



**EAST AFRICAN COMMUNITY  
EAST AFRICAN LEGISLATIVE ASSEMBLY**

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**REPORT OF THE COMMITTEE ON ACCOUNTS  
ON OVERSIGHT ACTIVITY TO THE LAKE VICTORIA BASIN  
COMMISSION (LVBC)**

**TO ASSESS THE STATUS OF IMPLEMENTATION  
OF THE ASSEMBLY RECOMMENDATIONS ON THE  
EAC AUDITED ACCOUNTS**

*5<sup>th</sup> – 8<sup>th</sup> September 2019: Kisumu, KENYA*

**Clerk's Chambers  
3<sup>rd</sup> Floor, EALA Wing  
EAC Headquarters' Building  
Arusha, TANZANIA**

**October 2019**

## **LIST OF ACRONYMS AND ABBREVIATIONS**

<b>APP</b>	-	Annual Procurement Plan
<b>BSR</b>	-	Board of Survey
<b>CCASAP</b>	-	Climate Change Adaptation Strategy and Action Plan
<b>CDD</b>	-	Community Driven Development
<b>CMB</b>	-	Co- Management Initiatives
<b>EAC</b>	-	East African Community
<b>EALA</b>	-	East African Legislative Assembly
<b>EPSGG</b>	-	Engaging Private Sector for Green Growth in Lake Victoria
<b>ES</b>	-	Executive Secretary
<b>EU</b>	-	European Union
<b>FAR</b>	-	Fixed Assets Registers
<b>GTC</b>	-	German Technical Cooperation
<b>HR</b>	-	Human Resource
<b>ICRISAT</b>	-	International Crop Research Institute for Semi- Arid Tropics
<b>IIASSS</b>	-	International Institute for Applied Systems Analysis
<b>ITO</b>	-	Information Technology Officer
<b>IWRMPLVB</b>	-	Integrated Water Resource Management Programme for Lake Victoria Basin
<b>KRA</b>	-	Kenya Revenue Authority
<b>LVB</b>	-	Lake Victoria Basin
<b>LVBC</b>	-	Lake Victoria Basin Commission
<b>LVEMP</b>	-	Lake Victoria Environmental Management Project
<b>MLVMC</b>	-	Lake Victoria Maritime Communication
<b>MV</b>	-	Maseno University
<b>PHE</b>	-	Population Health Environment
<b>PREPAPARED</b>	-	Planning for Resilience in East Africa through Policy, Adaptation, Research and Economic Development
<b>RECP</b>	-	Resource Efficient and Cleaner Production
<b>VAT</b>	-	Value Added Tax
<b>WASH</b>	-	Water Sanitation and Hygiene

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## 1.0 INTRODUCTION

The East African Legislative Assembly is the Legislative Organ of the East African Community responsible for; among others things; carrying out oversight function on all matters pertaining to the Community. *Article 49 (2) (c)* of the Treaty Establishing the East African Community empowers the Committee on Accounts to discharge the oversight function on behalf of the Assembly on all financial matters of the Community. According to *Annex 5A* of the Rules of Procedure of the Assembly, the Committee on Accounts is mandated to: -

- i) Carry out a post audit review and scrutiny of the expenditure incurred by the EAC Secretariat, Organs and Institutions of the Community the sums appropriated in an annual budget approved by EALA upon presentation by the Chairperson of the Council of Ministers of EAC;
- ii) Carry out post audit review and scrutiny of the expenditure on the basis of an annual audit report of the Audit Commission, pursuant to provisions of *Article 49 (2)(c)* and *134* of the Treaty for the Establishment of the East African Community. This function involves scrutinizing and evaluating the performance of the budget;
- iii) Carry out post audit function that encompasses the monitoring and implementation of the budget in a manner similar to internal audit, pursuant to *Rule 74 (1)* of the Rules of Procedure of the Assembly, and;
- iv) Present a report with recommendations to the House for consideration, approval and adoption after the post audit review and scrutiny.

*Article 134 (3)* of the Treaty requires the Audit Commission to submit its reports to the Council which shall cause the same to be laid on the floor of the Assembly within six months receipt for debate, adoption and such other action as the Assembly may deem necessary.

Over the last couple of years, the Accounts Committee has expressed its disappointment at the persistent non implementation of the Assembly recommendations on the EAC audited accounts.

It's on this premise that the Committee on Accounts undertook this oversight activity to assess the implementation status of recommendations made by the Assembly. The Committee further undertook the activity to assess the governance, management systems and performance of the programs and projects which are important areas that influence implementation or non-implementation of the Assembly's recommendations.

During the review and consideration of EAC audited Financial statements for the year ended 30<sup>th</sup> June 2016 and 2017 respectively, a number of queries were reported on the LVBC namely; weakness in Asset management, management of fully depreciated assets, delayed write-off and disposal of plant and equipment and lack of monitoring for fuel consumption among others.

The activity mainly looked into the following areas;

- i) The Governance and Management systems of LVBC;
- ii) The performance of LVBC projects and programs;
- iii) The status of implementation of the Assembly recommendations on the EAC Audit Account for the financial year ended 30<sup>th</sup> June 2016 and 30<sup>th</sup> June 2017.

## **2.0 OBJECTIVES OF THE ACTIVITY**

The Objectives of the activity included the following;

- i) To assess the governance and management systems of LVBC;
- ii) To monitor the performance of Programs and Projects at LVBC; and
- iii) To evaluate the Progress on issues previously raised by the audit commission in its report for the year ended 30<sup>th</sup> June 2016 and 2017.

## **3.0 METHODOLOGY**

The Committee adapted the following methodology in compiling this report;

- i) Interacted and discussed with the management of the LVBC;
- ii) Reviewed the Accounts reports of the Audit Commission report for financial year ending 2016/2017;
- iii) Reviewed the reports of LVBC on the status of implementation of the Assembly recommendations;
- iv) Received presentations from the management of LVBC on governance, management systems as well the performance of the various projects LVBC is currently undertaking;
- v) Perused and studied the relevant literature pertaining to LVBC;
- vi) Undertook field visits to the proposed sites for the LVBC headquarters, Kajulu Forest Reserve and Keroka Water Supply and Sanitation Project;
- vii) Held the Committee meeting to discuss the report;

This report is divided into three (3) parts namely: -

- i) **Part One (1)** is about the performance of the projects and programs being undertaken by LVBC;

- ii) **Part two (2)** is about the status of implementation of the previous Assembly recommendations; and
- iii) **Part three (3)** the general observations and recommendations.

## PART ONE

### **4.0 PERFORMANCE OF THE PROJECTS AND PROGRAMS BEING UNDERTAKEN BY LAKE VICTORIA BASIN COMMISSION**

#### **4.1 Meeting with the LVBC Management**

The Committee interacted with the Executive Secretary of Lake Victoria Basin Commission Dr. Ali Said Matano and his management team.

The Committee briefed the Executive Secretary (ES) on the purpose and mission of the oversight activity and appreciated the team spirit and the level of preparedness LVBC had exhibited.

The ES presented an overview mandate, functions of LVBC, challenges and the effort they have put in place to address the challenges. He said that due to its geographical proximity, Lake Victoria is hydrologically delineated and covers an area of approximately 183,000 square kilometers with Lake Surface covering about 68,000 square kilometers (approximately the size of Ireland). It is the 2<sup>nd</sup> largest fresh water body in the world. It is on this basis that the EAC Partner States have designated the Lake as the area of high economic interest and a regional economic growth Zone to be developed jointly by all the East African Countries.

The Executive Secretary updated the Committee on the various achievements the LVBC has so far made, some of which have intensified the resource mobilization programs which has resulted into inflow of various donor funded projects that are geared at conserving and protecting the Lake Victoria basin.

##### **4.1.1 Performance of Programs and Projects**

The Committee learnt that LVBC is designated as common regional economic growth zone due to its huge environmental natural resources. *Article 3* of the Protocol establishing the LVBC gives provision for areas that the Partner States agreed to cooperate in and undertake sustainable conservation measures that can be used in the management of the resources within the Basin.

The areas provided for under the scope of cooperation include:

- i) Water resources management;
- ii) Management of fisheries resources;
- iii) Sustainable agriculture and land use including irrigation;
- iv) Sustainable management of forestry resources;
- v) Development and management of wetlands;
- vi) Trade, commerce and industrial development;
- vii) Infrastructure and energy development;
- viii) Navigation, safety and maritime security;
- ix) Improvement of public health;
- x) Research, capacity building and information exchange;
- xi) Environmental protection and management;
- xii) Public participation in planning and decision making (governance);
- xiii) Gender mainstreaming and;
- xiv) Wildlife conservation and sustainable tourism development.

#### **4.1.2 Major development potentials within the LVBC**

The major source of development potential within Lake Victoria Basin include: -

- i) A source of water for domestic and industrial use (about 87 cities and towns with 60% coverage);
- ii) Rich fishery resource (2011: yielding about more than 1 million MT annually, Forex US\$250 million);
- iii) Hydropower potential (Produces about 720 MW);
- iv) Rich Agricultural soils. Lake Victoria Basin is endowed with rich fertile soils ideal for a wide range of crops. It also falls within a good agro-fertile zone;
- v) In terms of transport, the LVBC is strategically connected through all modes of transport which gives the Lake access to the outside market;
- vi) The Eco system function largely supports a huge biodiversity; terrestrial and aquatic systems (wetlands) which is approximately 4,000 Km<sup>2</sup>, wildlife habitats for Mara/Serengeti which is a UNESCO World Heritage Site of the most beautiful natural wildlife safari sites in the world. It is estimated that USD 270 million is earned annually from tourism activities.



### **4.1.3 Challenges and stress factors affecting the Lake Victoria Basin**

The Committee was informed that a number of factors have contributed to the deteriorating state of the Lake. If these factors are not addressed the Lake might not exist in the next 123 years.

- i) *Population growth*; It is serving the following population in the EAC region. Tanzania 7.4 million, Uganda 7.5, Kenya 15.9, Rwanda 8.8, and in Burundi 5.3.
- ii) *Rapid urbanization* along the Lake Basin which has resulted into pollution of the Lake;
- iii) *Stresses from outside the Basin* include the deteriorating water quality which has resulted into pollution, atmospheric deposition, and climate change;
- iv) *From within the Lake* like; unsustainable fishing methods, untreated effluent, water hyacinth, cage culture, abstraction and release fluctuating lake levels;
- v) *From the basin* such as; land degradation, pollution from agro-chemicals, sediment loads and poor solid waste management;
- vi) *On littoral zones* like; shoreline, conversion of wetlands, poor solid wastes management.
- vii) *The various and varying stake holders* with divergent interests; and
- viii) *Climate change* factors such as the floods and severe droughts have resulted into the deteriorating state of the lake.

## **5.0 PROJECTS AND PROGRAMS BEING UNDERTAKEN BY LVBC**

The LVBC is implementing a number of projects/programmes to address the challenges facing the Lake Victoria Basin and they include;

### **5.1 LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP 111)**

The Lake Victoria Environment Management Project (III) is an East African Community project, coordinated by Lake Victoria Basin Commission and implemented by the National project implementing projects offices in the 5 (five) Partner States. The project is oversighted by the Regional Policy Steering Committee at the regional level.

The objectives of the project are to:

- i) Improve the collaborative management of the transboundary natural resources of the Lake Victoria basin among the EAC Partner States and;
- ii) Improve the environmental management of targeted pollution hotspots and selected degraded sub – catchments for the benefit of communities who depend on natural resources of the Lake Victoria Basin.

The Project has so far made the following achievements:

- i) Improved livelihoods through the Community Driven Development (CDD) sub-projects approaches,
- ii) Provided matching grants to communities to enable them undertake related activities;
- iii) Organized, trained and strengthened the project to promote local partnerships in addressing degradation of the watershed.

The Committee was informed that preparations for LVEMP III have been affected by the freezing of funds by the World Bank due to the restructuring processes the Bank is undertaking. This has resulted into a change of direction and strategy for Africa.

### **COMMITTEE OBSERVATIONS/RECOMMENDATION**

The Committee observes the following: -

- i) Delayed funds of the project are likely to affect some of the key components which are crucial to the management of the Lake Victoria Basin like the pollution and water hytheine that the project is intended to address.
- ii) Limited sources of funding have affected the implementation of the project and other interventions on the Lake Victoria Basin.

***The Committee recommends to the Assembly to urge the Council of Ministers to:-***

- i) Laisse with the respective Ministers of Finance in the Partner States to engage the World Bank so as to resume funding the projects at LVBC; and***
- ii) Be versatile and undertake serious resource mobilization exercises. This should entail developing comprehensive and well packaged project proposals that should be presented to other potential donors so as to attract funding for LVBC programs.***

## **5.2 LAKE VICTORIA WATER AND SANITATION PROJECT 11**

This project intends to meet the millennium Development Goals and support secondary urban centers in the Lake Victoria Basins to contribute to the reversal of the pollution of the lake through improvements of sustainable water supply and sanitation infrastructure in 15 secondary towns within the Lake Victoria Basin.

The Committee was informed that so far, 32 boreholes have been constructed and the water supply has been improved for 784,470 residents of beneficiary towns across the Partner States.

The project was funded by the African Development Bank and was completed in 2018 with over 90% completion rate.

## **COMMITTEE OBSERVATIONS/RECOMMENDATION**

***Although the Committee applauds LVBC for the successful completion of the project, the Committee recommends to the Assembly to urge the Council of Ministers to explore other areas of funding so as to address other emerging and existing areas which are crucial to the sustenance of the Lake Victoria Basin.***

### **5.3 PLANNING FOR RESILIENCE IN EAST AFRICA THROUGH POLICY, ADAPTATION RESEARCH AND ECONOMIC DEVELOPMENT (PREPARED)**

The East Africa region is highly vulnerable region to climate variability and change. This puts key sectors and drivers of the region's economy and community livelihoods at risk of being severely impacted. It's on this premise that LVBC formulated the project with the objective of strengthening the resiliency and sustainability of East African economies, trans-boundary freshwater ecosystem and communities. The project has built capacity of regional institutions, national governments and communities to use evidence-based decision making to cope with these uncertainties. PREPARED has also provided the framework for developing, testing, and sustaining reliable, simple and practical approaches that help institutions in East Africa better plan for uncertain future scenarios.

The objectives of the project are to:

- i) Improve the climate change adaptation technical capacity, policy leadership and action readiness of regional institutions;
- ii) Strengthen sustainable management of biological significant transboundary ecosystems in the East African Community and;
- iii) Enhance water sanitation and hygiene (WASH) services in the Lake Victoria Basin.

The project has since registered the following achievements: -

- i) Undertook and completed VIA-LVB in five thematic sectors: that is in agriculture, water, health, terrestrial ecosystems and energy/infrastructure.
- ii) Developed the LVB Climate Change Adaptation Strategy and Action Plan (LVB CCASAP);
- iii) Successfully mobilized resources for the ACC- LVB adaptation fund.

- iv) Identified biologically significant areas, and developed conservation investment plans for critical ecosystems in Kibira, Nyungwe, Sango Bay-Minziro and Mt. Elgon; and
- v) Supported the 7<sup>th</sup> Mara Day in Kilgoris, Kenya.

The Committee was informed that the USAID/EA policies on no-infrastructure project and embargo on Burundi has greatly affected the project.

#### **COMMITTEE OBSERVATIONS/RECOMMENDATION**

***Although the Committee applauds LVBC for the initiative, the Committee nonetheless recommends to the Assembly to urge the Council of Ministers to;***

- i) Engage the USAID and urge it to uplift the embargo on the Republic of Burundi such that funding for the project can be resumed; and***
- ii) Explore and attract other potential funders for the project.***

#### **5.4 POPULATION HEALTH AND ENVIRONMENT (PHE)**

The objectives of the project is to promote the integration of PHE conservation initiatives in Lake Victoria Basin. PHE operates with the assumption that people, their health, and the environment are interrelated and interdependent. It envisages that changes in the number, state, or distribution of any of the above affects the other because human needs, their livelihood and a healthy environment are linked by chains of cause and effect.

The project has achieved: -

- Developed PHE regional operational plans -LVB 2015-202;
- Put in place a PHE monitoring and evaluation framework and plans (2015-2020); and
- Established PHE stakeholders' forums to assist in coordinating the Project.

#### **COMMITTEE OBSERVATIONS/RECOMMENDATION**

***The Committee observes that the project is not inclusive and as such it is not benefiting the entire population of East Africa.***

***The Committee urges the Council of Ministers to direct the management of LVBC to redesign the project such that it can be integrated and scaled down to ensure that the benefits emanating from the project can be enjoyed by all East Africans***

## **5.5 MULTINATIONAL LAKE VICTORIA MARITIME COMMUNICATION (MLVMC)**

MLVMC is aimed at contributing to a broad-based poverty alleviation and improvement of livelihoods of people through increased investment in maritime transport and fishing on Lake Victoria. The project established a maritime safety coordination search and rescue centers on the lake and produced a maritime transport strategy for the EAC. It has also been supporting initiatives geared towards improved safety of navigation in the Lake. It has undertaken construction of Maritime Rescue Coordination Centers in Mwanza, Kisumu and Port Bell supported by several search and rescue units along the lake. The project was approved in October 2016 but was launched in May 2018, and some initial activities are taking place in some Partner States in order to enhance the strategic mission and direction of the project. Several policy and technical meetings have been held to address some contentious issues. The Project is funded by the African Development Bank at a cost of 25 million USD. The project has the following components

- Establishing marine boosters which are approximately within 400 kms around the lake;
- Developing an advanced communication strategy which is using water resistant phones to be used by the fishermen;
- Establishing Maritime Safety Coordination Centre;
- Establishing Search and Rescue Centers on the Lake;
- Developing Maritime Transport Strategy-EAC; and
- Undertaking robust campaigns aimed at creating awareness on the safety and usage of the lake.

## **COMMITTEE OBSERVATIONS/RECOMMENDATION**

The Committee applauds the initiatives the LVBC has undertaken in formulating the project. However marine accidents account for more than 5000 (five thousand) deaths annually. The Committee observes that this figure is high and not enough efforts have been put in place to reduce the marine related accidents. The project is not addressing the high numbers of accidents that are occurring on the Lake.

***The Committee recommends to the Assembly to urge the Council of Ministers to:-***

- i) Direct the Management of LVBC to consider undertaking other measures and strategies aimed at ensuring adequate safety on the lake so as to curb the ever-increasing number of marine related accidents;***
- ii) Fast track the project, resolve the contentious issues and expedite the decision-making process such that the implementation of the project can commence and;***

- iii) Undertake robust sensitization and educating programs for using the lake.*

## **5.6 ENGAGING PRIVATE SECTOR FOR GREEN GROWTH IN LAKE VICTORIA (EPSGG- LVB)**

EPSGG- LVB is a project which is being implemented through National Cleaner production centers of Kenya, Rwanda, Tanzania, Uganda, and Burundi. The objective of the project is to increase use of and investment in resource efficient and cleaner production technologies by the private enterprises in the Lake Victoria Basin. Project implementation employs the approach of promoting Resource Efficient and Cleaner Production (RECP) among the targeted enterprises in the Basin. This is done through the continuous application of integrated preventive products and services to enhance efficiency and reduce adverse human and environmental impacts.

The Committee was informed that the project has registered the following achievements:

-

- i) They are playing an important role in promoting and implementing cleaner production services in their respective Countries. The centers are providing technical support to the sub national and local centers;
- ii) Have established cleaner production processes as well as acceptable preventive environmental strategies by local industry as well as Government.
- iii) Have demonstrated potential benefits of cleaner production by creating awareness on the benefits of cleaner production; and
- iv) Have developed a good local network of cleaner production specialist training.

## **COMMITTEE OBSERVATIONS/RECOMMENDATION**

The Committee made the following observations: -

- i) Despite the activities and interventions of the project, pollution, deteriorating water quality, and land degradation, continue to increase in the Lake Victoria Basin. For instance, according to the recent report on the current state of East Africa forest which was released on the 27th April 2019 shows a general decline in the Forest cover. Annual deforestation rates are, ranging from 0.34 % in Uganda, 0.9% in Tanzania and 0.55% in Kenya. Empirical evidence indicates that some of the rivers in East Africa like River Rwizi in Uganda and River Ruaha in Tanzania are fast drying up. In Kenya, almost 3.4 million people are at risk of starvation as water levels in major rivers such as Tana, Ewaso, Nyiro and Nzoia become akin to streams leaving the residents and animals without water. In 2018, Kenya launched an appeal for an approximately 10 million USD for the drought response and recovery programme.

- ii) Despite the above situation, The East African Community Forest Bill 2015, which was passed by this August Assembly to conserve, protect and manage the forests in EAC was enacted and passed. It is yet to be assented to by all the EAC Heads of State for it to become law. The Bill is intended to conserve, protect and manage the forests in EAC.

***The Committee therefore recommends the Assembly to urge the Council of Ministers to;***

- i) Prioritize and address the deteriorating state of the forest cover and environmental problems in East Africa;***
- ii) Urge the Summit to sign into law the EAC Forests and Management Bill 2015;***
- iii) Upscale and enhance the activities of the cleaner production services in all the Partner States.;***
- iv) Fast track the integration of the Republic of South Sudan into the work plans and activities of the cleaner production services;***
- v) Undertake and intensify robust public sensitization programs aimed at addressing safer and cleaner environmental related strategies and approaches and;***
- vi) Expand and establish a robust and all-inclusive network with critical stakeholders like the church-based organizations, non-Governmental Organizations, the civil society just to mention a few. These can help in galvanizing the population of East Africa into cleaner production activities.***

## **5.7 INTEGRATED WATER RESOURCE MANAGEMENT PROGRAMME FOR LAKE VICTORIA BASIN (IWRMPLVB)**

The objective of the Programme is to ensure the availability of the quality of the Lake Victoria Basin through regional investments and other related measures. The programme aims at promoting an environmentally viable management of all the water resources. The measures are of a regional nature. It is envisaged that when measures are adopted, they will enhance regional economic integration by increasing the contributions of preserving the biodiversity of the Lake Victoria Basin.

The project has concluded financing agreements with the European Union and German Technical cooperation amounting to Euros 30 million.

## **5.8 THE RESEARCH AND DEVELOPMENT PROJECT FOR WATER AND LAND MANAGEMENT PRACTICES FOR THE RESILIENCE SUSTAINABLE INTENSIFICATION OF AGRICULTURAL PRODUCTION**

This project aims at contributing to promoting the resilience of the land and water resources, improved health of the ecosystems and livelihoods of the people in the extended Lake Victoria Basin. The project is also premised on the fact that the Lake has been threatened by the rapidly increasing population and economic growth, degradation of the environment and ecosystems and impacts on the projected climate change for the coming decades. The project is being implemented by International Institute for Applied System Analysis and International Crops Research Institute for Semi-Arid Tropics.

### **6.0 FIELD VISITS**

#### **i) THE KAJULU ENVIRONMENTAL MANAGEMENT PROJECT**

The Committee split into 2 groups, Group A visited Kajulu Forest Reserve while Group B visited the Keroka Water Supply and Sanitation Project.

The Sub-Committee visited the Kajulu environmental project to assess the Community based initiatives the LVBC and other stake holders are addressing and the environmental challenges facing the Lake Victoria Basin. Kajulu Hills are 10 kms from Kisumu City. The Hills plays a critical role in maintaining the environmental health of the Lake Victoria. Various streams emanate from the hill that join the rivers draining into the Lake Victoria. These streams are an important source of the water for the Kisumu City and support the agricultural sector.

The project is being managed by Kajulu Forest Association. It was formed in 1990 as a community-based organization. The Association was formed to address the environmental challenges due to rapid urbanization and deforestation that are taking place. The project aims at tackling the environmental challenges on the Lake Victoria Basin over the long term and improve the welfare of the millions of inhabitants who depend on it. Through the co-management initiative (CMB) the Community works with other key stakeholders in supporting and promoting the water shed management. Rigorous campaigns to plant trees have been undertaken to restore the forest cover which had been cut down some years ago. During the Committee field visit, it was observed that the hill is dotted with a verdant green of eucalyptus, bamboo and other indigenous species of trees which was not the case 3 years ago. As of today, nearly 145 hectares of the hill have been planted.

In order to promote community social responsibility, the project has partnered with other stakeholders like Maseno University medical department which is using the forest for scientific research on herbal medicine. The project has also partnered with the Pambani



family to plant the palm trees because they are sustainable and cannot be used for charcoal burning.

In order to strengthen the Community initiatives, the Committee Members too, planted trees for each Partner State of EAC representing the different Country Chapters.

## **COMMITTEE OBSERVATION/RECOMMENDATIONS**

### **a) Need to enhance sensitization and Community Outreach Programs**

The Committee salutes the initiatives LVBC has undertaken to partner with the communities of Kajulu in the restoration of the Forest. However, the Committee observed that there is need to develop and involve the Communities for the project to be community owned and driven. This will ensure that the community is involved in the full restoration and protection of the forest. The initiative should also involve other key stakeholders like the Non-Governmental Organizations, Civil Society Organizations, Community Based Organizations the church, mosques just to mention but a few.

#### **i) Increased initiatives towards restoration of the environment**

The Committee observed that although LVBC has undertaken various initiatives to partner with the communities to restore the Kajulu Forest, a lot is still required to ensure that total forest cover is restored in the entire East African region. The Committee recommends that:-

- i) A robust and deliberate campaign is initiated by all the Partner States to redeem the forest cover across the EAC region. As part of the initiative, the Committee recommends that a separate EAC public holiday should be marked by all the Partner States for reforestation. During this day, EAC Countries should draw a road map to ensure that at least 20 million trees are planted across the EAC annually;***
- ii) The Committee recalls that this August Assembly enacted and passed the EAC Forest Conservation and Management Bill 2015. This Bill has not yet been assented to by all the Partner States. The Committee believes that if assented to, it would put in place a strong regulatory mechanism for the protection and management of the forest. The Committee recommends to the Assembly to urge the Council of Ministers to expedite the process of assent to the Bill by the Heads of State.***

### **b) KEROKA WATER SUPPLY AND SANITATION PROJECT**

The Keroka water flows from a river called Kujja which originates in the highlands of Kiabonyoru in Nyamira Country in the Kisii Area. The project collects and processes the

water which is collected and processed through different stages of purification after which it is stored in the tank then distributed in the surrounding communities.

The water is pumped at night because Kenya tariffs are low at night hence minimizing the cost of electricity. The electricity bills are covered by Lake Victoria South Water Board which is currently running the project. The sub-Committee was informed that before building the new pump house, water was pumped for 18 hours but was not enough but now it's only done for five hours but the quality and quantity has improved hence meeting the demands of the community.

#### Benefits of the Keroka Water Supply and Sanitation Project

- It has boosted the livelihood and health of the Communities in Keroka town;
- Increased access to safe drinking water and improved sanitation;
- Alleviated the water shortage in the Area;
- Availability of water to the Major hospitals and public facilities; and
- Increased the revenue of the government of Kenya.

### **COMMITTEE OBSERVATION/ RECOMMENDATIONS**

During the on-spot assessment of the EAC Central Corridor that took place in February 2018, Members observed lack of water in the public facilities near the market and at Masaba sub-county Hospital but the problem has been solved and water is now available in the areas mentioned.

It was further observed that the nearby Kiosks did not have water despite the fact that the water pipes pass through the Kiosk area. The Engineers however informed the Committee that the problem is being worked on.

## **PART TWO**

### **7.0 STATUS OF IMPLEMENTATION OF THE ASSEMBLY RECOMMENDATIONS**

As indicated, over the last two years since this Assembly was inaugurated it has expressed its disappointment at the general implementation of the previous recommendations. During the visit to LVBC, the Committee reviewed the status of implementation of the previous audit recommendations and noted the following.

#### **a) Delayed Funding by Partner States**

Audit Commission had reported that contributions expected from Partner States were not fully paid during the financial year of 2015/2016. The budgeted contribution was of USD

2,766,394.00, and the Commission received a sum of USD 2,163,640.00 resulting in under funding of USD 602,754 (21%). Considering the arrears from financial year 2014/2015, the outstanding amount was USD 604,012 as at 30 June 2016.

The implication was that the planned activities could not be carried out due to inadequate funding and consequently the intended objectives were not adequately achieved.

***The Committee had recommended to the Assembly to:***

- i) Liaise with EAC Secretariat to regularly remind Partner States of their obligation to pay their share of contribution and;***
- ii) Explore other alternative funding mechanisms to raise funding for the LVBC.***

The LVBC further reported that it is in regular contact with the EAC Secretariat regarding the liquidity situation and adequate measures are being undertaken to rectify the situation.

***The Committee recommends to Assembly to urge the EAC Council of Ministers to ensure that***

- i) LVBC funding is given priority such that it can be able to execute its mandate.***
- ii) LVBC develops attractive project proposals and also explore other funding mechanisms.***

**b) Lack of Mid-Year and Annual-Results Review Report of 2015/2016**

Audit Commission had reported that upon examination of the progress made by LVBC in developing results-based management system, it noted that; LVBC lacked Mid-Year and Annual-Results Review Report for 2015/2016.

LBVC did not produce a Mid-Year and Annual Results Review Reports for 2015/2016 despite disclosing in the financial statements (under the objective of strengthening coordination capacity of the LVBC Secretariat) the details of operationalization of Results-Based Management Strategy (RBMS) as among the achievements recorded during the financial year under review.

The Committee had recommended to the EAC Council of Ministers to ensure that LVBC enforces a mechanism which should ideally be a Results-Based Management Implementation policy/Manual within the Planning Department to ensure that Mid-Year and Annual Results Review Reports are issued on the due date.

***During the Committee oversight, it was confirmed that LVBC had developed the Results-Based Management Implementation policy/Manual, which is already in use.***

**c) Lack of regular updating of the fixed asset register**

Audit Commission had reported that the LVBC was not regularly updating its fixed asset register and some of the items were disposed but were still appearing in the register long after the expiry of the project. Audit Commission had also observed incomplete assets register which could consequently affect the reliability of disclosure of non-current assets under the IPSAS requirement.

***The Committee had recommended to the Assembly to urge the Council of Ministers to ensure that LVBC regularly and timely updates its assets register and conduct periodic reconciliations of the fixed asset register with the general ledger.***

During the oversight activity, the Committee confirmed that the Asset management software was installed and some staff have been trained on its operations. In addition, all assets are in the fixed assets register, and LVBC acquired an asset management software - HARDCAT to manage and improve the process.

**d) Management of Full Depreciated Assets**

The Audit Commission had reported that upon review of the Fixed Asset Register to ascertain whether the fixed asset were being regularly updated to account for additions and disposals and if reconciliation between fixed asset register and general ledger were being performed regularly, it noted that 24 full depreciated assets in the Fixed Asset Register (FAR) as at 30<sup>th</sup> June 2016, of which 22 were still in use while 2 were not in use. Some of those assets were in operation for a time ranging from three to twelve years. The full depreciated assets were 11 Telecom equipment with cost of \$53,552 while 9 were motor vehicles with cost of \$493,703 and 4 were marine equipment with cost of \$689,882.

Audit Commission noted that management had not performed comprehensive survey of the fully depreciated assets and identified the assets which suffice to be in use and those which do not deserve to be in use due to higher running cost in terms of maintenance, repair and fuel consumption.

The Committee had recommended to the Assembly to urge the Council of Ministers to;

- i) Ensure that LVBC perform a comprehensive survey to identify active assets which suffice to be in use and define the nominal value for the active assets and estimate the useful life accordingly; *and*
- ii) That LVBC should develop an asset evaluation and inventory policy for proper management of assets of the Commission.

During the oversight activity, the Committee was informed that the matter is cross-cutting on all EAC Organs and Institutions. It was reported that the EAC Secretariat has taken a lead role in the development of a harmonized asset inventory and revaluation policy. Due to the budgetary constraints the LVBC is currently facing, it has become difficult to replace the fixed assets inventory.

The Committee reiterates its earlier recommendation that LVBC;

- i) Should perform a comprehensive survey to identify active assets which suffice to be in use and define the nominal value for the active assets and estimate the useful life accordingly and;*
  - ii) Develop an asset evaluation and inventory policy so as to have a proper management of assets of the Commission.*
- e) **Delayed write-off and disposal of plant, property and equipment**

The Audit Commission had reported that from the analysis from the Board of Survey Report three motor vehicles were recommended for disposal since financial year 2014/2015. However, as at the time of audit in November 2016 the vehicles had not been disposed. The pending write-off was valued at Ksh 2,050,000 an indicator that even more assets were pending write-off in the current period for instance spare parts of RV Jumuiya.

The Committee had recommended that: -

The Management of LVBC undertakes measures to expedite write-offs and disposals to avoid further wear and tear; and consider other approved disposal methods to expedite the process of disposing spare parts of RV Jumuiya Vessel assets taking into account that, these are specialized assets.

During the Committee oversight, LVBC reported that the valuation was undertaken and some assets were disposed off. For instance, one out of three motor vehicles CD1EAC13

was successfully disposed off. The process is on-going for the other vehicles. Acceptance offer is awaited from the 3<sup>rd</sup> highest bidder for CD1EAC14 after not being taken by the 1st and 2nd. As regards CD1EAC4 LVBC awaits to advertise it following rejection of bidder. As regards the RV spare parts, the Committee was informed that the advertisement for disposal was done but it did not attract a single bidder. The Commission has opted for alternative disposal through public auction. An auctioneer has been identified and subsequent processes are ongoing.

***The Committee commends the progress made by the management of LVBC in addressing the concerns raised by the Audit Commission on the delayed write-off and disposal of plant, property and equipment. The Committee recommends the Council of Ministers to direct the Audit Commission to verify the status of this query and report in the subsequent audit.***

**f) Lack of Monitoring for Fuel consumption**

Audit Commission had reported that LVBC operates 11 motor vehicles that serve 44 staff members Commission-wide. LVBC did not have a mechanism in place for monitoring and analyzing motor vehicles fuel consumption. The practice used by the LVBC was issuance of fuel imprest to the drivers which are subject to retirement when the imprest is exhausted. On the year under audit, LVBC had incurred \$48,346 for motor vehicle fuel issued as an imprest.

Additionally, the Audit Commission noted that in the previous year 2014/2015, LVBC had used fuel filling card as a control tool of monitoring actual fuel consumed and satisfactorily monitored the fuel consumed by the Commission's 11 motor vehicles, with the actual amounts regularly compared against manufacturers' fuel consumption rates.

LVBC had indicated that it had undertaken discussions with TOTAL petrol station to restore/re-activate the abolished cards system of which TOTAL is demanding the outstanding overdue accrued from the previous agreement amounting to Ksh 8,540 to be settled to allow further discussion.

The Committee had recommended to the Assembly to urge the Council of Ministers to ensure that LVBC: -

- (a) Develop a comprehensive policy for vehicle fleet management;
- (b) Initiate the process of re activating the fuel card; *and*
- (c) Perform fuel consumption analysis on monthly basis and the same to be documented for the audit review.

During the Committee oversight activity, the management of LVBC informed the Committee that due to liquidity challenges and the inconsistent cash flows it has been difficult to use the fuel card system because the Total fuel Company require mandatory cash deposit payments. The Management further reported that it has a developed policy on motor vehicle fleet management and the Executive Director has issued an internal guideline circular on motor vehicle management to address the problem pending finalization of EAC Policy that shall be customized.

***The Committee was not satisfied with the management response and hereby recommends to the Assembly to urge the Council of Ministers to expedite the process of developing the comprehensive policy on motor vehicle fleet management to address the problem.***

***The Committee recommends further that this matter should be carried forward by the Audit Commission.***

**g) Weaknesses in Procurement and Contracts Management**

The following weaknesses were noted;

**i) Understaffing of the Procurement Unit**

Audit Commission reported understaffing of the procurement unit whereby all the procurements were done by one staff member from the process of preparation of the procurement plan to preparation of the minutes of the Procurement Committee. It observed that there was inadequate filing of tender documents in the tender files and some of the contracts were not indexed with tender and contract numbers.

The Committee had recommended that the management of LVBC liaise with EAC-HQ to ensure that the procurement unit at LVBC is established to handle the work load.

During the oversight activity, Committee was informed that the vacant positions within the procurement unit are yet to been filled and preliminary reports indicate that the positions have not been catered for in the proposed structures of the institutional review. An intern is now assisting the Senior Procurement Officer in the Procurement Unit pending the finalization of the EAC Ad Hoc Service Commission work load review.

**ii) Incomplete Annual Procurement Plan (APP)**

Audit Commission had reported that upon examination of the Contract Register and APP revealed that LVBC did not incorporate the carried over activities from previous year for easy monitoring and evaluation of the tender process. Further tenders valued at more

than Kshs 7,100,000 for electrical and tiling of Nyanza Office were carried over from the previous year were not included in the APP for the year 2015/2016.

It further observed that the APP were incomplete in their response. The Management reported that the review of the Annual Procurement Plan was an ongoing process dependent of budget reviews necessitated by supplementary budgets and new activities. Management further reported that it has been pursuing adequate participation in generation of the APP to ensure that the appropriate information is generated by the BMS.

On the issue of incomplete Annual Procurement Plan (APP), the Committee had recommended to the Assembly to direct the LVBC Management to consider enhancing its review process of APP and ensure that all budgeted activities of procurement nature are incorporated in the APP and Budget Estimates.

***The Committee revisited the matter and noted with deep concern that the matter of staffing at the EAC Organs and Institutions has reached phenomenal proportions. The Committee therefore observes the following;***

- i) The Institutional Review of EAC which was stated more than 10 (ten) years ago is yet to be completed, EAC has spent more than 1m USD on this process;***
- ii) Low staffing levels is not only affecting the quality of the outputs but also the health and lives of staff; and***
- iii) It has led to loss of resources of the Community because one single staff member cannot be able to analyze and scrutinize all the procurement documents.***

***The Committee therefore recommends that a select Committee is constituted by this August House comprising of Chapter Chairs from each Partner States together with the Chairperson Accounts Committee to engage the Council on this.***

- h) Deficiencies in the management of the contract for Partitioning and remodeling of LVBC Nyanza Office***

Audit Commission had reported that on 26 June 2014, LVBC entered into a contract with M/s Lunao Enterprises to carry out office remodeling, partitioning and interior fit at contract sum of Kshs 20,175,061. The project was to commence on 14th August 2014 and to be completed within 16 weeks.



Audit review of the contract execution revealed a number of significant deficiencies as detailed below: -

- a) Abnormal project extensions and delays;
- b) Single sourcing of additional works awarded to non performing contractor without performance appraisal on the previous contracted work; and
- c) Sub-standard workmanship of LVBC office partitioning and remodeling.

The Committee had recommended to the Assembly to urge the Council of Ministers to direct the LVBC Management to: -

- i) Institute disciplinary procedures against the specified officers involved in the execution of the project for negligence of duty and not following the established EAC financial rules and procedures;
- ii) Strengthen and improve the current coordination between the user departments and procurement unit to ensure that the awarding of subsequent contracts must be based on the evaluation of performance appraisal;
- iii) Establish the pre audit desk within the finance department to carry out pre audit before the payments are affected;
- iv) Initiate stringent procedural recovery of Kshs 2,058,337 overpayment from the contractor and investigate the reasons for payment.

During the oversight activity, the Committee was informed that;

- i) A team composed of 2 LVBC engineers was formed and co-opted 2 members from the regional Ministry of works to facilitate the construction, supervision and monitoring of the project;
- iii) User departments are now involved in ensuring that the coordination between user departments are strengthened;
- iv) Financial payment processes have been streamlined and a review process within the Finance department has been institutionalized to do the pre audit order before the payments are affected; and
- v) Ksh 2,058,337 was recovered from the contractor.

***The Committee noted the progress made by LVBC in implementing this audit finding but recommends to the Assembly to urge the Council of Ministers to direct the management of LVBC to put in place strong measures that will stop the misuse of resources at LVBC.***

**i) Questionable payment for staff medical insurance**

The LVBC paid Kshs, 17,841,459 to M/s Pearsh Insurance Agency for staff medical insurance vide cheque no 2202 dated 5/8/2015. Audit Commission however noted that LVBC had procured the service from M/s CIC General Insurance Limited and entered into a contract on 14<sup>th</sup> July 2015 and not the agent who was paid the contract amount. Although the Commission provided an addendum to the contract where there was an amendment to allow LVBC to pay the fund through the Insurance Agent, the following observations were made;

- i) The payment process to the agent was initiated before the addendum was signed;
- ii) There was a noticeable difference between that initial contract and the addendum as the initial contract had the Insurance firm company seal whereas that addendum only had a rubber stamp casting doubt on the authenticity of the payment;
- iii) The addendum had manual alterations on it, casting doubt on its validity and legality; and
- iv) A contract was entered into without approval of the Council of Ministers as required by the regulation.

The payment of funds to the party not in the agreement exposed the funds of LVBC to risk.

The Committee had recommended to the Assembly to urge the Council of Ministers to strongly reprimand the Management of LVBC and ensure that payments are made to legally contracted suppliers and comply with a valid agreement and investigate the circumstances of these payments.

During the oversight activity, the Committee was informed that Payments for staff medical insurance are now being paid directly to insurance company.

***The Committee noted the progress made by LVBC in implementing the Assembly recommendation but recommends to the Assembly to urge the Council of Ministers to ensure that the management of LVBC streamlines the***

***payments of the medical service providers and ensure that future payments are done in accordance with the EAC financial rules and regulations.***

- j) **Failure to recover usd 8,000 from lift contractor as penalty for delay in the installation of a passage lift.**

The Audit Commission had reported that LVBC failed to recover usd 8,000 from lift contractor as penalty for delay in the installation of a passage lift. The Committee had recommended that the money be recovered from the contractor.

During the oversight activity, the Committee was informed that recoveries have been made from the contractor's service quarterly payments. The Current outstanding balance to be recovered from the Contractor is USD 2,800.

***The Committee notes the progress made by LVBC in implementing the Assembly recommendation but recommends to the Assembly to urge the Council of Ministers to ensure that the management of LVBC fully recovers all the remaining outstanding monies owed to it from the contractor.***

## **8.0 WEAKNESSES IN FINANCIAL MANAGEMENT AND FAILURE TO FILE FOR VAT REFUNDS ON QUALIFYING EXPENDITURE**

The Audit Commission had reported weaknesses in financial management and failure to file for VAT refunds on qualifying expenditure by the LVBC. Consequently, the Committee had recommended that the management of LVBC hence follow up for VAT refund from Kenya Revenue Authority in line with the VAT Bill of 2013 which puts no time limit on the filing of returns. The Committee had also advised LVBC to put in place a mechanism for timely compilation and submission of such claims for tax refunds.

During the oversight activity, the Committee was informed that the issue of VAT refunds is a perennial problem that has been brought to Council's attention. Tax exemption has been obtained from Kenya Revenue Authority for service contracts. The LVBC further informed the Committee that claims for refunds have been submitted to KRA and the challenges still persist in claiming VAT especially in Countries that LVBC does not have host agreements with.

***The Committee recommends to the Assembly to:***

***Urge the Council of Ministers to ensure that VAT claims are stream-lined in all the Partner States where LVBC have host agreement including those where LVBC have host agreement including those where LVBC doesn't have.***

### **8.1 INADEQUATE ACCOUNTING POLICIES ON PROVISION FOR BAD AND DOUBTFUL DEBTS AND ON IMPAIRMENT OF ASSETS**

The Audit Commission had reported that LVBC did not have adequate accounting policies on provision for bad and doubtful debts on impairment of assets.

The Audit Commission further reported that upon review of the criteria used in estimating the provisions/assets impairment it noted that there were no criteria used in addressing the impairment of assets to determine the fair value of recoverable amount of the assets. For instance, RV Jumuiya vessel has not been operational for the past three years but there was no provision for impairment provided as aforementioned. Audit Commission had opined that a review of the whole reporting policy document be aligned with IPSASs reporting framework.

During the oversight activity, the Committee was informed that the issue was brought to the attention of the EAC secretariat. LVBC is waiting for the EAC to formulate policy on provision of bad and doubtful debts and impairments letter.

The Committee recommends to the Council to expedite the process of formulating a policy on provision of bad and doubtful debts and impairments.

### **8.2 STATUS OF IMPLEMENTATION OF ASSEMBLY RECOMMENDATIONS FOR FINANCIAL YEAR 2016/17**

#### **Review of Internal Audit Function**

The Audit Commission had reported weaknesses in the internal audit function which was not performing its tasks as required. The Committee had recommended that the weaknesses reported by the Audit Commission be addressed in order to put in place strong internal controls.

During the oversight activity, the Committee was informed that Internal Audit function has been strengthened and it is continuously reviewing all LVBC processes and controls so as to periodically advise management on improvements.

***The Committee notes the progress made by LVBC in strengthening the Audit function but reiterates its earlier recommendation that LVBC should put in place a strong and vibrant audit unit so as to address the internal weaknesses at LVBC.***

### **8.3 WEAKNESS IN RECOVERY OF ADVANCES**

The Audit Commission had reported weakness in recovery of advances. It noted an increase of 612% of the salary, housing and imprest advances aggregated from USD 16,077.05 reported in the previous year to USD 114,434.02 reported during the year under audit, an aggregated increase of USD 98,356.97.

The Committee had recommended to the Assembly to urge the Council of Ministers;

- i) To institute disciplinary proceedings to the Executive Secretary Dr. Ally Said Matano as the overall Accounting Officer of LVBC, the Principal Internal Auditor Ms Barbara Mushilwa and the Senior Accountant Mr. Frank Munabi for violation of Regulation 54(4) of the Staff Rules & Regulations (2006) relating to payment of salary advances and Regulation 40(3) of the Financial Rules & Regulations relating to imprest;
- ii) To ensure that all the outstanding advances are recovered with immediate effect and;
- iii) Enforce due control in the management of staff salary and benefits payments.

During the oversight activity, LVBC reported that all the imprests reported by the Audit Commission have been recovered.

***The Committee noted the progress and recommends to the Assembly to urge the EAC Council of Ministers to direct the Audit Commission to confirm the authenticity of the recoveries and report in the next audit exercise.***

### **8.4 REVIEW OF BOARD OF SURVEY REPORT**

The Audit Commission had reported that the Board of Survey Report for the year ended 30th June 2017, indicated that CD1EAC 1 had been in use for more than 7 years. It had become a liability to the Commission because its maintenance costs were over USD 100,000 during the year. This was Contrary to the EAC financial rules and regulations.

Furthermore, the Audit Commission had recommended for the disposal of the RV Jumuiya non serviceable spare parts, scheduling and conducting periodic and regular audit of RV Jumuiya operations among others. The Audit Commission noted that these recommendations had not been implemented.

The Committee had recommended to the Assembly to urge the Council of Ministers to ensure that Management of LVBC implements recommendations made by the Board of Survey.

During the oversight activity, LVBC reported that Supplementary budget was obtained in FY 18/19 for purchase of new vehicles, but the funds were not availed for the purpose.

#### **COMMITTEE RECOMMENDATION**

***The Committee noted the challenge and recommends to the Assembly to urge the EAC Council of Ministers to:-;***

- i) avail funds to the LVBC to purchase vehicles that can facilitate its operations.***
- ii) Management of LVBC is advised to continuously follow up with the Committee on General purpose to ensure that this recommendation is implemented.***

#### **8.5 SLOW PACE OF KISUMU LVBC-HEADQUARTERS OFFICE DEVELOPMENT**

The Assembly might recall that in 2006 the Government of Kenya allocated 2.8 hectares plot of land to LVBC for construction of the LVBC Headquarters with a lease Certificate No Kisumu/KOGONY/4337 issued on 1<sup>st</sup> May 2006 with a lease period of 99 years. The Commission started developing phase one of fencing the plot in 2011 and completed it in 2012 at cost of \$108,000 recorded under work in Progress while the value of the land was \$527,140.

Since the completion of the fencing in 2012 six years ago, the development of the HQ Office has been at hold.

Furthermore, in July 2016, the Council of Ministers passed a resolution requiring LVBC to open the separate bank account and set aside funds for Headquarter development. LVBC opened the reserve account of which as at the time of the audit the balance in the reserve account was \$ 46,314 while the estimated construction cost was \$3,500,000. Also, the audit noted the draft management plan pending for submission to Council of Ministers for approval.

The Committee had recommended to the to the Assembly to urge the Council of Ministers to:-

- i) Ensure that Management of LVBC develops a concept/motivation paper for fund solicitation from Development Partners as well as Partner States; and

- ii) Expedites the processes of submitting the cost estimates to Council of Ministers for approval and decision making.

During the oversight activity, LVBC reported that a concept paper for the development of the LVBC Headquarters was prepared and the cost estimates were submitted to Council which approved the use of reserve fund to the tune of USD 1.35 Million towards construction of the 1st Phase of LVBC Headquarters. It should be noted that even though the funds were availed, EAC Secretariat later borrowed USD 1 million of the funds.

***The Committee noted the good attempt made by Council in availing resources to LVBC towards the construction of LVBC headquarters however, the Committee recommends to the Assembly to urge the EAC Council of Ministers to ensure that the borrowed funds are reimbursed to LVBC henceforth to enable it kick start the process of construction of LVBC Headquarters.***

## **8.6 LACK OF RELIABLE GENERATOR DURING POWER RATIONING**

The Audit Commission had reported that LVBC was donated a standby generator of 17 KVA capacity of which it commissioned its installation to Nyando Power Techniques at a cost of USD 9,791. Audit had further reported that during audit exercise which was conducted from 15<sup>th</sup> October 2017 through to 11th November 2017 it experienced a frequent power rationing from the Kenya Power Ltd Company and this was affecting the operations of the Commission.

It was further noted that despite the installation of the standby generator, during power rationing the generator could not be operated because the workload of the LVBC was approximately 25KVA while the available generator capacity was 17KVA. Furthermore, the activities and operation of LVBC always came to a standstill until the power was back of which the operations would be largely affected.

The Committee had recommended to the Assembly to urge the Council of Ministers to ensure that Management of LVBC solicits for a permanent solution to avoid work breakdown during power rationing.

During the oversight activity, LVBC reported that the budget provision was made for purchase of a suitable generator with adequate capacity to meet the Commissions requirements. The contract was awarded and installation is ongoing.

***The Committee notes and applauds LVBC for implementing the Assembly recommendation and hopes that with the acquisition of new generator, it will increase the efficiency and output of the operations at LVBC.***

## 8.7 WEAKNESSES IN ICT MANAGEMENT

The Audit Commission had reported the following weaknesses in the management of ICT at LVBC;

- i) Absence of IT Strategic Plan;
- ii) Inadequacies in the IT Policy;
- iii) ICT outsourcing not addressed in the current policy;
- iv) change management is not addressed in the Policy;
- v) Problem and incident management and;
- vi) Lack of knowledge management and retention.

The Committee had recommended to the Assembly to urge the Council of Ministers to ensure that the management of LVBC undertakes;

- i) Consultations with the different stakeholders and develop a comprehensive IT Strategic Plan that will make IT play a strategic role other than a support role and;
- ii) Ensure the IT-SP is approved by the executive office and is implemented.

During the oversight activity, LVBC reported that it has initiated the process of recruiting the ICT officer who is supposed to spearhead the process of putting in place the ICT strategic plan. The process has delayed due to the finalization of the Institutional review exercise currently underway.

As noted in the previous recommendations on how the delayed recruitments are affecting EAC institutional efficiency, the Assembly urges the Council of Ministers to;

***Expedites the Institutional Review Exercise such that LVBC can put in place a comprehensive ICT infrastructure that can address the weaknesses noted in the ICT management.***

## 8.8 TRAINING AND CAPACITY BUILDING

The Audit Commission had reported that according to *Section 8.3*, the Capacity building of the ICT policy requires the Information Technology Officer (ITO) to determine training needs and capacity building of staff, it further requires LVBC to provide all staff capabilities to enable them use the ICT resource. The ITO is required to develop a skills development programme consistent with HR development policy.

Audit further noted that there is no training that has been conducted for skilling staff (operational and executives) in the usage of the various IT systems acquired by the entity. This is likely to create inefficiency in service delivery, underutilization of system, and over dependence on individuals for work to be done. In case the Staff leave the job, the



progress of work would be negatively affected. The Committee had recommended to the Assembly to urge the Council of Ministers to ensure that the management of LVBC ensures that trainings and refresher programs are carried out both in house or hire of consultants to impart IT skills to staff.

During the oversight activity, LVBC reported that staff have been trained for various ICT Systems.

***The Committee takes note of this development, and urges the Assembly to recommend the Council of Ministers to ensure that this issue is revisited by the Audit Commission in the subsequent audit.***

## **8.9 DATA CENTRE**

The Audit Commission had reported that the data centre at LVBC headquarters in Kisumu is the control centre for the ICT function of the LVBC, it houses critical devices and ICT infrastructure like the servers, networking devices, UPSs among others. Because of its criticality, access should be limited, and it should be in a very secure location. Audit had noted the following anomalies: -

- The Data Centre was located in a very open place at the LVBC premises which could easily be accessed with no physical security detail;
- There was no burglar proofing for the Data Centre. The walls were partitioned in very weak aluminum frames and soft board walls;
- The Data Centre was not built with fire-resistant materials that could also reduce the spread of fire. It is built in soft boards;
- A biometric access was used at the door and not supplemented with physical secured locking system. Whenever there was a power outage, the door would open freely as the lock is powered by electricity;
- There was no CCTV installed to monitor access to the data center. The LVBC premises are shared with other Kenyan government offices which were frequently visited by the general public and could be accessed through open stair cases and lifts;
- The UPS in the Data Centre could only run for one hour, in the event of power outage (which often occurs), they would not support the ICT infrastructure at LVBC, and therefore business processes effected;
- There was no power suppression system in the data centre, no smoke detectors, no fire extinguishers, and no fire alarms. For the fire extinguishers in the building, there was no evidence that that have been serviced or tested to confirm if they are functioning;

- The Data Centre glasses for the behind windows were not tinted, and those in the front were half tinted;
- There was no log book for signing in for visitors to the data centre, audit could not confirm if the periodic maintenance people visit the data centre and;
- The access control servers were not stored in the data centre, they are kept in the ITO office which is accessed by anyone at the office premises.

The Committee had recommended to the Assembly to urge the Council of Ministers to ensure that the management of LVBC enhances the Data Centre to acceptable industry standards.

During the oversight activity, LVBC reported that it has undertaken the following measures to secure data centre;

- i) Data Center Security has been enhanced with secure physical and Biometric access with available logs;
- ii) A thermal glass insulation has been installed to enhance the Data Center and;
- iii) Periodic maintenance has been undertaken in the Data Center to mitigate any possible risk that could arise.

***The Committee takes note of the above developments and recommends to the Assembly to urge the Council of Ministers to direct the Audit Commission to revisit this matter and verify the above-mentioned interventions LVBC has put in place to secure the data center.***

## PART THREE

### 9.0 GENERAL OBSERVATIONS AND RECOMMENDATIONS

#### 9.1 SUSTAINABLE MANAGEMENT OF THE LAKE VICTORIA BASIN

During the Committee oversight, the Committee was informed about the various factors that are affecting the sustainability of the lake. They range from manmade factors like land degradation, pollution from agro-chemicals, poor solid and waste management just to mention a few.

## **COMMITTEE RECOMMENDATIONS**

***The Committee recommends to the Assembly to urge the Council of Ministers to galvanize all the Partner States and undertake urgent measures geared towards the conservation and sustainable use of the Lake Victoria Basin.***

***Some of these measures include;***

- i) Undertake a vigorous tree planting campaign in all the Partner States. This should target planting 20 million trees annually;***
- ii) Declare and set aside a public holiday across the Partner States to plant trees and create awareness on the environmental degradation;***
- iii) Assent to the Forestation Conservation and Management Bill 2015 which is supposed to put in place a regulatory framework for conserving and protecting forests across the EAC.***
- iv) Establish regional environmental police to handle and tackle issues of overfishing, illegal fishing, polluting the lake and enforcement of sustainable fishing methods just to mention a few. The police should work closely with the local communities within the Lake Victoria Basin to address the above-mentioned issues.***
- v) Undertake programs designed to enhance the productivity of the Lake and increase the fish stocks. This should include promoting and enforcing sustainable fishing methods across the Partner States.***
- vi) Design and promote programs meant to promote fishing outside the lake like fish farming. This will reduce the enormous pressure the lake is currently facing.***

### **9.2 THE LAKE VICTORIA BASIN COMMISSION BILL 2019**

The Assembly may recall that on 20<sup>th</sup> June 2019, the Lake Victoria Basin Commission (LVBC) Bill 2019 was read for the 1<sup>st</sup> time and was consequently referred to the Committee of General Purpose for scrutiny and report back to the House. The Bill seeks to enhance the coordinative approaches of Lake Victoria Basin Commission with other stakeholders in the sustainable use and development of the water and the maritime resources. It is the Committee's belief that once the Bill is enacted into law, it will address the institutional and human resources challenges currently LVBC is facing.

The Committee applauds Council for the initiative of introducing this very critical legislation aimed at saving the Lake Victoria Basin. The Committee urges the Agriculture Committee to which this Bill was later referred to take into consideration the following issues;

- i) *Prioritize and fast track the Bill such that it can be considered by the House within this financial year 2019 and;***
- ii) *Consider granting LVBC an autonomous status such that it can be able to undertake certain critical aspects such as hiring of staff and resource mobilization.***

### **9.3 SLOW PACE OF KISUMU LVBC-HEADQUARTERS OFFICE DEVELOPMENT**

As reported earlier, in 2006 the Government of Kenya allocated 2.8 hectares plot of land to LVBC for construction of the LVBC Headquarters. The Commission started developing phase one of fencing the plot in 2011 and completed 2012 at cost of \$108,000 recorded under work in Progress while the value of the land was \$527,140. On the 28<sup>th</sup> June 2019 Council directed that, USD 700,000 be recalled from LVBC and on 23<sup>rd</sup> May 2019 \$347,000 was also recalled from LVBC.

The Committee observed that this has retarded the progress of constructing LVBC-headquarters offices development.

***The Committee recommends to the Assembly to urge the Council of Ministers to ensure that the money borrowed is refunded to LVBC to enable it commence the construction of its office premises. This should be done with in the first quarter of this financial years 2019/2020.***

### **9.4 INTEGRATING THE REPUBLIC OF SOUTH SUDAN INTO LVBC ACTIVITIES AND PROGRAMS**

The Committee observed that the protocol establishing LVBC did not include the Republic of South Sudan. This is because the Republic of South Sudan is outside the Lake Victoria Basin, and as such LVBC is not undertaking any programs in South Sudan. The Committee considers this exclusion unfair since the benefits accruing from the integration process cannot be shared by the people of South Sudan. Besides that, there are a lot of benefits and synergies that can be realized if the Republic of South Sudan is brought on board.

***The Committee recommends that the proposed LVBC Bill should take into consideration provisions of integrating the Republic of South Sudan into the Lake Victoria Basin Commission.***

## **9.5 FUNDING OF LVBC PROGRAMS**

The Committee observed that just like any other EAC Organs and Institutions, LVBC is critically underfunded. This problem has been a result of;

- i) Delays in the disbursement of funds to LVBC for regionally implemented activities;
- ii) Difficulties of some Counties to co-fund some programs and;
- iii) The slow pace of resource mobilization which has been occasioned by the meagre budget allocated for resource mobilization.

***The Committee recommends to the Assembly to urge the Council of Ministers to urgently***

- i) ***Increase the funding of LVBC such that it can be able to carry out its activities and programs; and***
- ii) ***LVBC should develop and ensure resource mobilization exercise so as to attract funding for its activities.***

## **9.6 UNDERSTAFFING AT THE LVBC**

The Committee observed that like any other EAC Organs and Institutions, LVBC is hugely and grossly understaffed which has led to non-segregation of duties. For instance, there are 9 (nine) positions that are not yet filled despite the expiry of the contracts of the staff whose tenure ended many years ago. The two deputy Executive Secretaries have never been replaced. The Committee noted that this problem is due to the delay in the conclusion of the Institutional Review Exercise that has taken more than 10 years.

## **COMMITTEE RECOMMENDATIONS**

***The Committee recommends to the Assembly to urge the Council of Ministers to:***

- i) ***Ensure that the Institutional Review Exercise is quickly concluded to so that the vacant positions at LVBC are filled; and***

- ii) As mentioned earlier constitute a select Committee to interact with the Council and discuss this matter alongside other critical matters that are slowing the progress of EAC.*

## **9.7 NON-IMPLEMENTATION OF THE PREVIOUS ASSEMBLY AND AUDIT RECOMMENDATIONS**

The Committee observed a low implementation of recommendations made by the Assembly and the Audit Commission across at LVBC. This is in spite of the Assembly's recommendation that the Secretary General should produce a quarterly report to the Assembly on the status of the implementation. As a result, a number of audit queries have continued to appear in the successive audit reports which underlined weaknesses in EAC Management's efforts to adhere to the EAC Financial Rules and Procedures, Policies and resolutions.

### **COMMITTEE RECOMMENDATIONS**

*The Committee recommends to the Assembly the following:*

- i) As recommended earlier, the LVBC should put in place a proper mechanism which will enable the Assembly to receive periodical reports on the status of implementation of its recommendations from the Council of Ministers; and*
- ii) The Council of Ministers should update the Assembly on the status of implementation of Audit recommendations on a quarterly basis*

## **9.8 CONCLUSION**

The EAC Institutions have clear mandates that promise to fulfil the East African Community potential. This has been expressed by the achievements registered despite budgetary constraints. The EAC Council of Ministers should fully support strategies of the EAC Institutions. Funding is a prerequisite to capacity building, quality assurance, sustainability and effective competition. There is need for increased funding for the EAC Organs and Institution. The Council of Ministers should over rule the Zero increment of the budget. By doing so it will enable institutions implements their planned activities and Assembly recommendations. The EAC Council of Ministers should also play their role to ensure that the Assembly recommendations are implemented especially where it specifically requires Council action.

## **9.9 ACKNOWLEDGMENTS**

The Committee on accounts wishes to thank the Rt Hon. Speaker, Members, the Clerk and the entire administration of the Assembly for allowing it to carry out its oversight function. The Committee further appreciates the valuable time and information accorded to it by the LVBC and other stake holders the Committee visited. The Committee hopes that the findings and recommendations contained in this report will greatly enhance the suitability of the Lake Victoria Basin.