

REPUBLIC OF KENYA



THE COUNTY ASSEMBLY OF SIAYA

FIRST ASSEMBLY – FOURTH SESSION

THE BUDGET, APPROPRIATIONS, FINANCE, PLANNING

AND VISION 2030

COMMITTEE REPORT ON

THE DELAYED PAYMENTS TO CONTRACTORS IN

CENTRAL SAKWA WARD

FEBRUARY, 2016

PREFACE

Mr. Speaker, Sir, on 23rd September, 2015, through a Statement request, the Hon. Joannes Andiego, MCA representing Central Sakwa Ward, requested for a statement on the delayed payments to contractors in Central Sakwa ward. In his Statement, Hon. Andiego wanted to know the reasons why the contractors had not received their rightful progress payments and when these delayed payments will be paid.

The Hon. Member opined that there are several projects going on in Central Sakwa Ward which have strict timelines as per signed specific contract agreements and that there has arisen complaints of non/delayed payments from several contractors over time. An example is Richardson Contractors who was awarded construction of 3 ECDE classrooms at Onyinyore, Odawo and Ndeda in the said Ward, among others.

The Hon. Speaker thereafter committed the Statement Request to the Committee on Budget, Appropriations, Finance, Planning and Vision 2030 for consideration and reporting back to the County Assembly.

COMMITTEE MANDATE

Mr. Speaker, Sir, the Committee on Budget, Appropriations and Finance was established under Standing Order No. 187 and is mandated to do the following;

- 1) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget,
- 2) Discuss and review the estimates and make recommendations to the County Assembly;
- 3) Examine the County Fiscal Strategy Paper, as presented to the County Assembly;
- 4) Examine Bills related to the budget, including Appropriations Bills; and
- 5) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

COMMITTEE MEMBERSHIP

Mr. Speaker, Sir, the Committee on Budget, Appropriations and Finance, as was constituted by this Assembly pursuant to the Siaya County Assembly Standing Order 187 (1) & (2) comprises of the following members;

<u>Name of Member</u>	<u>Position</u>
1. Hon. Jack Odinga, MCA	- Chairperson.
2. Hon. Peter Muhula, MCA	- Vice Chairperson.
3. Hon. Joseph Kawuor, MCA	- Member.
4. Hon. Jared Abayo, MCA	- Member.
5. Hon. Sylvester Madialo, MCA	- Member.
6. Hon. Margaret Oketch, MCA	- Member.
7. Hon. William Owiti Angul, MCA	- Member.
8. Hon. Nicholas Ochieng Aneme, MCA	- Member.
9. Hon. James Obiero Otare, MCA	- Member.

ACKNOWLEDGEMENT

Mr. Speaker, Sir, on behalf of this Committee, I wish to express our gratitude to the offices of Siaya County Assembly Speaker and the Siaya County Assembly Clerk for the support received as we considered this Statement.

This Committee similarly extends its gratitude to CECM, for Finance, for responding to the issues raised regarding the Statement and appearing before the Committee to make oral submissions on the same.

Mr. Speaker, Sir, it is therefore my pleasant duty and privilege, on behalf of the Budget, Appropriations and Finance Committee, to table this report and recommend it to the Assembly for adoption.

Signed

Hon. Jack Odinga, Chairman,
Budget, Appropriations and Finance Committee,
County Assembly of Siaya.
Date

INTRODUCTION

Mr. Speaker, Sir, during the financial year 2014/2015, this County Assembly approved Ksh 3 million each for the construction of 3 ECDE blocks – Ndeda, Onyinyore and Odao – in Central Sakwa Ward.

Upon receiving the Statement Request therefore, this Committee set to address the following issues as requested, directly or indirectly;

- i. The reasons as to why M/s Richardson Contractors who constructed Ndeda, Onyinyore and Odao ECDE blocks in Central Sakwa have not got their rightful progress payments.
- ii. When the delayed payments due to the M/s Richardson Contractors would be made.

COMMITTEE MEETINGS

Mr. Speaker, Sir, in reviewing Hon. Andiego's Statement, the Committee held two (2) sittings during which the Executive team led by the CECM, for Finance appeared before the Committee and made both oral and written submissions.

SUBMISSIONS BY THE EXECUTIVE'S FINANCE DEPARTMENT

HON. CLEOPHAS OMBOGO – C.E.C MEMBER FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

Hon. Cleophas Ombogo together with the Executive Finance team, while before the Committee on 16th February, 2016 stated to the Committee that M/s Richardson Contractors was among the contractors not paid as at 30th June 2015 due to lack of exchequer release. That Ksh 1.2 billion for Development Vote remained outstanding in terms of Exchequer release as at 30/6/2015. He further stated that there was late release of the first funding of Ksh 247 million in the financial year 2015/2016 which came at the end of August. This means, according to the CEC, that it was not possible to make any payments to contractors for a period of two months (July and August 2015).

The CECM similarly reported that M/s Richardson Contractors was among the contractors whose projects were not rolled over at the end of the financial year 2014/2015 hence even after the funds were received in August 2015; it could not be paid until such projects were brought on board through a Supplementary Budget.

Given the delays beyond the control of the Executive, the Supplementary Budget was only passed in December, 2015, six months into the financial year. This also led to delays in the payment to the Contractors, among them, the M/s Richardson Contractors.

The CECM stated that the M/s Richardson Contracted projects (Ndeda, Onyinyore and Odao ECDE blocks) were therefore rolled over in the Supplementary budget passed on December 17th, 2015 and that the contractor was subsequently been paid on 18th February 2016.

DOCUMENTS TABLED

1. A copy of the Statement Request by Hon Joannes Andiego on delayed payments for contractors in Central Sakwa Ward.
2. A letter dated 13th October 2015 and referenced **‘statement request on delayed payments to contractors in Central Sakwa Ward-SYACUNTY/FPV 2030 5/1 VOL 1 (100)’**.
3. A letter dated 18th February 2016 and referenced **‘statement request on delayed payments to contractors in Central Sakwa Ward among others – SYACUNTY/FPV 2030 VOL III (11)’**.

COMMITTEE OBSERVATIONS AND FINDINGS

1. That the issue of delayed payments is a problem that affects almost all the development projects implemented at the ward level.
2. That as a result of the collapse of the system towards the end of the financial year 2014/2015 as well as the fact that some projects were not done to completion as was anticipated by the County Executive, projects worth Ksh 636,592,606 budgeted for in the FY 2014/2015 were not rolled over to the FY 2015/2016 budget. Unfortunately, Ndeda, Onyinyore and Odao ECDE blocks were among these due to the fact they were not done to completion as was anticipated by the County Executive.
3. That Ndeda, Onyinyore and Odao ECDE blocks contracted to M/s Richardson Contractors were only brought into the 2015/2016 financial year budget on 17th December 2015 when this County Assembly approved the Supplementary Budget.
4. That M/s Richardson Contractors were then paid their due payment of Ksh 5,402,639.90 on 18th February 2016.

COMMITTEE RECOMMENDATION

1. To be able to solve the problems of delayed/non payments towards projects already completed or in progress within the County and to closely follow up on the implementation of the projects, some of which for the financial year 2013/2014, the County Executive should within 21 days submit to this County Assembly the detailed implementation status report of the County projects from 2013/2014 to date. This report should clearly indicate the project name, the location of the project, the budgetary allocation for the project, the contracted amount for the project, the work done so far, the amount paid so far towards the project and the balance to date.