| 7. Mr. Henry Ego | - Communications officer |

B. OFFICE OF THE AUDITOR GENERAL

- | | |
|------------------------|-------------------|
| 1. Mr. Mark Gachanja | - Liaison officer |
| 2. Mr. Bonface Ong'wen | - NRRO |

C. THE NATIONAL TREASURY

- | | |
|--------------------|-------------------|
| Dr. Jackson Ndungu | - Liaison Officer |
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D. ETHICS AND ANTI-CORRUPTION COMMISSION

- | | |
|--------------------|-------------------|
| Mr. Patrick Kinoti | - Liaison Officer |
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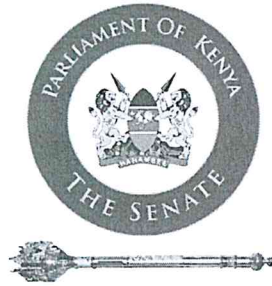
MIN NO. SEN/CPICSF/542/2023 PRAYER

The meeting was called to order by the Chairperson at ten minutes one O'clock followed by a word of prayer.

MIN NO. SEN/CPICSF/543/2023 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Eddy Gicheru Oketch, MP and seconded by Sen. Maureen Tabitha Mutinda, MP, as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Administration of oath of witness and Tabling of Documents;
4. Meeting with the County Executive of Elgeyo Marakwet to consider Reports of the Auditor-General on the Financial Statements of the Iten - Tambach Water and Sewerage Company Limited for Financial Years 2018/2019, 2019/2020 and 2020/2021;
5. Any Other Business; and
6. Date of the Next Meeting and Adjournment.



13TH PARLIAMENT 2ND SESSION

MINUTES OF THE NINETIETH SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE WITH THE COUNTY EXECUTIVE OF ELGEYO MARAKWET TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENT OF ITEN - TAMBACH WATER AND SEWERAGE COMPANY LIMITED FOR FINANCIAL YEARS 2018/2019, 2019/2020 AND 2020/2021 HELD ON TUESDAY, 1ST AUGUST, 2023 IN THE SMALL DINNING, NEW WING, MAIN PARLIAMENT AT 11.00 A.M.

PRESENT

- | | |
|--|-----------------------------|
| 1. Sen. Godfrey Atieno Osotsi, MP | - Chairperson |
| 2. Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP | - Vice-Chairperson |
| 3. Sen. Ledama Olekina, MP | - A friend of the Committee |
| 4. Sen. William Kipkemai Kisang, MP | - Member |
| 5. Sen. Paul Karungu Thangwa, MP | - Member |
| 6. Sen. Eddy Gicheru Oketch, MP | - Member |
| 7. Sen. Miraj Abdillahi Abdulrahman, MP | - Member |
| 8. Sen. Maureen Tabitha Mutinda, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|--------------------------------|----------|
| 9. Sen. Hamida Kibwana Ali, MP | - Member |
|--------------------------------|----------|

SECRETARIAT

- | | |
|------------------------|----------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Mr. Erick Njogu | - Clerk Assistant III |
| 4. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 5. CPA Kennedy Owuoth | - Fiscal Analyst |
| 6. Ms. Raisa Mwithi | - Researcher officer |
| 7. Mr. Kataa Matano | - Researcher officer |
| 8. Mr. Andrew Nyairo | - Legal counsel |
| 9. Ms. Winfred Ocholla | - Audio officer |
| 10. Mr. Josphat Ng'enh | - Media Relations Officer. |
| 11. Mr. James Ngusya | - Serjeant-At-arms |

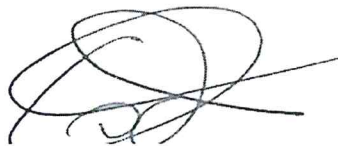
vii).The Committee observed that the water company reported a negative working capital in the financial year under review indicating that it was unable to meet its short term and long-term obligations as they fall due thus relying on financial support from the County Executive. The County Government and management sustainability and, within 60 days from the date of the meeting, puts in place strategic and innovative measures for the recovery and boosting the financial health of the water company for self-sustainability, and file a report with the committee and Office of the Auditor-General.

MIN. NO. SEN/CPICSF/522/2023 ANY OTHER BUSINESS

The secretariat was directed to obtain the report by the Busia County Assembly's County Public Accounts and Investments Committee on the consideration of the audit reports of the water company for information.

MIN. NO. SEN/CPICSF/523/2023 DATE OF NEXT MEETING & ADJOURNMENT

The Chairperson adjourned the meeting at twenty minutes to one o'clock in the afternoon. The next meeting would be held on Monday, 31st July, 2023 at 9:30 am.



11/4/2024

SIGNED: DATE:

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, MP.)

		Query remains unresolved.
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Interventions and Resolutions

Having considered the issues raised by the Office of the Auditor General on the Financial Statements of Busia Water and Sewerage services Company Limited for the Financial Years under review, the Committee resolved as follows;

- i). The Governor to take keen interest on the management and operations of Busia Water and Sewerage services Company Limited in line with article 179 of the Constitution;
- ii). The Governor, within 60 days from the date of the meeting, takes immediate steps to ensure that Busia Water Company is fully owned by the County Government in line with the Water Act, 2016, the Water Services Regulatory Board (WASREB) guidelines and any other guiding laws.
- iii). The Governor to constitute the Board of Directors of the Water Company in line with the Water Act, 2016 and regulation 10 of Water Services Regulations, 2021. once the Board is properly constituted it should regularize the appointment of the Managing Director in line with Regulation 11 of the Water Services Regulations, 2021. Further, the Governor to introduce of performance contracting for all employees to improve productivity;
- iv). The management to maintain an updated Asset Register in the format prescribed by National Treasury and the provisions of Section 136 (1) of the Public Finance Management (County Government) Regulations, 2015 and a copy of the same submitted to the committee within 60 days from the date of the meeting;
- v). The Committee noted that Non-Revenue Water stood at 67 percent for the year under review, that is, 42 percentage points above the recommended sector benchmark of 25 percent as required by Water Services Regulatory board guidelines. The County Government of Busia, within 60 days from the date of the meeting, to put in place a comprehensive plan on how to tackle the high Non-Revenue Water, clearly indicating how both physical and commercial losses will be addressed and a report to be filed with the Committee. Further, the Office of the Auditor-General to verify the measures and report on their effectiveness in the next audit cycle;
- vi). The County Government of Busia, within 14 days from the date of the meeting, to provide a debtors' schedule to the committee and Office of the Auditor-General; and

		<p>Accounting Standards Board; and</p> <p>iii. The Auditor-General to review the matter and provide a status update in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>
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The Following queries were interrogated for the Financial Year 2018/2019

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
<p>2. Material Uncertainty in Relation to Going Concern</p>	<p>The water company had a negative working capital of Kshs. 1,545,558 as its current liabilities of Kshs 64,560,804 exceeded its current assets of Kshs. 63,015,246. The debtors balance Kshs. 57,047,701 surpassed the years sales of Kshs. 42,718,135</p>	<p>The Committee observed that the water company was technically insolvent that its existence was dependent on allocations from the County Government and its creditors. The Committee further observed that measures put in place by the water company to reserve the undesirable financial position were inadequate.</p> <p>The Committee directed the Governor to ensure that the management of the water company, within 60 days from the date of the meeting, puts in place strategic and innovative measures for the recovery and boosting the financial health of the water company for self-sustainability, and file a report with the committee and the Auditor-General. The Auditor-General to review the matter and provide a status update in the subsequent audit cycle.</p>

		<p>systems to detect bursts real-time among others.</p> <p>The Auditor-General to review the measures put in place to ascertain their effectiveness and provide a status update in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>
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The Following queries were interrogated for the Financial Year 2019/2020

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
1. Property, Plant, and Equipment	<ul style="list-style-type: none"> i. The Accounting Officer did not provide a updated fixed asset register for audit review. ii. The assets movement schedule as disclosed in note 13 to the financial statements did not include the value of land and buildings. iii. The Service Provision Agreement between the water company and the Lake Victoria North Water Works Development Agency (LVNWWDA) did not specify the land sizes and valuation on which the various water scheme under which the water company operate from. 	<p>The Committee observed that the Accounting Officer failed to –</p> <ul style="list-style-type: none"> i. provide an updated fixed Asset Register for audit review at the time of audit. ii. Provide the value of land and building in the company's asset movement schedule. <p>The Committee further observed that some of the company's assets were yet to be handed over to the water company by the LVNWWDA.</p> <p>The Committee directed that</p> <ul style="list-style-type: none"> i. within 60 days from the date of the meeting, the Governor and the Board of Director to engage LVNWWDA and ensure that the water company takes full ownership of all its assets; ii. the Accountin Officer to maintain an updated affixed asset register in the format prescribed by the Public Sector

		<p>The Committee to review the matter in the subsequent audit cycle.</p> <p>Query remains unresolved.</p>
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES		
1. Lack of Legal Instruments	<p>The ownership status of the water company could not be confirmed as the Accounting Officer failed to provide the certificate of share capital and Memoranda and Articles of Association for audit review.</p>	<p>The Committee observed that management did not provide copies of share certificates, memorandum of Association and Articles of Association for audit review at the time of audit. However, the documents were later provided and an examination of the same revealed that the water company was yet to be fully owned by the County Government of Busia.</p> <p>The Committee directed that within 60 days from the date of the meeting, the Governor of Busia County to ensure that the water company is full owned by the County Government of Busia in line with the Water Act, 2016 and Water Services Regulatory Board (WASREB) guidelines. The Committee to review the matter in the subsequent audit cycles.</p> <p>Query remains unresolved.</p>
2. Non – Revenue Water	<p>The water company's Non-Revenue Water stood at 67%, that is 42 percentage points above the sector benchmark of 25% as per the WASREB guidelines.</p>	<p>The Committee observed that the Non-Revenue Water was very high and that the mitigating measures taken by the water company were inadequate. The Committee directed the Governor to put in place comprehensive mitigating measures to address both the physical and the commercial losses. The measures to include replacement of the old, dilapidated pipes and installation of smart meters and deployment of GIS</p>

4. Meeting with the County Executive of Busia to consider Reports of the Auditor-General on the Financial Statements of the Busia Water and Sewerage Services Company Limited for Financial Years 2018/2019, 2019/2020 and 2020/2021;
5. Any Other Business; and
6. Date of the Next Meeting and Adjournment.

**MIN. NO. SEN/CPICSF/520/2023 ADMINISTRATION OF OATH OF WITNESS
AND TABLING OF DOCUMENTS**

The Governor of Busia County took Oath of Witness and tabled the Management responses and supporting documents for the audit reports of Busia Water and Sewerage Services Company Limited for the Financial Years 2018/19, 2019/20 and 2020/21.

**MIN. NO. SEN/CPICSF/521/2023 MEETING WITH COUNTY EXECUTIVE
BUSIA TO CONSIDER REPORTS OF THE
AUDITOR-GENERAL ON THE FINANCIAL
STATEMENTS OF BUSIA WATER AND
SEWERAGE SERVICES COMPANY
LIMITED FOR THE FINANCIAL YEARS
2018/2019, 2019/2020 AND 2020/2021**

The Following queries were interrogated for the Financial Year 2020/2021

REPORT ON THE FINANCIAL STATEMENTS		
Audit Query	Concern	Observation and Recommendations
1. Lack of Fixed Assets Register	<ol style="list-style-type: none"> i. The Accounting Officer did not provide a fixed asset register audit review. ii. Land and buildings of an undetermined value were captured in the company's asset movement schedule as reflected in note 12 to the financial statement. 	<p>The Committee observed that the Accounting Officer failed to –</p> <ol style="list-style-type: none"> i. provide an updated fixed Asset Register for audit review at the time of audit. ii. Provide the value of land and building in the company's asset movement schedule. <p>The Committee directed the Accounting Officer to ensure that the water company carries out a valuation of all its assets within 60 days from the date of the meeting and submit an updated fixed asset register to the Committee and the Auditor-General for audit review.</p>

- | | |
|--------------------------|----------------------------|
| 9. Ms. Winfred Ocholla | - Audio officer |
| 10. Mr. Josphat Ng'enhoh | - Media Relations Officer. |
| 11. Mr. John Pere | - Serjeant-At-arms |
| 12. Mr. Holifield Murimi | - Attachee |

IN ATTENDANCE

A. COUNTY EXECUTIVE OF BUSIA

- | | |
|---------------------------|-------------------------------|
| 1. Hon. Dr. Paul Otuoma | - Governor |
| 2. Mr. Arthur Odera | - Deputy Governor, CECM Water |
| 3. Ms. Topister Wanyama | - CECM Finance |
| 4. Mr. Erick Nakitari | - MD BUWASSCO |
| 5. Mr. Gypsum Wajala | - Chief Officer – Finance |
| 6. Hon. Dr. Bonface Erute | - Chairperson CPAIC |
| 7. Hon. David Karani | - CPAIC Member |
| 8. Mrs. Margret Wanyama | - Director Liason |
| 9. Mr. Dancan Kwena | - Revenue Officer |
| 10. Mrs. Miriam Okumu | - Accounts Assistant |
| 11. Mr. Elijah Mwaro | - Ag. County Secretary |
| 12. Mr. Alphonse Okwera | - Clerk Asst. CPAIC |

B. OFFICE OF THE AUDITOR GENERAL

- | | |
|-----------------------|-----------------------|
| 1. Mr. Fred Abugah | - Ag. Director, Audit |
| 2. Mr. Mark Gachanja | - Liaison officer |
| 3. Mr. Patrick Kimani | - Principal Auditor |

C. ETHICS AND ANTI-CORRUPTION COMMISSION

- | | |
|--------------------|-------------------------|
| Mr. Patrick Kinoti | - Liaison Officer, EACC |
|--------------------|-------------------------|

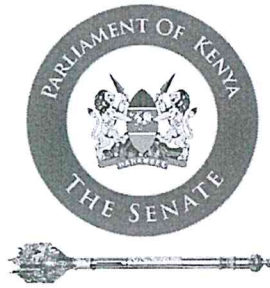
MIN NO. SEN/CPICSF/518/2023 PRAYER

The meeting was called to order by the Chairperson at thirty minutes past nine O'clock followed by a word of prayer.

MIN NO. SEN/CPICSF/519/2023 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. William Kipkemai Kisang, MP, as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Administration of Oath of Witness and Tabling of Documents;



13TH PARLIAMENT 2ND SESSION

MINUTES OF THE EIGHTY SIXTH SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE WITH THE COUNTY EXECUTIVE OF BUSIA TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENT OF THE BUSIA WATER AND SEWERAGE SERVICES COMPANY LIMITED FOR FINANCIAL YEARS 2018/2019, 2019/2020 AND 2020/2021 HELD ON THURSDAY, 27TH JULY, 2023 AT THE SHIMBA HILLS HALL, FIRST FLOOR, KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) AT 9.30 A.M.

PRESENT

- | | |
|--|--------------------|
| 1. Sen. Godfrey Atieno Osotsi, MP | - Chairperson |
| 2. Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP | - Vice-Chairperson |
| 3. Sen. William Kipkemoi Kisang, MP | - Member |
| 4. Sen. Eddy Gicheru Oketch, MP | - Member |
| 5. Sen. Hamida Kibwana Ali, MP | - Member |
| 6. Sen. Maureen Tabitha Mutinda, MP | - Member |
| 7. Sen. Miraj Abdillahi Abdulrahman, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|----------------------------------|----------|
| 8. Sen. Paul Karungo Thangwa, MP | - Member |
|----------------------------------|----------|

IN ATTENDANCE

- | | |
|----------------------------|--------------------------|
| 1. Sen. Okiyah Omtatah, MP | - Senator Busia County |
| 2. Sen. Edwin Sifuna, MP | - Senator Nairobi County |

SECRETARIAT

- | | |
|-----------------------|-----------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. David Angwenyi | - Clerk Assistant I |
| 3. Mr. Erick Njogu | - Clerk Assistant III |
| 4. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 5. CPA Kennedy Owuoth | - Fiscal Analyst |
| 6. Ms. Raisa Mwithi | - Researcher officer |
| 7. Mr. Kataa Matano | - Researcher officer |
| 8. Mr. Andrew Nyairo | - Legal counsel |

ANNEX I: MINUTES OF THE COMMITTEE