COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

SECOND ASSEMBLY – SIXTH SESSION

Wednesday, 29th June, 2022

House met in the Main Chamber at 02:30 p.m.

(The Speaker (Hon. Elisha Jack Oraro) in the Chair)

PRAYERS.

The Speaker (Hon. Oraro): Good afternoon Honourable Members and welcome to this session. Clerk, please take us through the order of the day.

The Speaker (Hon. Oraro): Next order!!

PAPER LAID.

REPORT FROM THE STANDING COMMITTEE OF LABOUR AND SOCIAL WELFARE ON A PETITION TO THE COUNTY ASSEMBLY OF KISUMU ON THE DELAYED RETIREMENT BENEFITS TO RETIREES OF THE YEAR 2007 OF THE FORMER DEFUNCT MUNICIPAL COUNCIL OF KISUMU.

The Speaker (Hon. Oraro): Honourable Rashid Miruka.

Hon. Miruka: Thank you Mr. Speaker. Pursuant to the provisions of County Assembly of Kisumu No. 217 (2), I wish to table today Wednesday, 29th June, 2022 a report from the Standing Committee of Labour and Social Welfare on a Petition to the County Assembly of Kisumu on the

Delayed Retirement Benefits to Retirees of the year 2007 of the Former Defunct Municipal Council of Kisumu. Thank you.

(Hon. Miruka lays before the House to Petition for consideration)

The Speaker (Hon. Oraro): Honourable Members, today, Wednesday, 29th June, 2022 at 14:38 hours, I confirm receipt of the report from the Standing Committee of Labour and Social Welfare on a Petition to the County Assembly of Kisumu on the Delayed Retirement Benefits to Retirees of the year 2007 of the Former Defunct Municipal Council of Kisumu.

Honourable Members, I want to refer to our Standing Orders No. 217 which is Committal of Petitions and it states that and I read;

Every Petition presented or reported pursuant to this Part, shall stand committed to the relevant Sectoral Committee.

(2) Whenever a Petition is committed to a Sectoral Committee, the Committee shall, in not more than sixty calendar days from the time of reading the prayer, respond to the petitioner by way of a report addressed to the petitioner or petitioners and laid on the Table of the County Assembly and no debate on or in relation to the report shall be allowed, but the Speaker may, in exceptional circumstances, allow comments or observations in relation to the Petitions for not more than twenty minutes.

Honourable Members, I am directing that this petition be communicated to the Petitioners but by leave of the House, I can allow the Chair to give this House highlights or a brief of the Committee findings.

Hon. Miruka: Thank you Mr. Speaker and Honourable Members. This petition reached the House Committee through the office of the Honourable Speaker, the Committee conducted its investigations and we summarized it up. Mr. Speaker, there were two main Prayer from the Petitioners.

PRAYER 1: THAT, the County Assembly of Kisumu exceptionally and expeditiously moves a Motion to push for the Payment of the Retirees without any further procrastinations.

PRAYER 2: THAT, the County Assembly of Kisumu to agitate for the allocation of funds for the former Municipal Council Retirees of 2007 to settle the matter once and for all.

Mr. Speaker and Honourable Members, I want to categorically report here in summary that, based on the findings and the meetings that we convened with the Department of Human Resource, the Kisumu County Worker's Union, the Auditors from the County Executive we did agree that on prayer number one I Read;

Having comprehensively consider this matter and based on the foregoing findings. And recommendations, the Standing Committee of Labour and Social Welfare recommends that this prayer be granted in the sense that by copy of this report, upon adoption, the County Executive through the Office of the County Secretary and that of the County Executive Committee Member for Finance and Economic Planning stands compelled to exceptionally and expeditiously move with haste and implement the Committee's recommendations in order to facilitate the process of payment of claims due to the petitioners.

Nevertheless, the motion referenced in the prayer shall be procedurally of essence and impactful and shall henceforth be moved upon the expiry of 90 (ninety) days indicated in recommendation No. 6 of this Committee report.

Prayer No. 2. That, the Standing Committee of Labour and Social Welfare recommends that this prayer be granted and the same be pursued in line with the recommendations of this report as highlighted here above.

Mr. Speaker and Honourable Members, please allow me to take you through the recommendations made by this House Committee.

Mr. Speaker and Honourable Members, based on the foregoing findings, the Standing Committee of labour and Social Welfare makes the following recommendations thus hereunder responds to each prayer made by the petitioner that;

1. THAT, the County Secretary immediately constitutes an Ad hoc Taskforce consisting of the County Director of Human Resource, County Internal Audit and any other relevant officer to retrieve, comprehensively review and correctly compute all claims due to the petitioners.
2. THAT, where the claims presented by the petitioners cannot be verified for lack of supportive documentations and evidence, the County Secretary should immediately initiate the Payment of Retirement Dues to the Petitioners based on the standardized calculation of Pension and Retirement Benefits based on basic Salary Component that the petitioners were engaged in during their term in service.
3. THAT, using their Personal File Numbers (PF) and employment details of the petitioners provided in this report, the County Secretary should immediately provide details of previous engagements and or employment details of all the petitioners to the Ad hoc Committee to be constituted in (1) above in order to facilitate correct and detailed computation of payments due to the petitioners.
4. THAT, the County Secretary submits the correctly computed schedule of claims of all the petitioners to the County Executive Committee Member for Finance and Economic Planning to process payments within 3 (three) months upon adoption of this report.

5. THAT, upon receipt of the total claims and correctly computed by the County Secretary through the Taskforce referenced in (1) above, the County Executive Committee Member for Finance and Economic Planning should with immediate effect make budgetary provisions for inclusion immediately the Supplementary Budget Estimates for the conclusive payment of all the claims due to the petitioners.
6. THAT, the County Secretary upon the adoption of the Report and should within 90 (ninety) days shall furnish this House with a report on the Implementation Status of the Resolution of the Assembly of details in the foregoing recommendations of the report on matters of payment of retirement dues to the petitioners.

Mr. Speaker and Honourable Members, I want to state that, going by the provision of the Standing Orders of this House No. 217, we as an Assembly, we are not permitted to discuss this petition. Mr. Speaker, based on what we investigated and our findings we resoled that the Petitioners had the moral ground and a strong case to agitate for their claims only that and it is not our duty as an Assembly to compute how much is owed to the Former Defunct Municipal Council of Kisumu Employees. Mr. Speaker, what needs to be done, as per the recommendations of the Committee is that, the Department of the Human Resource and the Auditors to work on the computations and undertake the summaries and ultimately liaise with the petitioners to conclude this case. Mr. Speaker, I submit.

The Speaker (Hon. Oraro): Thank you Hon. Miruka, I want to give Honourable Members, one minute each.

(Silence)

The Speaker (Hon. Oraro): Honourable Members, if none, this report stands laid and I direct that communication be made to the County Secretary and the Petitioners for appropriate action to be taken.

The Speaker (Hon. Oraro): Next order!!

The Speaker (Hon. Oraro): Yes Senior Members, Hon. Priscah Misachi, the Majority Whip.

Majority Whip (Hon. Misachi): Thank you Mr. Speaker. On behalf of the Chairperson, Hon. Julius Genga and pursuant to the provisions of section 32 of the Public Finance Management Act, 2012 read together with County Assembly of Kisumu Standing Orders No. 186 (6), I wish to table today Wednesday, 29th June, 2022 a report from the Select Committee of Procedure and Rules on the Amendment to the County Assembly of Kisumu Standing Orders. Thank you.

(Majority Whip lays the report before the House for consideration)

The Speaker (Hon. Oraro): Honourable Members, I confirm receipt of report from the Select Committee of Procedure and Rules on the Amendment to the County Assembly of Kisumu Standing Orders submitted in line with the provisions of Standings Orders No. 244 (5) presented by Hon. Priscah Misachi on behalf of the Chairperson, Hon. Julius Genga. I commit this report to the Select Committee of House Business for scheduling for debate. Thank you,

The Speaker (Hon. Oraro): Next order!!

NOTICE OF MOTION.

The Speaker (Hon. Oraro): Yes Senior Members, Hon. Priscah Misachi, the Majority Whip.

Majority Whip (Hon. Misachi): Thank you Mr. Speaker. On behalf of the Chairperson, Hon. Julius Genga and pursuant to the provision of County Assembly Standing Orders No. 45 (1), I wish to give a Notice of Motion on a report from the Select Committee of Procedure and Rules on the Amendment to the County Assembly of Kisumu Standing Orders in line with the provisions of Standings Orders No. 244 (5). Thank you.

The Speaker (Hon. Oraro): Next order!!

STATEMENTS.

The Speaker (Hon. Oraro): Yes Maureen Otiang'

Hon Otiang': Thank you Mr. Speaker. I want to move a report from the Select Committee of PIC/PAC…

The Speaker (Hon. Oraro): Order!!Honourable Members, we are still on statements. I saw you rise on your feet and I thought you had a Statement to sought or respond to.

Hon Otiang': Mr. Speaker, I have a Statement.

The Speaker (Hon. Oraro): Please proceed.

Hon Otiang': Thank you Mr. Speaker. I just want to raise a Personal Statement. I take this opportunity to appreciate all Honourable Members because it is my belief that this is the second last session in this House that we are having in our five period term. I thought it wise to appreciate my colleagues together with your leadership and the Assembly fraternity. I want to thank the Almighty God for the opportunity He has bestowed upon us as Members.

Mr. Speaker, in most scenarios you will find that most people don't close the Assembly with the numbers that they started with. We in Kisumu County we have been privileged by the Almighty God that we are closing our term intact and with our Member holding their heads high because of the achievement that they have made. So, basically, my statement is to thank the Almighty God

for this opportunity. I want to thank the Honourable Members, it was a pleasure working with you. Thank you.

(The Temporary Speaker Hon. Inviolate in the Chair)

The Temporary Speaker (Hon. Inviolate): Yes Hon. Vitalis Otura.

Hon. Otura: Thank you Madam Speaker. It is with great pleasure to witness our second last sitting being successful to the tune of having quite a good number of Members in the House.

Madam Speaker, it has been equally important for all of us for having stayed here together for the last four years. It is equally important that during this period we have deliberated in harmony, shared together as brother and sister. Although we have had our up and down but above all is that the Almighty God has held us together without any casualties. Madam Speaker that is my greatest prayer and should continue happening in Kisumu County Assembly.

Madam Speaker, without forgetting, it is imperative to mention that even our predecessors have leaved in peace and harmony and they did not have any casualties in the hands of the devil. Madam Speaker, what I want to express here in this House is that, sincerely and seriously is one, tomorrow as we prepare to leave and make deliver our final statements, from the Honourable Speaker's Chair there is need to communicate to all the Honourable Members so that they are present tomorrow so that, with their presence we can have the final hugs and laughter and above all, a historic communication from the Honourable Speaker.

Madam Speaker, the Substantive Speaker, tomorrow in my expectation should present to this House a Historical Legislative Achievement of the Second Assembly. As usual, we will be there to make our statements, but there is something that has carried us together to this end. History will tell us that at one point we shared some joyous moments and at one extreme end we had exchange of the Speakership but, during the good and the bad times we stuck together and we voted 100% which has never happened in this County Assembly. So, tomorrow, we need the Honourable Speaker and us to deliver our final statements and remarks with the expectations that tomorrow the Speaker's Statement will carry the day until that time we shall meet again after the upcoming elections. Thank you.

The Temporary Speaker (Hon. Inviolate): Yes Hon. Rashid then I will give to Hon. Arao.

Hon. Miruka: Thank you Madam Speaker. I equally arise to deliver a Personal Statement. Madam Speaker, our day one here was historic, that is the day we all took the Oath of Office and it was very ceremonious. I want to believe that, all the days that we have been in this August House has been a learning session for all of us. We have deliberated, jelled well and if there are challenges that we have encountered we have circumvented them as Honourable Members.

Madam Speaker and Honourable Members, I have two items to say on that. One, I want to wish to wish my fellow Honourable Members who are still in the race looking for votes, I want to wish them well. Whether you are vying as an Independent Candidate or on an ODM ticket, I would say that may the best candidate win. I want to wish you the very best of luck and if God gives you the grace to come back and serve in this House, please remember, that in the term of the Second County Assembly, you were here with us.

Secondly, I want to say that, as we part there are numerous things that you will encounter on your way. Kindly be accommodative so that you adapt and fit into the world. I am aware that, some of you will be a worried lot that once not in this House because they would not fit well, but you might have realized that it was coming. So, I want to wish my good friends that please prepare well for it.

Finally, on the same strength that I have talked, I want to request the Office of the Speaker, the Leadership and that of the Clerk, you can recall what has been transpiring in most of the County Assemblies of late is Homa Bay. They have had a lot of squabbles, but here in Kisumu we have been very peaceful. Madam Speaker, I would humbly request that, through the leadership of this House you crown us all in a ceremony of whatever nature. So that as we depart, we congregate together and bid one another farewell thee as we see one another face to face. Thank you.

The Temporary Speaker (Hon. Inviolate): Yes Hon. Arao, MCA, Railways Ward.

Hon. Arao: Thank you Madam Speaker. I also want to say "bon voyage" to my colleagues and it has been a pleasure and wonderful to be part of this County Assembly for the entire period we have worked together, I am sorry that my colleague Hon. Miruka has stolen some of my words because I want to wish all of them well because I am not going to be in the ballot but I know some of us will be in the ballot on the 09th of August, 2022. I want to wish you all the best because as a Pastor what I know is that God has already destined each one of us and the Almighty God works in mysterious ways whether we make it back or not, it is my belief that there'll be better opportunities.

Madam Speaker, I know for sure that we have become a family and forever we will remain so. Thank you.

The Temporary Speaker (Hon. Inviolate): Next order!!

MOTION

ADOPTION OF THE REPORT FROM THE SELECT COMMITTEE OF PUBLIC ACCOUNTS AND INVESTMENT ON ITS CONSIDERATION OF THE REPORT OF THE AUDITOR GENERAL OMN THE FINANCIAL STATEMENT OF THE KISUMU COUNTY EXECUTIVE CAR LOAN AND MORTGAGE FUND FOR THE PERIOD ENDING 30TH JUNE, 2020

BY HON. MAUREEN OTIANG', MCA, CHEMELIL/TAMU.

(CHAIRPERSON, OF PUBLIC ACCOUNTS AND INVESTMENT COMMITTEE)

The Temporary Speaker (Hon. Inviolate): Yes Hon. Maureen Otiang'

Hon. Otiang': Thank you Madam Speaker. Madam Speaker and Honourable Members, PURSUANT to the provisions of Article 229(7) of the Constitution of Kenya, 2010, the County Executive Committee member for Finance and Economic Planning forwarded the Report of the Auditor General on the Financial Statements of Kisumu County Executive Car Loan and Mortgage Fund for the year ended 30th June 2020. The report was tabled in this House and subsequently committed to the Public Accounts and Investments Committee for legislative processing and reporting pursuant to Article 229(8) of the Constitution of Kenya 2010. (Annex 1- AG report)

Establishment and Mandate of the Committee

Hon. Speaker and Honourable Members, the Public Accounts and Investments Committee is established under Standing Order No. 188 of the Kisumu County Assembly Standing Orders and is mandated to undertake the following functions;

a. Examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the House as the committee may think fit;
b. Examination of the working of the Public Investments
c. Examine the reports and accounts of the Public Investments and,
d. Examine in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

Committee Membership
The Committee as currently constituted comprises of the following Honorable Members,

NAME	POSITION
1. Hon. Maureen Otiang'	Chairperson
2. Hon. Benny Oiko	Vice Chairperson
3. Hon. Paul Okiri	Member
4. Hon. Seth Okumu	Member
5. Hon. Johnson Guya	Member
6. Hon. Roy Samo	Member
7. Hon. Beatrice Pamela	Member
8. Hon. Nancy Owiti	Member

9. Hon. John Atieno Member
10. Hon. Julius Genga Member

Committee Secretariat

1. Austine Ochieng Committee Clerk
2. Charles Ageng'o Audit
3. Edward Odanga Hansard
4. Geoffrey Omollo Secretariat
5. Dominic Muinde Legal Counsel
6. Abraham Odegi Serjeant-at-arm
7. Raphael Juma Legislative Research

Acknowledgement

Hon. Speaker and Honourable Members. May l take this opportunity to thank all members of the Public Accounts and Investments Committee for their input and valuable contributions during this exercise. The Committee also takes this opportunity to thank the offices of the Speaker and the Clerk for providing a conducive environment. We also appreciate the Fund Management for their cooperation throughout the process. Lastly, we would like to appreciate the secretariat attached to this Committee for their endless contributions towards the committee matters.

It is now my privilege to table this report on the PIC/ PAC Committee considerations of the Auditor General's report on the financial statements of the Kisumu County Executive Car Loan and Mortgage Fund for the year ended 30th June 2020 for considerations and adoption.

LEGAL FRAMEWORK & GUIDING PRINCIPLES

Legal Framework

Hon. Speaker and Honourable Members, the Committee was guided by the following legal instruments;

1) Constitution of Kenya 2010: Article 229 of the Constitution of Kenya, 2010 expects the Auditor General Within a period of six months after the end of each financial year to audit and report, in respect of that financial year, on;

   The accounts of the National and County governments;

   a) The accounts of all funds and authorities of the National and County governments;

   The Constitution further indicates that, all aspects of public finance shall be guided by the following principles;

a) Openness and accountability including public participation in financial matters.
b) The public finance system shall promote an equitable society, and in particular:
    i). the burden of taxation shall be shared fairly;
    ii). Revenue raised nationally shall be shared equitably among national and County governments and
    iii). Expenditure shall promote equitable development of the country, including by making special provision for marginalized groups and areas
c) The burdens and benefits of the use of resources and public borrowing shall be shared equitably between present and future generations;
d) Public money shall be used in a prudent and responsible way and;
e) Financial management shall be responsible, and fiscal reporting shall be clear

2) Public Audit Act 2015; Section 7 mandates the auditor general to: (i) Give assurance on the effectiveness of internal controls, risk management and overall governance at National and County Government; (ii) Undertake audit activities in state organs and public entities to confirm whether or not public money has been applied lawfully and in an effective way
3) Public Finance Management Act, 2012: Section 149 of the Public Financial Management Act, 2012 outlines the responsibilities of Accounting Officers for the County Government and County Assembly and it categorically states that; "An accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is; Lawful and authorized; and Effective, efficient, economical and transparent. The Act primarily provides for the effective management of public finances by the national and county governments; the oversight responsibility of Parliament and county assemblies; the different responsibilities of government entities and other bodies. *Section 3* emphasizes on the need for upholding the fiscal responsibility principles. These principles are to be observed in both the National and County levels of government. The Act further mandates the County Accounting officers to monitor, evaluate and oversee the management of their public finances.
4) Public Procurement and Disposal Act, 2015: This Act primarily seeks to give effect to Article 227 of The Constitution; to provide procedures for efficient public procurement and for assets disposal by public entities. The disposal and procurement process ought to be transparent, accountable and cost-effective.

Hon. Speaker and Honourable Members, further to the above legal framework, Article 226(1) (5) of the Constitution of Kenya, 2010 stipulates that:- *''If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the*

person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not''.

In this report, the Committee has applied Article 226(1) (5) of the Constitution and Section 156 of the Public Finance Management Act, 2012 to make various recommendations as indicated in this report.

Guiding Principles

Hon. Speaker and Honourable Members, in the execution of its mandate, the Committee was guided by core Constitutional and Statutory principles on Public Finance Management as well as established customs, traditions, practices and usages. These principles include the following;

1) Constitutional Principles on Public Finance

Article 201 of the Constitution of Kenya 2010 provides for fundamental principles aimed at guiding all aspects of Public Finance in the republic. It states that the principles are; inter alia;

i). Openness and Accountability including public participation in financial matters;
ii). Public money shall be used in a prudent and responsible way; and
iii). Financial management shall be responsible and fiscal reporting shall be clear.

2) Obligations of the Accounting officer

Article 262(2) of the Constitution provides, inter alia, that;

i). The Accounting officer of a national public entity is accountable to the national assembly for its financial management, and the accounting officer of a county public entity is accountable to the county assembly for its financial management.
ii). Subsequently, section 149(1) of the Public Finance Management Act 2012 provides that; an accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is; (i) Lawful and authorized and; and (ii) Effective, efficient and transparent

These provisions obligate all the accounting officers to appear before the Public Accounts and Investments Committee to respond to audit queries raised by the Auditor General

3) Direct Personal Liability

Article 226(5) of the Constitution is unequivocal that, if the holder of a Pubic Office or a political office, directs or approves the use of Public Funds contrary to the law or instruction, the person is liable for any loss arising from that use and shall make good, the loss, whether the person remains the office holder or not, Consequently, Section 203(1) of the Public Finance Management Act enacts that; a public officer is personally liable for any loss sustained by a County Government and is attributed to; (i) The fraudulent or corrupt conduct, or negligence of the officer or, (ii) The officer's having done any act prohibited by Sections 196, 197, and 198

The Committee considers this constitutional and legal provisions as the basis for holding Accounting Officers and other public officers directly and personally liable for any loss of Public Funds that may occur under their watch.

SUMMARY OF AUDITOR GENERAL'S OPINION ON THE KISUMU COUNTY EXECUTIVE CAR LOAN AND MORTGAGE FUND FOR THE FINANCIAL YEAR ENDED 30, JUNE 2020

Qualification status of the report: Qualified opinion

Hon. Speaker and Honourable Members, the Auditor General gave a qualified opinion on the Financial Statements of the Kisumu County Car Loan and Mortgage Scheme Fund for the year ended 30, June 2020, implying that except for the issues discussed below, the Financial Statements for the Fund during the FY 2019/2020, presented fairly the financial position of the Fund.

Hon. Speaker, the committee in its first meeting resolved to invite the Fund Administrator and the Office of the Auditor General to a committee meeting on 23rd May 2022 to deliberate on the issues raised in the report. (See Annex 2- Invitation letter)

On 23rd May 2022, the fund management appeared before the committee with a written response on the issues raised. (See Annex 3- Management response)

BASIS OF QUALIFIED OPINION/ISSUES RAISED BY THE AUDITOR GENERAL /MANAGEMENT RESPONSES.

Hon. Speaker and Honourable Members, The following issues formed the basis upon which the Auditor General gave a qualified opinion on the financial statements of the Kisumu County Executive Car Loan and Mortgage Fund for the financial year ended June 2020;

Cash and Cash Equivalents

The Statement of Financial Position reflects cash and cash equivalents of Kshs. 4,274,542. The Bank reconciliation statement provided to support this balance reflects receipts in the cash book not in the bank statement of Kshs. 543,095 which had been received between 24th October, 2019 and 24th April, 2020, an indication that banking was not being done regularly. In addition, the supporting documents for these receipts were not provided for audit review to ascertain the source. Consequently, the accuracy and completeness of the Cash equivalents balance of Kshs. 4,274,542 as at 30 June, 2020, could not be confirmed.

Management Response

The management responded as follows;

The receipts in cash book not in the bank statement amounting to Kshs. 543,095 were recoveries done from loan beneficiaries but not remitted to Kisumu County Car Loan and Mortgage Scheme

Fund account owing to cash flow constraints by the executive. An amount summing Kshs. 176,567 were reversed due to double posting while balance of Kshs. 366,528 as tabulated below. All the outstanding remittances have been submitted to the bank account and supporting documents availed to the auditor for verification.

Table 1: Illustrations of reversals due to double posting amounting to ksh. 543, 095

NO	DATE	DETAILS	AMOUNT(Kshs.)	STATUS	DATE REVERSED/CLEARED
1.	24/10/2019	Alice Moraa	44,269	Reversed	1/7/2021
2.	21/02/2020	Rosemary Okeyo	21,626	Reversed	1/7/2021
3.	21/02/2020	Mathews Owili	110,672	Reserved	1/07/2021
	Sub Total		176,567		
4.	21/02/2020	John Obiero	32,439	Cleared	4/02/2022
5.	20/03/2020	John Obiero	32,439	Cleared	4/02/2022
6.	21/04/2020	Rosemary Okeyo	21,626	Cleared	09/07/2021
7.	21/04/2020	Ruth Odinga	80,814	Cleared	09/07/2021
8.	21/04/2020	Mathews Owili	110,672	Cleared	09/07/2021
9.	21/04/2020	Charles Babu	88,538	Cleared	09/07/2021
	Sub Total		366,528		
	Grand Total		543,095		

Source: Kisumu County Car Loan and Mortgage Fund financial statements fy2019/2020

Committee Deliberations/Observations and Recommendations

Hon. Speaker and Honourable Members, during the joint committee interrogations of the fund management on the foregoing issue, the committee noted from the presentation of the representative of the Office of the Auditor General, that the outstanding remittances submitted to the bank account were done late even though they acknowledged receipt of evidences of bank statements for the same. The issue was therefore resolved. However, the Committee recommends that going forward, all incomes/recoveries MUST be banked regularly irrespective of circumstances.

Current portion of Long Term Receivables from exchange transactions
The statement of financial position as at 30, June 2020 reflects current portion of long term receivables from exchange transactions balance of Kshs. 4,085,650. However, the schedule supporting this figure reflected a balance of Kshs. 4,063,132. This balance also included interest receivable of Kshs. 443, 332 which differs with the amount of Kshs. 276,399 interest income reflected in the statement of financial performance.

Consequently, the accuracy, validity and completeness of the current portion of long term receivables from exchange transaction balance of Kshs. 4,085,650 as at June, 2020 could not be confirmed.

Management Response

The Management responded thus;

The correct schedule with a balance of Kshs. 4,085,650 was submitted to the Auditor General for review. And that in addition, the Kshs 276,399 was reported to be relating to interest income earned for the year 2019/2020 while Kshs 443,332 relates to expected interest from beneficiaries in the subsequent years.

Committee Observations and Recommendations

Hon. Speaker and Honourable Members, the committee observed that an amount of Kshs. 443,332 should be taken into account as interest receivable in the next financial year. Nonetheless, upon a joint considerations of the matter and the pieces of evidence adduced as indicated in the management response, the issue was resolved.

Long term receivables from exchange Transactions
The Statement of financial position reflects long term receivables from exchange transactions balance of Kshs. 13,754,936. However, a review of the records provided for audit review revealed that loans totaling to Kshs. 5,825,347 issued before the year 2017/2018 were not being serviced as the recipients were no longer working for the County. These loans had not been secured and therefore may be irrecoverable. The fund may therefore be required to make a provision for loss due to the likelihood of non-payment.

Consequently, the accuracy, validity and completeness of the long term receivables from exchange transactions balance of Kshs. 13,754,936 as at 30 June, 2020 could not be confirmed.

Management Response

The management admitted that the beneficiaries in the previous regime had not provided any form of security against the loans advanced given the funds had just unveiled. However, the balance of Kshs. 5,825,347 as tabulated hereunder is supposed to be recovered from gratuities due to CECMs as illustrated below. Further, we are currently obtaining securities for the advanced loans

Table 2: Illustration of unsecured funds advanced to former officers and CECMs due for recovery from payment of their gratuities

NO	NAME(LOAN BENEFICIARY)	AMOUNT	GRATUITY DUE	BALANCE	STATUS
1	Mr. George Ongaya	1,504,435	3,079,462	1,575,027	Voucher processed awaiting payment
2	Mrs, Elizabeth Ogajah	1,661,661	2,835,453	1,173,792	Voucher processed awaiting payment
3	Mrs. Jenipher Atieno Kerre	1,703,359	2,904,243	1,200,884	Voucher processed awaiting payment
4	Mr. Stephen Orot	955,892	742,083	(213,810)	Voucher processed for 742,083 awaiting payment while 213,810 is currently being recovered
	TOTAL	5,825,347			

Committee Observations and Recommendations

Hon. Speaker and Honourable Members, during the interrogations on this matter, the committee in collaboration with the representatives of the Office of the Auditor General observed the following;

i). That the Car Loan and Mortgage Scheme Fund advanced loans to employees knowing very well that recoveries would not be complete by the end of the contract period. As a result, loans cannot be serviced because the employees are no longer in service.
ii). That these loans were advanced without any form of security.
iii). That the vouchers are written but the money is yet to be paid to the fund account.

The fund management could not adequately respond to the issues raised thus the matter remained unresolved until the money is taken to the fund account.

Consequently, the committee preferred specific recommendations on this matter thus;

i). That the fund management should ensure that the money is paid to the fund account and submit a report on the same to this assembly within 30days upon adoption of this report.
ii). That going forward, loans should never be advanced if they cannot be serviced within the contract period of the loanees.

iii). That in future, the Fund Management Committee MUST ensure that loans are advanced with some form of security.

Understated Interest Income

The statement of financial performance and Note 4 to the financial statements reflects interest income of Kshs. 276,399. However, this amount is based on interest received during the year and not interest charged on all loans in the year as required by the accrual basis of accounting. Further, interest was not charged on loans of Kshs. 5,825,347 that were not being serviced as the loanees were no longer working for the County.

Consequently, the accuracy, validity and completeness of the interest income of Kshs. 276,399 for the year ended June, 2020 could not be confirmed.

Management Response

The management indicated that they computed interest based on the active members and therefore did not compute interest on former County Executive Committee members' outstanding loans of Kshs. 5,825,347 given they were not in active service since doing so would mean charging interest on the unpaid gratuities from which they ware to do recoveries.

Committee Observations and Recommendations

Hon. Speaker and Honourable Members, upon joint interrogations with the office of the Auditor General, the committee noted the following;

i). That despite the fact that loans advanced should be paid with interest, the administration of the fund submitted that they charged interest on the outstanding loans only for active members. Interest was therefore not charged on those whose outstanding loans were to be recovered through gratuity. In this case, the accrual basis of accounting was not observed.

The issue therefore remained unresolved.

Proceeds from Loan Principal Repayments

The statement of cash flows reflects proceeds from loan principal repayments totaling Kshs. 3,127,429. However, the breakdown of this amount has not been provided for audit review. In addition, the balance was not supported with schedules indicating the source of the proceeds.

Consequently, the accuracy of the proceeds from loan principal repayments balance of Kshs. 3,127,429 could not be confirmed for the year ended 30 June, 2020.

Management Response

The management responded that the schedule was not availed during the audit since the workings had been computer-corrupted and by the time the matter was resolved they were out of time.

However, the management indicated at the interrogation stage that they had since resubmitted the schedule for verification, a copy of which they annexed.

Committee Deliberations and Resolutions

The committee and the Auditor General acknowledged receipt of the schedules referenced and the matter remained resolved.

Unsupported Prior Year Adjustments
The Statement of changes in net assets reflects a prior adjustments of Kshs. 527,459 which was not supported or explained. Consequently, the validity and accuracy of the prior year adjustments of Kshs. 527,459 could not be confirmed for the year ended 30 June, 2020

Going forward there should be no prior year adjustments and the issue is resolved.

Management Response

The management responded that the factors that contributed to prior year adjustments ware Interest receivables for 2018/2019 Kshs. 483,384, under cast of interest receivable on Alice Moraa Kshs. 22,519 and finally under cast of principal amount for Rosemary Obara for the year ended June 2019 Kshs. 21,556. They equally submitted the supporting schedule to the same effect.

Committee Deliberations

The committee in collaboration with the representatives of the Office of the Auditor General reviewed the matter and the documents submitted and cleared the management thus absolving the matter as resolved.

Budgetary Control and Performance
The Statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs. 311,034 and Kshs. 276,399 respectively resulting to an under-funding of Kshs. 34,635 or 11% of the budget. Similarly, the fund spent Kshs. 11,480 against an approved budget of the same amount. The budget was not balanced contrary to section 31© of the Public Finance Management (County Governments) Act, 2015 which states that budget revenue and expenditure appropriations shall be balanced. The low budget may have affected the planned activities and may have impacted negatively on service delivery to the residents of Kisumu County.

Management Response

The management responded that the difference in revenue budget and actual amount of Kshs. 34,635 is attributed to the fact that they intended to disburse more funds resulting into higher interest. However, this was not achieved. Further, the expenditure of Kshs. 11,480 relates to actual bank charges for the period. The expenditure could not equal the revenue since there were no other costs that could be incurred.

Committee Deliberations

The responses were reviewed in light of management clarifications as indicated in the management response and subsequent oral submissions. The Committee and the representatives of the Office of the Auditor General were satisfied and concluded the matter as resolved.

Preparation of Financial Statements
The Financial Statements submitted for audit had combined the transactions for the car loan scheme fund and the mortgage scheme fund. However, the two schemes are governed by two separate legislations; the Kisumu County Car Loan Scheme Fund Regulations, 2016 and the Kisumu County Mortgage Scheme Fund Regulations, 2016. The two legislations define the two schemes as the Kisumu County Car Loan Scheme Fund and the Kisumu County Employees Housing Mortgage Scheme Fund respectively and both are required to separately submit financial statements for audit to the Auditor General. The Financial Statements presented have therefore not been prepared as per the law. Consequently, the Management is in breach of law.

Management Response

The management acknowledge the error done by having separate regulations and reported that the same had been shared with the county legal team to have it as one document so as to minimize management costs.

Committee Deliberations

The committee and the auditor general stood convinced with the submissions of the management thus clearing the matter as resolved. However, it was recommended that going forward, the accounts should be prepared separately.

Unsecured Loan
Kisumu County Car Loan Scheme Fund Regulations, 2016 number 10(2) and Kisumu County Mortgage Scheme Fund Regulations 2016 number 11(2) requires the respective management of Committees to charge the log books or titles in favour of the County and be kept in the custody of the County Secretary. However, there was no evidence that the loans issued had been secured as required. The Management were therefore in breach of the law and the fund could suffer loss in case of default. Once the 5.8 is recovered, the issue is resolved.

Management Response

The management indicated that the loans issued before 2018/2019 had not been secured since the fund had just been initiated but there was reported adherence to the provisions of the act for those issued after the said financial year as per.

Committee Deliberations

Hon. Speaker and Honourable Members, the management reiterated their response that the loans issued before the fy2018/2019 were not secured since the fund had just been initiated. This therefore means that the 5.8million unrecovered loans remained at large.

The Auditor General and the committee therefore remained adamant that until the said funds are fully recovered, the matter remained unresolved.

COMMITTEE FINDINGS/OBSERVATIONS

Hon. Speaker and Honourable Members, following the analysis of the report of the Auditor General on the financial statements of Kisumu County Executive Car Loan and Mortgage Fund for the year ending 30th June 2020, the responses and submissions on the issues raised, the committee makes the following as findings;

1) THAT the Auditor General gave a qualified opinion on the Financial Statements of the Kisumu County Car Loan and Mortgage Scheme Fund for the year ended 30, June 2020, implying that except for the issues discussed below, the Financial Statements for the Fund during the FY 2019/2020, presented fairly the financial position of the Fund.
2) THAT on the issue of cash and cash equivalents; there were experienced inconsistent remittances of incomes/recoveries with lots of irregular banking into the Fund bank account during the financial year ending 30th June 2020.
3) THAT the fund advanced unsecured loans to officers and CECMs in the previous regime without any form of security against the loans thus occasioning unrecovered total balances of Kshs. 5,825,347.
4) THAT the Car Loan and Mortgage Scheme Fund advanced loans to employees knowing very well that recoveries would not be complete by the end of the contract period. As a result, loans cannot be serviced because the employees are no longer in service. The loans were advanced without any form of security
5) THAT the committee finds that despite the management indication that the total outstanding amount of Kshs. 5,825,347 due to be recovered from the gratuities have vouchers that have already been written but the money is yet to be paid to the fund account.
6) The committee finds that the management of the Kisumu County Executive Car Loan and Mortgage Fund has not been charging interest on loans advanced to those whose outstanding loans were to be recovered through gratuity thus not observing the accrual basis of accounting.

COMMITTEE RECOMMENDATIONS

Hon. Speaker and Honourable Members, based on the above findings and the committee deliberations on the audit issues raised by the Auditor General, the committee makes the following recommendations;

1) THAT the County Executive Committee member for Finance and Economic Planning should, within 60 days upon adoption of this report, submit to this House for considerations, a comprehensive report on the recovery strategies with timelines on how the Fund intends to recover the total outstanding loan balances of Kshs. 5,825,347 due from the unsecured loans advanced to officers as highlighted in the audit report for the financial year ended 30th June 2020.

2) THAT the County Executive Committee member for Finance and Economic Planning should, within 60 days upon adoption of this report, compute and report to this House recovery strategies with timelines on total outstanding interests on loans advanced to those whose loans were/are to be recovered through gratuity payments.

Madam Speaker and Honourable Members, to conclude, I want to beseech Member to consider adopting this report which will go a long way in ensuring that the county Assembly closely monitors the operations of all funds ion the County. May I call, upon my Deputy who is the Leader of Minority to second?

The Temporary Speaker (Hon. Inviolate): Yes Hon. Oiko Pete.

Leader of Minority (Hon. Oiko): Thank you Madam Speaker. Before I go on record, in the Public gallery I am seeing visitor who have come to visit the Country Assembly this afternoon and I would like to commence by stating this. What this House is discussing now is an Audited Report that is money that has been spent, the Auditor has audited it even went further and asked if it was appropriately spent or misused.

Madam Speaker, the report before us is that the funds were not misappropriated but there were some irregularities in the management of the fund. This report covers Car Loan and Mortgage Fund and this is a scheme established for the county workers to access credit so that they can purchase their cars, build their houses see what a beautiful scheme it is. So, when you visitors leave here, that is the information. The County Government Workers of Kisumu have a scheme where they borrow money to purchase their cars, to build houses or buy houses for their accommodations.

Madam Speaker and Honourable Members, I have this to present. This scheme was a good one to assist the Workers of the County of Kisumu but the management is flawed. When you look at these records, this Scheme started in the term of First County Government and the Audited Report is done during the term of the Second County Government that show that there was something wrong in the management of this fund. Madam Speaker, when this fund was established, credit

were given to the staff and there were no collaterals. Madam Speaker, what is amazing is that, Loans were given and the recoveries were supposed to be effected through the payroll check-off system. This was never done. At the lapse of their term, these people left the employment of the County Government and that is when the management of the fund thought otherwise.

Madam Speaker, the management needs to be taken to task to explain why that element of carelessness was experienced. This is a good scheme that when started, the insurance component should have been put in place and this means that the fund should have been insured in case of any eventualities. When such a fund us established and such measures are not put in place, in case of any unforeseen eventualities, the scheme will collapse. So, the directors of this scheme must be informed to ensure that the fund is insured.

Madam Speaker, another issue is. It is very unfortunate that credit is given to the staff, recoveries are not effected while they are still in the payroll and the fund managers wait until the time when they have exited employment it is when these loan will be recovered from their service gratuity. This is not a normal practice in Financial Management. These directors should be warned on this.

Madam Speaker, another issue when we look at page 14 of this report, where the names of the beneficiaries are enumerated, the amount they owe the Fund and the outstanding balances that they have not paid and we see that the payment vouchers have been prepared. Madam Speaker, someone like Mr. George Ong'aya left the employment of Kisumu County in the year 2017. From 2017 to date a payment voucher is now being prepared to recover money he owes the fund account from his service gratuity. Madan Speaker, as we debate this report, we are not made aware whether these recoveries have been instituted. Someone like Mr. Stephen Orot left the County Government of Kisumu before the First regime ended. He is now back in the County Public Service Board and by the time he was leaving, what the County Government owed him was Kshs 742,083.00 and he owed the fund Kshs 955,892.00 translating into a deficit of 213,810.00. How to recover this will be hell. The fund management is not serious in managing the public fund and this is what we call in Auditing "window dressing". This is giving the impression that the records are good. Money is there yet in actual sense funds are not there.

Madam Speaker, with those few remarks the funds management needs to be taken to task so that they manage public money in a proper way. Thank you I second.

The Temporary Speaker (Hon. Inviolate): Thank you Honourable Members. Before I open this motion for debate. I want to recognize our guests in the Public gallery, these are students from Nyakach Girls and they have been accompanied by their teacher Mr. Vitalis Ogendo. Please bow before the House. Please feel most welcome to our session today and feel at home.

Honourable Members, a motion on the adoption on the report by the Select Committee of Public Accounts and Investment on its consideration of the Auditor General's Report on the Kisumu County Executive Car Loan and Mortgage Fund Scheme for the year ended 30th June, 2022 has

been moved by Honourable Maureen Otiang' and seconded by the Leader of Minority. I now want to open it for debate?

The Temporary Speaker (Hon. Inviolate): Yes Senior Member, Hon. Alsam Khan.

Hon. Khan: Thank you Madam Speaker. If you allow me through the Chair, I would like to welcome our students from Nyakach Girls if I am not mistaken because I am very much aware of this school which is within our County and it is also exceptional because one of the former teachers is a Member of this County Assembly who is the Leader of Majority Hon. Kenneth Onyango and another student by the name of Hon. Beatrice Odongo.

Madam Speaker, if you would allow me to inform our guests that, our three core mandates as Member of the County Assembly are Legislation, Oversight and Representations.

Actually, I want I inform you that we are doing here today is an oversight of an Audit Report that was undertaken by the Office of the Auditor General and we are trying to conform ourselves in accordance to the Public Finance and Management Act, 2012 so that it adhere with the provisions standards of public finances is to do with public funds.

Madam Speaker, when I go back to the report for the period ended 30tyh June, 2020, it would have been best if these fund were not borrowed, because to the best of my knowledge I believe that when the Transitional Authority came after the Local Government wound they were supposed to do a proper induction training for handing-over of assets of the Local Authorities to the Devolved Units and that could have been one of reasons. It is very interesting to note that, the management of these funds which amounts to Kshs 5,825,347 which to date seems unrecoverable. There were voucher which were prepared and they could not be accounted for. This is a big loss and I believe that with time these monies must be recovered.

Madam Speaker, the Committee had communicated with the CEC Member for Finance and Economic Planning that this monies must be recovered and what I feel is that this House Committee would have moved a step further and recommended in the report that the Management Committee should be surcharged so that in future, we don't again experience loss of fund in our county and of any public monies of our people.

Madam Speaker, as had been reiterated by the Leader of Minority, this fund was established for a very noble cause and for good intentions but it seems like it was manipulated and used not in a good manner because things were not working as they should have worked. It is my humble submission that these monies need to be recovered and to the best of my knowledge, I believe that the Committee will go further and ensure that these funds are recovered. I take this opportunity to thank the chair and the House Committee for having done a wonderful job for having gone in-depth by digging into so many issues, so many documentary evidences and write-ups to ensure that monies that were credited are in safe custody and our role as the County Assembly is covered adequately. Madam Speaker, with those few remarks, I beg to support.

The Temporary Speaker (Hon. Inviolate): Yes Hon. Erick Agolla.

Hon Agolla: Thank you Madam Speaker. Foremost, please allow me to join you and other Honourable Members who have spoken. This is a special day to welcome our guests and students from Nyakach Girls. I want to encourage us that you are lucky to be in one of the best schools in this republic and your school did produce just as has been echoed by other Members that we have as one of the very sharp and active Member who is an alumni of Nyakach Girls. So, just work hard and one of the days we pray that, you will also serve in one of the 48 Assemblies in the Republic of Kenya. You recall that in Kenya, we have 48 Assemblies and 48 Governments that is 47 County Governments and the National Parliament which comprises of the Senate and the National Parliament. We pray that in the coming days a number of you represents this republic legislating on important issues that affects this great Republic of Kenya.

Madam Speaker, I want to really appreciate Hon. Maureen Otiang' who is the Chair of this House Committee and the Committee at large for tabling and bringing a good report. Madam Speaker, the laws are very clear, because the provisions of Section 229 (a) 4 (b) of the Constitution of Kenya 2010 that established the Office of the Auditor General. This is one of the Constitutional Offices that regulates and sees how public funds is being utilized and how the public are being served. In case we receive such kind of reports, as a House we need to pass very strong resolutions to ensure that all these recommendations that have been indicated in this report by this House Committee are adhered to by the County Executive.

Madam Speaker, we are glad to see that this report is not that bad but what is required is that the Committee entrusted to manage these funds must and should adhere to the laid down regulations. In ordinary circumstances, you cannot borrow funds from Fuliza or other entities without the loaning agencies conducting thorough scrutiny. If you give somebody credit like for instance the employee of the County Executive and the credit is not secured like a case study which was put across by the Leader of Minority, that a member of staff, was advanced a loan and her term ended yet he still owned this County and the taxpayers Kshs 900,000.00 and his gratuity that was supposed to attached to the same is Kshs 700,000.00. So, if that is the case, how many employees borrowed from the County coffers of the Car Loan and Mortgage of the County Executive Scheme Fund? If we keep on maintaining that trend, eventually we will be left with no funds to cushion members of this Great County or employees of this County of Kisumu.

Madam Speaker, you remember and you are aware that it is not very easy for an employee to build a house or purchase a car without him taking a loan and this is one of the schemes that should be helping these employees. So, if we don't safeguard these funds by being strict and ensuring that these funds are prudently managed, then we will be doing a big disservice to the people of this great County of Kisumu. Madam Speaker, without much ado, I want to totally concur with the recommendation and resolutions of this House Committee that, with 60 days, the County Executive Committee Member for Finance and Economic Planning must endevour to table before this August House, the laid down tabulations that shows how these monies have been recovered,

the security attached and moving forward, the management committee of this particular fund must revisit the regulations. This is because the regulations was passed in this August House and what they are doing is contrary to what we passed. Madam Speaker that alone brings me to what Hon. Khan stated that, this Fund Committee should be surcharged because they have violated the regulations that was passed by this House and given to them to guide them to manage this fund. Without much ado, I want to thank you and implore my colleagues to adopt this report to assist safeguard the funds. Thank you.

The Temporary Speaker (Hon. Inviolate): Yes Hon. Philemon Ojuok.

Hon. Ojuok: Thank you Madam Speaker for giving me this opportunity. Foremost, let me welcome our visitors who are students from Nyakach Girls High School. We are very proud of Nyakach Girls as Member of the County Assembly that come from that area. I am a Member of the County Assembly that come from Nyakach and a Member of Central Nyakach. I know the performance that this school has maintained for quite a while now and I am happy that a number of schools there especially the girls' schools are beginning to emulate the footsteps of the standards that this school has set. I am aware that, this does not come easy, because it takes the students to wake up early and a very committed staffing fraternity to realize such results and we are grateful. Please don't think that we take it for granted and I want to state that, the most fundamental thing when you do such things, as teachers it is a noble profession and when you put your all, it follows you. Even when the world does not recognize the effort you put in, you will realize that, even your families get to greater levels. I am a son of a teacher and I know what a noble profession it is. So, I really congratulate you and thank you for visiting this Assembly to be with us and pray that one time, some of you will be at our level or at different or higher level when you are done with your studies.

Madam Speaker, apart from that, I want to say that I am in agreement with the recommendation given by this House Committee and when you go through these recommendations and the reports that are emanating from that end, it only underscores the importance of the oversight role undertaken by House. It is one thing that I have always agitated for and it is my appeal that even in the next Assembly, that the people of Kisumu might see the need to bring in Members that take the oversight role seriously, elect members who can stand with the people even in very tough circumstances and say the truth and stick with the truth.

Madam Speaker, if you hear when the Chair was reading the provisions of the PFM Act, 2012, they are very explicit, precise and direct. If we were to adhere to those provisions, not a single person that is in-charge of those funds would even dare to commit an act of omission or commission or try to violate those statutes. I say they would not. But it is because in the manner in which we turn a blind eye, especially when people make such kind of very serious acts of omission or commission. Madam Speaker, I want to call upon all the Members and even the coming Fourth County Assembly that we take the oversight role seriously. Madam Speaker, it is quite unfortunate that in one of the statements in that report, that this is one of the reports that is

coming to this Assembly for quite sometimes and if you look at some of the things like where a loan was advanced to a Member knowing very well that the loan will not be recovered and nothing was attached as a collateral and they knew very well that at a certain point and time their term will lapse and nothing again was provided for.

Madam, Speaker, I want to say that, in all the recommendations that I do concur with, the recommendations as other members have mentioned to surcharge members of the funds and all the people that were supposed to ensure that the regulations were complied with. They be surcharged so that it can be a lesson to any other person who will be placed in-charge of those funds. The establishment of this scheme was a very noble idea and as you are aware that, human resource is the key to the performance of any organization and I believe that, some of these ideas of establishing such funds were provided for so that employees could have a conducive environment and be able to be productive as members of this County. Madam Speaker, to see members charged with the responsibility of overseeing such funds not doing their work is something that as a House we cannot encourage.

Madam Speaker, moving forward, I really support the recommendation that the CEC Member be accorded 60 days to furnish this House with steps that have been taken and if that is not done, we ensure that it is done. So that it can be a lesson to any other person. Thank you.

The Temporary Speaker (Hon. Inviolate): Yes Hon. Miruka.

Hon. Miruka: Thank you Madam Speaker and Honourable Members. First, let me take this opportunity to welcome students from Nyakach Girls High School. This is s school in my sub-county. The team leader and students, this is County Assembly of Kisumu. We are happy to have you here with us, this is where this County is developed from. I want to request our able Madam Speaker that after this, pleased find time to induct them briefly on what we do in this House. I believe that is taken in.

Madam Speaker, besides that, allow me for the first time to applaud the Chair and the Members of this House Committee for doing a sterling job. I want to say and I would not want to bore you because it has been exhaustively been discussed. I just want to touch on the findings, observation and recommendations given by this House Committee….

Leader of Minority (Hon. Oiko): On a Point of Order. Thank you Madam Speaker. I want to categorically state that, this is not the first time this House Committee has done a sterling job. Madam Speaker, there was a report on the Purchase of Furniture for this House, which was investigated by the Committee of PIC/PAC and the report was tabled here. Madam Speaker, report on the Construction of Moi Stadium which was tabled here by the same House Committee and there was concurrence with the report from the Ethics and Anti-corruption. See how wonderful this House Committee has been.

The Temporary Speaker (Hon. Inviolate): Leader of Minority that is well noted.

Hon. Miruka: Thank you Madam Speaker, I believe you have heard how defensive Members of this Committee are. Madam Speaker, what I meant I believe other fellow Member understood. Madam Speaker, I am keen on the findings that the management of this fund failed somehow to do the right thing. Though much was not lost.

One, if you look at the remittances of the incomes, the remittances of recoveries they were very inconsistent. That was one key observation that this House Committee investigated and came out with. The management was not taking into consideration many issues. One of them, the interest, and the loans that were being advanced were not secured. Which in my belief is very unprofessional. One key item that the House Committee failed to incorporate as one of your recommendation which ought to have been capture was, these officers needed to be surcharged. We need to have officers who are technically viable. We need officers who can keep data and does not make a County to lose a single cent.

Madam, Speaker, in this case we have officers who had exited service and what they left behind in terms of gratuity could not even settle the outstanding credit that that had been advanced to them. So, one item that you should have captured as part of your recommendation was that, we need to surcharge the fund management so that in future we get value for money.

Madam Speaker, I similarly take this opportunity to say without mincing words that, if we adopt this report and add recommendations within the stipulated time then, in future we will move on without more lamentations that we as a County are losing money. Thank you and I support.

The Temporary Speaker (Hon. Inviolate): Thank you. Yes Hon. Pamela then I will give Hon. Otura.

Hon. Pamela Odhiambo: Thank you Madam Speaker. First, I would like to welcome students from Nyakach Girls High School into this House. I just want to say that, I had a student in your schools who was on full Scholarship who was from my Ward which is Manyatta "B". My names are Honourable Pamela Akinyi Odhiambo. I believe that you are aware of the student I am talking about her names are Vivian Felista Omondi. In her final exam, she performed exemplary and I am happy to see Nyakach Girls here.

This is just was to encourage you, as you can see that I am a Member elected in that Ward. We have some Members in this House who are elected and other nominated. We have been working very hard and you can see how Kisumu is shining and it is known by many as Europe. This is courtesy of the effort that we have done together as Member of both the County Assembly and the County Executive.

Madam, Speaker, I arose to call upon the mover to reply, but since we still have one Member who wants to contribute. So, I don't know if you will accord me the permission to call the mover to reply or not. I have only welcomed the students from Nyakach Girls.

The Temporary Speaker (Hon. Inviolate): Order!! Order!! Hon. Pamela Odhiambo. Hon. Otura, do you have anything burning before the mover is called upon to reply?

Hon. Otura: Thank you Madam, Speaker. There are several other Members who can call the mover to reply but before the time comes, please let me contribute.

The Temporary Speaker (Hon. Inviolate): Please proceed.

Hon. Otura: Madam Speaker and Honourable Members. First, I am very happy to see the lively faces of students of Nyakach Girls. Having been applauded for being one of the best schools in the County. I would also want to inform you that, you are lucky to be in one of the best County Assemblies in Kenya. This is the only County Assembly with sterling performance amongst all other 47 County Assemblies. So, count yourselves luck to be here.

Madam Speaker, mine is concise and to the point. A lot has been said but I have been keen on one thing. Madam Speaker, on the recommendations, if you hear such an active House Committee recommend that there is need to adhere with specific provisions of the law like the provisions of section 229 (4) part (b) and 229 (9). This clearly indicates that there has been breach of law and I need to put emphasis on what has been said here. That once there is a breach of law, then, there must be a provision of the law that addresses the violations and that is very clear that the County Executive Committee Member for Finance and Economic Planning has been working under unclear legislative framework.

Madam Speaker, it is the responsibility of the County Executive Committee Member for Finance and Economic Planning to familiarize himself with the policies and regulations of the departments and if he the one person who disburses funds and again the same person who is the receiver reports on recoveries and does not take action to the extent that this House Committee recommends that they adhere to the relevant laws then, action on these funds managers must be taken.

Madam Speaker, I want to reiterate that, this is the only section that this House needs to delve in seriously as an oversight House. Madam Speaker, this House Committee has done a commendable job and they have highlighted issues item by item with responses from the management committee administering the funds and all this they are recommending, are guided by law. Then, why are they not doing what is required by law by undertaking recoveries? As a County we cannot dare lose Kshs 5 million as a result of such negligence. Madam Speaker, I support the report by echoing my voice that action needs to be taken on these fund managers. Thank you.

The Temporary Speaker (Hon. Inviolate): Yes Hon. Olga.

Hon. Olga: Thank you Madam Speaker. Before I call the mover to reply, I want to thank students from Nyakach Girls and I welcome them to this session please learn and enjoy. I beg to call upon the mover to reply?

The Temporary Speaker (Hon. Inviolate): Hon. Otiang' the mover of the motion could you kindly reply.

Hon. Otiang': Thank you Madam Speaker. I similar was to convey my welcome to the students of Nyakach Girls. My names are Honourable Maureen Otiang', I represent Chemelil/Tamu Ward, I believe that among you, I may be having some of the students coming from my ward. I am the Chairperson of the Public Account and Public Investment Committee. I wish to welcome you to this House and wish to implore you to emulate us because women can do great things when they work towards achieving that. This first starts with you performance in school.

Madam Speaker, I want to congratulate my fellow Honourable Members for the robust debate on the report and wish to urge them to actually support this report so that it is adopted. Madam, Speaker, what really perturbed the House Committee are breaches and violation that were being committed by the fund's managers. There is no money that can be advanced to anybody without any collaterals or security. Madam Speaker, further to these recommendations, I wish that we communicate appropriately and effectively to the County Executive Committee Member for Finance and Economic Planning so that with 60 (sixty) days this House gets a report on the implementation of House resolutions and recommendations that are therein.

Madam Speaker, we have had history of this House Committee coming up with very good reports in relation to improprieties of public funds. Madam Speaker, it is very unfortunate and I want this to go on record that, all the recommendations that this Committee has ever investigated and made recommendations as a result of imprudent use of public funds have not been acted upon by any authority. Be it the DCI of the EACC. Madam Speaker, this time if by the lapse of 60 (sixty) days which implies that all the monies have to be recovered, then it is my belief that what Hon. Miruka and Hon. Otura have stated or recommended should be enforced. In fact monies must be recovered from the fund managers. We cannot be disbursing public monies and we don't institute measures for recoveries.

So, I wish to thank Honourable Members and I beseech them that we adopt this report. Thank you.

The Temporary Speaker (Hon. Inviolate): Honourable Members, a motion on the adoption of a Report from the Select Committee of Public Investment and Public Accounts on its consideration of the Auditor Generals' Report on the Kisumu County Executive Car Loan and Mortgage Scheme Fund for the year ended 30th June, 2020 has been moved by the Chairperson, Hon. Maureen Otiang' and seconded by the Leader of Minority Hon. Oiko Pete, well deliberated upon. I now want to put a question?

Honourable Members, for those of the opinion this House adopts the Report from the Select Committee of Public Investment and Public Accounts on its consideration of the Auditor Generals' Report on the Kisumu County Executive Car Loan and Mortgage Scheme Fund for the year ended 30th June, 2020 ?

(Question put and agreed to)

The Temporary Speaker (Hon. Inviolate): Honourable Members, today, Wednesday, 29th June, 2022 at 04:19 hours, this House has adopted the Report from the Select Committee of Public Investment and Public Accounts on its consideration of the Auditor Generals' Report on the Kisumu County Executive Car Loan and Mortgage Scheme Fund for the year ended 30th June, 2020.

Further, I direct that the office of the Clerk communicate the recommendations and resolutions of the House in this report to the County Executive Committee Member for Finance and Economic Planning as appropriate.

The Temporary Speaker (Hon. Inviolate): Next order!!

ADJOURNMENT

The Temporary Speaker (Hon. Inviolate): Honourable Members, there being no any business to be transacted, this House stands adjourned to Thursday, 30th June, 2022 at 02:30 p.m.

(House arose at 04:23 p.m.)

Addendum

The Hansard Team

Zablon Otiende – Senior Hansard Reporter

Edward Odanga – Hansard Reporter

Fanuel Okode – Hansard Reporter

Patrick Okoyo – Hansard Reporter

Jacklyne Otieno – Hansard Reporter

Jesca Otieno – Hansard Reporter

Vallery Achieng' – Hansard Reporter

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