

# REPUBLIC OF KENYA

## COUNTY ASSEMBLY OF UASIN GISHU

### THE HANSARD

Tuesday, 22<sup>nd</sup> September, 2021

The House met at Assembly Chambers at 11:15 am

*[The Deputy Speaker (Hon. Hosea Korir) in the chair]*

### PRAYER

**The Deputy Speaker** (Hon. Hosea Korir):

Clerk!

### COMMUNICATION FROM THE CHAIR

#### COMMITTEE ON HEALTH MEETING

**The Deputy Speaker** (Hon. Hosea Korir): Honourable Members, it has come to attention through the chair of health, over an issue that arose yesterday. I kindly request the committee on Health, immediately after this session to remain behind so that we can handle an issue administratively, over yesterday's committee session. Stand guided, members to that committee.

Clerk

### PAPERS LAID

#### UASIN GISHU COUNTY EXECUTIVE MORTGAGE AND CAR LOAN SCHEME FUND

**The Deputy Speaker** (Hon. Hosea Korir): Honourable Ramadhan Ali.

**Hon. Werambo:** Thank you, Mr. Speaker. I would wish to present the paper:

The Sixth Report of the Public Accounts Committee on Auditor General's Report on the Financial Statements of Uasin Gishu County Executive Mortgage and Car Loan Scheme Fund for the Year Ended 30<sup>th</sup> June, 2018. Thank you.

*(Hon. Ramadhan Werambo laid paper on the Table of the Assembly)*

**The Deputy Speaker** (Hon. Hosea Korir): Thank you, Hon. Ramadhan. You are tabling papers. Going forward we will be tabling papers not the report. The paper has been tabled, Honourable Members, and before we proceed to our next order, I want to seek your indulgence there was one communication.

## COMMUNICATION FROM THE CHAIR

### STAFF ESTABLISHMENT REPORT

**The Deputy Speaker** (Hon. Hosea Korir): Staff establishment report, the County executive through the County Public Service Board, having prepared the above, has forwarded to us for transmission. This was a request that was done by the committee and this has been committed to the chair, Public Service Management. The leadership of the chair proposes staff establishment and the rest. Honourable Members, I think this is very important that it should be considered within the shortest time possible so that it can enable some departments to be created and some staff to fill. I therefore direct this to the committee on Public Service Management. Thank you.  
Proceed, chair.

## NOTICE OF MOTION

### UASIN GISHU COUNTY EXECUTIVE MORTGAGE AND CAR LOAN SCHEME FUND

**The Deputy Speaker** (Hon. Hosea Korir): Honourable Ramadhan Ali.

**Hon Werambo:** Thank you, chair. I wish to give the notice of motion:

**That** this County Assembly do adopt the Committee on Public Accounts Sixteenth Report of the Auditor General's Report on the Financial Statements of Uasin Gishu County Executive Mortgage and Car Loan Scheme Fund for the Year Ended 30<sup>th</sup> June, 2018 dated 21<sup>st</sup> September, 2021 and tabled in this Honorable House today 22<sup>nd</sup> September, 2021 with or without amendments.

**The Deputy Speaker** (Hon. Hosea Korir): Thank you. That Motion will be moved this morning, Honourable Members.

Clerk.

## MOTION

### AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS OF UASIN GISHU COUNTY EXECUTIVE MORTGAGE AND CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2018

**The Deputy Speaker** (Hon. Hosea Korir): Proceed Hon. Ramadhan Ali.

**Hon. Werambo:** I seek your direction, Hon. Speaker, before I move the Motion.

**The Deputy Speaker** (Hon. Hosea Korir): Proceed.

**Hon. Werambo:** I don't know if it will be allowed, I cannot see members of the Committee.

**The Deputy Speaker** (Hon. Hosea Korir): Hon. Member, you know what happens when we do not have quorum. A member can raise the issue of quorum when he or she feels we have not met the threshold.

## QUORUM

**Hon. Werambo:** Yes, I do not feel like we have met the quorum. The bell should be rung once for the members to come because I believe they are within the precincts of the Assembly.

**The Deputy Speaker** (Hon. Hosea Korir): Clerk, you can confirm the quorum.

*Members Present – Six (6)*

Hon. Ramadhan Ali (MCA, Kiplombe Ward), Hon. Joseph Korir (MCA, Ziwa Ward), Hon. Lucy Chomba (MCA, Huruma Ward), Hon. Isaac Kemboi (MCA, Kapsoya Ward), Hon. Gilbert Tenai (MCA, Cheptiret/Kipchamo Ward) and Hon. Nicholas Talam (MCA, Soy Ward).

**The Deputy Speaker** (Hon. Hosea Korir): How many Members are on virtually? Or today we do not have connection.

*(Clerk informed the Chair that he is waiting for the laptop)*

**The Deputy Speaker** (Hon. Hosea Korir): I therefore direct that the quorum bell be rung for five minutes. The Deputy Whip, Honourable Member for Cheptiret/ Kipchamo can whip the Honourable Members.

*(Quorum bell rung)*

**The Deputy Speaker** (Hon. Hosea Korir): Clerk, you can confirm the quorum.

*Members Present – Fourteen (14)*

Hon. Ramadhan Ali (MCA, Kiplombe Ward), Hon. Hoseah Some ( MCA, Ainabkoi/Olare), Hon. Patrick Bundotich (MCA Tarakwa Ward), Hon. Joseph Korir (MCA, Ziwa Ward), Hon. Lucy Chomba ( MCA, Huruma Ward), Hon. Isaac Kemboi (MCA, Kapsoya Ward), Hon. Gilbert Tenai (MCA, Cheptiret/Kipchamo Ward), Hon. Leah Malot (Nominated MCA), Hon. Julius Songok ( MCA, Tuwet/Chuiyat), Hon. Zipporah Maiyo (Nominated MCA), Hon. Joan Bittok (Nominated MCA), Hon. Amos Kiptanui (MCA, Racecourse Ward), Hon. Nicholas Talam (MCA, Soy Ward) and Hon. Salina Kosgei ( Nominated MCA).

**The Deputy Speaker** (Hon. Hosea Korir): Therefore, we can proceed and transact the business of the day, Honourable Members. I want to appreciate the Deputy Whip for whipping the Members.

Hon. Ramadhan, you can proceed.

**Hon. Werambo:** Thank you, Mr. Speaker Sir. I beg to move the following Motion:

**That this** County Assembly do adopt the Committee on Public Accounts Sixteenth Report of the Auditor General’s Report on the Financial Statements of Uasin Gishu County Executive Mortgage and Car Loan Scheme Fund for the Year ended 30<sup>th</sup> June, 2018 dated 21<sup>st</sup> September 2021 and tabled in this Honorable House today 22<sup>nd</sup> September 2021 with or without amendments.

Mr. Speaker Sir, this is the Committee on Public Accounts Sixteenth Report of the Auditor General’s Report on the Financial Statements of Uasin Gishu County Executive Mortgage and Car Loan Scheme Fund for the Year ended 30<sup>th</sup> June, 2018.

## **PREFACE**

On behalf of members of the County Assembly Committee on Public Accounts and pursuant to the provisions of Standing Order No.42 and 191, it is my pleasure and duty to present to this Honourable House the Committee’s report on the financial statements of Uasin Gishu County Executive Mortgage and Car Loan Scheme Fund for the year ended 30<sup>th</sup> June 2018.

I think every member has a Copy. The Committee on Public Accounts as constituted by this Honourable House comprises of eleven members as listed in the Report. They have also appended their signatures for adoption of the Report.

## **COMMITTEE PROCEEDINGS**

The Committee sat on Thursday 18<sup>th</sup> March 2021 to interrogate the Fund manager on the issues raised by the Auditor General. It then proceeded to deliberate on the findings and report writing on Wednesday, 28<sup>th</sup> July 2021. The audit matters were; Overdue Loans to Members not in Service and Under Recovery of Mortgage Loans. The Committee took into account submissions from Management of the fund and from officers from the Office of the Auditor General.

Mr. Speaker, five is the Auditor general's mandate and responsibilities; six, is the committee's mandate and responsibilities; and seven, is the committee's acknowledgement.

Mr. Speaker, if we can go to eight point zero that is where we get the queries raised by the Auditor General.

## **8.0 AUDIT MATTERS AND RECOMMENDATIONS**

The following are the audit matters as per the Auditor General's Report for the year ended 30<sup>th</sup> June, 2018.

### **8.1 OVERDUE LOANS TO MEMBERS NOT IN SERVICE**

As reported in the previous year, included in the receivables Kshs.143, 910,734 as at 30 June 2018 is an amount of Kshs. 34,405,031 in respect to six (6) County Executive Committee Members with the total advanced loans amounting to Kshs. 40,500,000 who had left the service of the County between November 2017 and January 2018. Although the management has indicated that arrangements have been made in order to ensure that full settlement together with interest accrued is cleared after commitment was sought from the beneficiaries.

However, no evidence was provided in support of this. Under the circumstances, the recoverability of Kshs. 34,405,031 due from the six (6) County Executive Committee Members as at 30 June 2018 is in doubt.

### **MANAGEMENT RESPONSE**

Mr. Speaker Sir, the County Government initiated a legal process through the office of the County Attorney for full recovery of all outstanding loan balances together with interest from the defaulting members.

A copy of letters of communication between the Fund administrator and the County Attorney are herewith attached for your perusal. Upon communicating with the beneficiaries out of four one defaulter have cleared all the outstanding balances amounting to KShs.754, 627 (copy of bank statement is attached). Refer to Annex 1 of the Report.

### **COMMITTEE OBSERVATION**

The Committee observed that, five former County Executive Committee members owed the Uasin Gishu County Car Loan and Mortgage Scheme Fund as indicated below:

	<b>Name</b>	<b>Months In Arrears</b>	<b>Amount (Ksh)</b>
1	Barnaba Kipchumba Sang	17	585,474
2	Robert Kipro Ngisirei	21	719,076

3	Ambrose Cyril Cheruiyot	27	900,581
4	Shadrack Kapkiai Sambai	31	1,052,003
5	Philip Meli Rono	17	<u>565,227</u>
	<b>TOTAL</b>		<b><u>3,822,361</u></b>

## COMMITTEE RECOMMENDATION

The committee recommends that the Fund manager should adhere to Salary and Remuneration Commission circular and regulations which directs that defaulted loans should revert to commercial (CBK) lending rates as advised by the SRC circular number SRC/ADM/CIR/1/13 VOL.III (128) which states that; “Where a State Officer or a Public Officer leaves Public Service employment for whatever reason other than disciplinary grounds the terms of the loan remains in force and does not change for the life of the loan unless in cases of default in which case it reverts to commercial terms.”

## 8.2 UNDER RECOVERY OF MORTGAGE LOANS

The statement of financial position reflects receivables figure of Kshs. 143,910,734 as at 30 June 2018 described as car loan and mortgage balance. However, examination of the documents availed for audit revealed that, total amount of Kshs. 780,583 was not recovered from ten (10) borrowers as indicated in Appendix I contrary to section 12(1) of the Mortgage and car loan regulations.

Consequently, the management is in breach of the regulations governing the issuance and recovery of loans.

## MANAGEMENT RESPONSE

It’s true that at the time of calculating the amount repayable by some of the beneficiaries, there was an error in arriving at the monthly repayable amounts which was captured at monthly repayment of Kshs. 30,284 instead of Kshs. 33,830. However, we have corrected the error and the beneficiaries are now paying the correct monthly deductions going forward. (Attached is a bank statement extract)

## COMMITTEE OBSERVATION

The committee observed that the error was corrected and the auditors were satisfied on the corrections that were made and everything is in line.

## COMMITTEE RECOMMENDATION

The committee recommends that;-

1. The fund manager should ensure that they adhere to the laid down regulations pertaining to the fund management.
2. The Fund manager should put in place controls to avoid future under recoveries.

## 9.0 CONCLUSION

The committee concluded that;-

The fund manager should adhere to provisions of Public Audit Act, 2015 Regulation 53 (1) & (2) which states;“(1) The relevant accounting officer of a state organ or public entity shall within three months after Parliament has considered and made recommendations on the audit report— (a) take the relevant steps to implement the recommendations of parliament on the report of the Auditor-General; or (b) give explanations in writing to the Parliament on why the report has not been acted upon.

(2) Failure to comply with the provisions of subsection (1), the accounting officer shall be in contempt of Parliament or County Assembly and upon determination by Parliament or relevant County Assembly, Parliament or relevant County Assembly may recommend administrative sanctions such as removal as the Accounting Officer, reduction in rank among others.”

Mr. Speaker this is the report and most of the anomalies done as we were interrogating, it was said that it is when the SRC had given them the okay of giving themselves alone, you know this when this County assembly started we were first to request for loan and then they came later so when it came, when they started they did not follow fully the regulation but SRC followed with the regulation, so the anomalies were corrected and as per now as we are now talking everything is in line and this refund pertaining to the outstanding loan is being recovered fully.

What we had to do, as a committee is to remind the fund manager in future to follow the regulations pertaining to the fund they are handling. I would wish to ask Hon. Mary Goretti to second.

Thank you.

**The Deputy Speaker** (Hon. Hosea Korir): Thank you Honourable Chair, Hon. Goretti.

**Hon. Boroswa:** Thank you, Mr. Speaker. I would like to second this report on Car loan and Mortgage.

I want to say that as it has been said by the Chair that Executive got the loan when maybe some months had already elapsed and when calculations were being done for the recovery, there were no adjustments and we are all aware that term of office is five years. The recovery was supposed to have taken the five years and because the loan was given when already it was late, the fund manager did not consider the time that already been lost and that is why they came back to correct the mistake.

Mr. Speaker, as a committee, we are happy because when the auditor report came, the concerned department was able to give evidence that they have corrected and now the recoveries are being done fully.

What we only need as honourable House is that all the regulations that have been put in place concerning finances in the County should always be followed and by following the regulations these mistakes will not arise. Therefore I stand to second the report.

Thank you, Mr. Speaker.

**The Deputy Speaker** (Hon. Hosea Korir): Thank you, Hon. Goretti. Before I propose the question, I once again want to congratulate this committee led by Hon. Werambo, for three sessions, they have been able to table their reports and this is very important.

I want us to follow the precedent that has been set by this committee. Even when auditors come, they will see the value for money because you were able to go, you did your report, either it was approved with or without amendments to this honourable House.

Congratulations to committee on public accounts.

I will propose the question.

*(Question proposed)*

Ensuing Debate!

**The Deputy Speaker** (Hon. Hosea Korir): Honourable Leah Malot.

**Hon. Malot:** Thank you, Honourable Speaker. First of all, I want to appreciate the Committee on Public Accounts in which I am a Member. I want to appreciate the Chairperson for the work well done and the Members of the Committee.

Honourable Speaker, I really want to support the report which is before us on the Car and Mortgage Loans for the executive. I believe the time for the report was for 2017/2018 and this is the time when devolution was still very new in our counties.

Honourable Speaker, if you see the issue of the loans to the members of County executive, very few were unable to pay the loan. But it is good that they have followed the Salaries and Remuneration Commission (SRC) circular and currently they were able to pay their loan. They were in different departments; some were in finance, some were in cooperatives. Some were even in the department of agriculture. However, it is good that the members left office but they were able to accept that there was a mistake and in line with that they are able to pay their loan. As we talk now I believe they are almost clearing the loan.

The SRC circular was still being aligned by then and many other policies that were new to these counties. The loans which were taken by the members are now being fully- and the auditors have accepted that they are carrying on with their payments and they will finish their loans in order

Most institutions have the rules and regulations on how they repay their loan. Private or public have their own policies, have their own regulations on the issue of interest and at some point, there are some changes that may occur. It is good that they noticed there were some issues or errors or mistakes and it was good that they were corrected on time. The members are able to pay their loan.

I am happy that the auditors were able to scrutinize and give them time so that they can pay So that they do not lose their properties. This is because at some point if you do not pay loan like the bank loan or the women's loan, they come and sell your properties. But it is good that these members were told in advance and they were able to pay their loan.

Therefore, Honourable Speaker, it is good that the regulations and policies are being governed by the issuance so that the loan could be recovered on time.

Otherwise, Honourable Speaker, I want to say thank you honourable Members for supporting this report and I want to encourage other committees that they should follow the same precedent that the committee on Public Accounts is doing, So that we reduce the backlog Because next year we know by end of August, we might not be here.

So let us keep time, let us try so that the backlog that we have in our committees is reduced. Thank you, Honourable Speaker. I do support.

**The Deputy Speaker** (Hon. Hosea Korir): Thank you, Honourable Malot. Honourable Member for Sergoit!

**Hon. Keitany:** Thank you, Honourable Speaker. I want to also thank the Committee for continuously coming up with the report.

On this report, I only need some clarification somewhere. That is on page 7 on the issue under recovery of mortgage loans where the committee noted that there were some underpayments and a total of around Sh780, 583 was not being paid. And under the management response, you can see that they have acknowledged and they have agreed that there was an error and the amount that they were paying was Sh30, 284 instead of Sh33, 830. And on that note, they have told us that they have attached a bank statement extract. I was going through, and the only thing that I have seen which looks like a statement is the one which is behind, I can call it annex one, where we have some of the transactions for only around five members; staff, and I do not know if that is the statement that they are referring to. If it is true, I think it does not serve what they are trying to explain.

I wanted to see a figure like the one they are talking about; like the one they are talking about; the one for Sh33, 830 somewhere. Because if it true they were paying Sh30 284, but now they are paying Sh33, 830, then I wanted to see a figure like Sh33, 830. Or still if they were talking of the same thing even if the figures were different, they could have given us the previous statement. Especially of the same people; five members. The one for, I can say- I think that one is for His Excellency, our Governor, Jackson Kiplagat, Mirriam Jebet and the rest. So that we can confirm or compare what they were paying before and what they are now paying. So that we can say it is true, they have adjusted and they are now paying the right payment.

So unless otherwise, if the committee still has some extra copies; statement copies, then I will agree. Thank you, Honourable Speaker.

**The Deputy Speaker** (Hon. Hosea Korir): Honourable Chairperson, you can have a right of reply over that then we can proceed. Give thorough clarification.

**Hon. Werambo:** Thank you, Chairperson. I think on the explanation of management, everything that was needed by the auditors was produced. It was voluminous, and I think on the issue of taking a photocopy for the sake of this report, the explanation that was given. I remember a member who was there asked the same question. Auditors were there, they explained what was provided before them was okay and they were satisfied with what they wanted. When interrogating the inner story of any query, is with the auditors themselves and they have to be there present. So in such like query that you are asking you have not seen it, we asked them; you brought a query and what we are seeing is not in line. They brought another booklet and they said the auditors said they were satisfied with was taken to them as per their requirement; what they were requiring.

Once auditors have said that, as the committee we cannot go ahead and ask. But I think they took for the sake of the committee but there is that one; that report that enlightens more about the same. It is so voluminous. Therefore, they just took some parts of the annexes to feed the response that was put here. By that time, Mr. Speaker, we were satisfied. It was even in this House, the auditors told us it is okay and we are totally satisfied, we do not have any query on the same, they have corrected. Thank you.

**The Deputy Speaker** (Hon. Hosea Korir): Thank you. It was a clarification. We can still proceed, Honourable Members. Before I put the question, honourable Member for Ziwa Ward!

**Hon. Korir, K:** Thank you, Mr. Speaker. I also rise to support this statement that has been brought by the Committee on Public Accounts...

**The Deputy Speaker** (Hon. Hosea Korir): Order, Honourable Member! We do not have a Statement. It is a report, Hon. Member.

**Hon. Korir, K:** It is a report, I think I said a report. Okay. I withdraw, Mr. Speaker. it is a report.

**The Deputy Speaker** (Hon. Hosea Korir): Proceed.

**Hon. Korir, K:** This is a very good report, Mr. Speaker. I only want to say that I also support that has been done by this committee. Since yesterday the reports that this committee has done on behalf of this House, as you said earlier, is an excellent work and all of us need to do. For example, you found that the committee interrogated all these officers before the auditor. In fact, any auditor report, once the auditor has certified a report, it shows that the report is correct. Now, since the report has come to this House, we need to say that we will pass this report.

All of us in various committees in this House, we need to bring all the reports. This is an oversight . The committee has done an excellent work and I want to say that I stand to support this report, Mr. Speaker.

It is a good report and we also need to do this in all other committees so that we have and discharge. We are mandated to do oversight as an assembly. We cannot say until next year; what is before us here, we want it done. Thank you very much.

**The Deputy Speaker** (Hon. Hosea Korir): Thank you. I think going forward, Honourable Members, we will direct the committee of finance. We will be receiving such reports before the end of the term. We want not know if the current CEC, CO the current Governor and his Deputies and other officers are paying or remitting or deduction are done on time.

Therefore, that next year, we do not have situation again of getting audit query. I wish the members of finance and economic planning were here, Chair. Then you could take that from there.

Otherwise, Honourable Members, I want to put the question.

*(Question put and agreed to)*

**The Deputy Speaker** (Hon. Hosea Korir): The ayes have it, Honourable Members. The 16<sup>th</sup> report has been taken this morning.

## ADJOURNMENT

**The Deputy Speaker** (Hon. Hosea Korir): Honourable Members, there being no other business in our order paper, the House stands adjourned until today at 2:30pm

The House rose at 11:55a.m