

## COUNTY GOVERNMENT OF KISUMU



### COUNTY ASSEMBLY OF KISUMU

### **THE HANSARD**

#### *Official Report*

#### THIRD ASSEMBLY – SECOND SESSION

Tuesday 28<sup>th</sup> February, 2023

House met in the Main Chamber at 2:30 p.m.

(The Temporary Speaker (Hon. Seth Okumu) in the Chair)

#### PRAYER

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Mr. Clerk, take us through the Order Paper of today.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Next order!!

#### COMMUNICATION FROM THE CHAIR

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Honourable Members, welcome to today's session. I want to request you to stay in the Chambers to enable us dispense with the business before us. Thank you.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward):

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Next order!!

#### PAPERS LAID

PUBLIC INVESTMENT AND ACCOUNTS COMMITTEE REPORT ON  
CONSIDERATIONS OF THE KISUMU COUNTY EXECUTIVE CAR LOAN AND  
MORTGAGE SCHEME FUND REPORTS AND FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 30<sup>TH</sup> JUNE, 2022

BY

HON. KENNEDY OUKO

CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE

PUBLIC INVESTMENT AND ACCOUNTS COMMITTEE REPORT ON THEIR  
INDUCTION EXERCISE BY THE OFFICE OF THE AUDITOR GENERAL IN NAKURU  
COUNTY.

BY

HON. KENNEDY OUKO

CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Hon. Kennedy Ouko.

**Hon. Ouko** (MCA, West Kisumu Ward): Thank you Honourable Speaker. Pursuant to the provisions of the Standing Order No. 182 (6) of the Kisumu County Assembly Standing Orders, I wish to table today Tuesday 28<sup>th</sup> February, 2023 report by PIC/PAC Committee on considerations of the Kisumu County Executive Car Loan and Mortgage Scheme Fund reports and Financial Statements for the year ended 30<sup>th</sup> June, 2022.

Mr. Speaker, if you allow me. I similarly want to table another Paper. Pursuant to the provisions of the Standing Order No. 182 (6) of the Kisumu County Assembly Standing Orders, I wish to table today Tuesday 28<sup>th</sup> February, 2023 report by PIC/PAC Committee on their Induction Exercise by the Office of the Auditor General in Nakuru County. Thank you.

*(Hon. Ouko tables the reports before the House for consideration)*

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Honourable Members, I acknowledge the receipt of the two reports by the PIC/PAC Committee. I want to commit these two reports to the House Business Committee for purposes of slotting for debate.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Next order!

## NOTICES OF MOTION

PUBLIC INVESTMENT AND ACCOUNTS COMMITTEE REPORT ON  
CONSIDERATIONS OF THE KISUMU COUNTY EXECUTIVE CAR LOAN AND  
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**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Hon. Kennedy Ouko.

**Hon. Ouko** (MCA, West Kisumu Ward): Thank you Honourable Speaker. Pursuant to the provisions of the Standing Order No. 45 (1) of the Kisumu County Assembly Standing Orders, I wish to give a Notice of Motion on a report by PIC/PAC Committee on its considerations of the Kisumu County Executive Car Loan and Mortgage Scheme Fund reports and Financial Statements for the year ended 30<sup>th</sup> June, 2022.

Mr. Speaker, similarly, I also want to give another Notice of Motion. Pursuant to the provisions of the Standing Order No. 45 (1) of the Kisumu County Assembly Standing Orders, I wish to give a Notice of Motion on a report by PIC/PAC Committee on their Induction Exercise by the Office of the Auditor General in Nakuru County. Thank you.

### MOTION

ADOPTION OF THE REPORT BY COOPERATIVE, FINANCE, TRADE AND  
ENTERPRISE DEVELOPMENT COMMITTEE ON ITS CONSIDERATION OF THE  
KISUMU COUNTY REVENUE FUND QUARTERLY REPORT AND FINANCIAL  
STATEMENTS FOR THE PERIOD ENDED 30<sup>TH</sup> SEPTEMBER, 2022

BY

HON. CARREN ODHIAMBO

COOPERATIVE, FINANCE, TRADE AND ENTERPRISE DEVELOPMENT COMMITTEE.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Yes Hon. Ajwang', the floor is yours.

**Hon. Carren Ajwang'** (MCA, Kaqloleni/Shaurimoyo Ward): Thank you Mr. Speaker Sir and Honourable Members. Pursuant to Section 168 of the PFM Act, 2012, the administrators of a County Public Fund established by the Constitution, an Act of Parliament or County Legislation, shall prepare quarterly financial statements for the fund and submit the same to the County Assembly not later than 30 days after the end of each quarter. It is in this regard that the County Executive Committee member for Finance and Economic Planning submitted the Kisumu County Revenue Fund Quarterly Report and Financial Statements for the period ended 30<sup>th</sup> September 2022 (see annex 1).

The report was subsequently tabled in this House by the Majority leader Hon. Kennedy Ooko on Tuesday, 25<sup>th</sup> October, 2022. Pursuant to Standing Order No. 193(5) of the Kisumu County Assembly and Second Schedule, Hon. Speaker committed the report to the Sectoral Committee on Co-operatives, Finance, Trade and Enterprise Development for legislative processing and reporting.

This Quarterly Reports and Financial Statements presents budget execution status covering the period 1<sup>st</sup> July, 2022 to 30<sup>th</sup> September, 2022 with comparative actual achievements and budget amounts for the previous Financial Year 2021/2022. Further it contains the Revenue Performance, both locally generated and an equitable share from the National Government.

Lastly, the committee has herein comprehensively considered the Kisumu County Revenue Fund Quarterly Report and Financial Statements for the period ended 30<sup>th</sup> September, 2022 and presents the report for consideration by the House.

#### Committee Mandate

Hon. Speaker, the Sectoral Committee on Co-Operatives, Finance, Trade And Enterprise Development is established pursuant to the County Assembly of Kisumu Standing Order 193 (5) and is mandated to:-

- i). Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
- ii). Study the program and policy objectives of departments and the effectiveness of the implementation;
- iii). Study and review all County legislation referred to it;
- iv). Study, assess and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;
- v). Investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;
- vi). To vet and report on all appointments where the Constitution or any law requires the County Assembly to approve, except those under Standing Order 185 (Committee on Appointments); and
- vii). Make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation.

#### Committee Membership

Hon. Speaker, as currently constituted, the Sectoral Committee on Co-Operatives, Finance, Trade and Enterprise Development is comprised of the following members;

- |                          |   |                  |
|--------------------------|---|------------------|
| 1. Hon. Carren Odhiambo  | - | Chairperson      |
| 2. Hon. Lumumba Owade    | - | Vice-chairperson |
| 3. Hon. Joachim Oketch   | - | Member           |
| 4. Hon. Micky Ochieng'   | - | Member           |
| 5. Hon. Ratib Boitone    | - | Member           |
| 6. Hon. Benson Adegá     | - | Member           |
| 7. Hon. Vitalis K'omudho | - | Member           |

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8. Hon. Pamela Oyoo	-	Member
9. Hon. Jennipher Obonyo	-	Member
10. Hon. Ken Ouko	-	Member
11. Hon. Millicent Omuya	-	Member
12. Hon. George Abaja	-	Member
13. Hon. Henrietta Bodo	-	Member
14. Hon. Alice Wajewa	-	Member
15. Hon. Ann Ochola	-	Member

#### Secretariat

1) Edwin Omollo	-	Committee Clerk
2) Moses Orwa	-	Clerk Assistant
3) Brenda Chasi	-	Clerk Assistant
4) Zablon Otiende	-	Hansard
5) Abraham Odegi	-	Sergeant-at-Arms

#### Acknowledgement

Hon. Speaker, it is now my privilege and pleasure on behalf of the Committee to convey my gratitude to all Members of the Committee for their valuable input throughout its proceedings. I equally thank my members for taking their time out of their tight schedule to vigorously participate during the interrogation and scrutiny of this Quarterly Report and Financial Statements.

I also appreciate the office of the Speaker and Clerk of the County Assembly for facilitating the Committee and providing a conducive atmosphere to prepare this report. Finally, our Secretariat who had to burn the mid night oil to make this exercise a success, I applaud you.

It is now my privilege to table this report before this House for consideration and adoption.

#### REVIEW OF THE QUARTERLY REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30<sup>th</sup> SEPTEMBER, 2022

##### Terms of References of the Committee

Hon. Speaker, in order to comprehensively review this quarterly report and the financial statements, the Committee designed specific terms of reference to guide its operations which includes the following;

- i. To establish compliance with Section 168 of the PFM Act 2012, on submission of financial reports,
- ii. To establish receipts and payments during the Quarter ended 30<sup>th</sup> September 2022
- iii. Identify any significant details or information in the reports that may be of material importance to this Honorable House.

#### Legal Framework

Compliance with the Relevant Legal Provisions on Preparation of the Quarterly Reports and Financial Statements;

Mr. Speaker Sir and Hon. Member,

The Committee was guided by the Provisions of Chapter 12 of the Constitution of Kenya 2010 on public finance, Section 131 of the County Governments Act No.17 of 2012, section 109 and 168 of the PFM Act, 2012 and Standing Order No. 193 (5) and Second Schedule of the Kisumu County Assembly Standing Orders in determining that the Preparation of the County Revenue Fund Quarterly Report and Financial Statements met the required legal threshold.

The Committees Observations are as follows;

Table: 1 Compliance Matrix

S/N O	Legal Provision	Compliance by the Executive	Committee Recommendations
Legal Basis/Requirements of Preparation and Submission of the Quarterly Reports and Financial Statements			
1.	Section 168 (1) of PFM ACT, 2012 That accounting officer will ensure that the report is in form determined by the accounting standards board	Compliant	The County Treasury should at all times be compliant
2.	Section 168 (2) of the PFM Act, 2012 That the administrator of a County Public Fund shall ensure that the report contains information on the financial and non-financial performance of the fund	Partial Compliance The non-financial information provided by the CECM. Finance and Economic Planning is inadequate	The CECM. Finance and Economic Planning in subsequent reporting to provide comprehensive and detailed non-financial information
3.	Section 109 (4)(b)of the PFM Act, 2012 That the County Treasury shall ensure that all money authorized to be paid by the County Government or any of its entities for a public purpose is paid without undue delay	Partial Compliance In certain instances, the County has delayed payment for various goods and services offered causing the huge accumulation of Pending Bills	The CECM. Finance and Economic Planning to strictly observe and comply with this provision of the law

*Source; Constitution of Kenya, 2010, County Government Act, 2012, PFM Act, 2012, and PFM Regulations of 2015*

Section 168 of the PFM Act, 2012 Stipulates as follows;

THAT,

(1) The administrator of a county public fund established by the Constitution, an Act of Parliament or county legislation, shall prepare quarterly financial statements for the fund in a form prescribed by the Accounting Standards Board.

(2) In preparing a quarterly financial statement for a county public fund, the administrator shall ensure that the report contains information on the financial and non-financial performance of the fund.

(3) Not later than fifteen days after the end of each quarter, the administrator shall submit the quarterly report to the County Treasury and a copy to the Controller of Budget.

#### FIRST QUARTER FINANCIAL STATEMENTS (PERIOD ENDED 30<sup>TH</sup> SEPTEMBER, 2022)

Mr. Speaker Sir and Hon Members, in considering this financial statements for the 1<sup>st</sup> quarter of the Financial Year 2022/2023, the Committee majorly focused on the following major components of the Kisumu County Revenue Fund Quarterly Report and Financial Statements;

a) Receipts

Kisumu County Revenue Fund received funds from exchequer releases and Own Source Revenue during the Q1 of the financial year 2022/2023;

b) Payments

The money received from various sources was transferred to various accounts for further expenditure as below;

- i. Kisumu County Executive Recurrent Account
- ii. Kisumu County Assembly Recurrent Account

#### RECEIPTS (REVENUE) AND PAYMENTS(EXPENDITURE) DURING THE PERIOD ENDED SEPTEMBER, 2022.

##### a) STATEMENT OF RECEIPTS FOR THE PERIOD ENDED 30<sup>TH</sup> SEPTEMBER, 2022

Mr Speaker Sir and Hon. Members, as at 30<sup>th</sup> September, 2022, Kisumu County Revenue Fund received funds from the sources listed in the table below;

Table 2: STATEMENT OF RECEIPTS FOR THE PERIOD ENDED 30<sup>TH</sup> SEPTEMBER, 2022

STATEMENT OF RECEIPTS FOR THE PERIOD ENDED 30 <sup>TH</sup> SEPTEMBER, 2022		
S/NO	Item	Amount (Kshs)
1	Exchequer Releases	642,091,142
2.	County Own Generated Receipts	86,597,581
TOTAL RECEIPTS		728,688,723

*Source: County Treasury Q1 ended 30<sup>th</sup> September, 2022 Financial Report*

#### Committee Observations

- The CRF received funds totaling to Kshs. 728,688,723 arising from emanating from an own source revenue of Kshs. 86,597,581 and the exchequer releases at Kshs. 642,091,142.

- This own source revenue realized at Kshs. 86,597,581 was generated from the following sources;

Table 3: Breakdown of OSR for the Period ended September, 2022

OWN SOURCE REVENUE COMPOSITION	
DESCRIPTION	PERIOD ENDED SEP 2022
Cess	1,969,078.00
Land/Business permits	5,385,646.00
Singles/Business permits	9,439,902.00
Property rent	2,877,421.00
Parking fees	27,898,867.00
Market fees	13,610,030.00
Advertising	15,577,478.00
Public health services fees	233,400.00
Physical Planning and Development	162,250.00
Miscellaneous	945,520.00
Other-Payroll revenues	8,497,989.00
<b>TOTAL</b>	<b>86,597,581.00</b>

Source: County Treasury Q1 ended 30<sup>th</sup> September, 2022 Financial Report

#### b) STATEMENT OF PAYMENTS FOR THE PERIOD ENDED 30<sup>TH</sup> SEPTEMBER, 2022

Mr. Speaker Sir and Hon. Members, against the above receipts, the County managed to transfer Kshs 571,819,037 to Kisumu County Executive Recurrent Account and Kshs. 46,676,404 to Kisumu County Assembly Recurrent Account adding to a total of Kshs. 618,495,441 as illustrated in the table below;

Table 4: Statement of Payments for The Period Ended 30<sup>th</sup> September, 2022

ACCOUNT	AMOUNT TRASFERED	PECENTAGE
COUNTY EXECUTIVE RECURRENT ACCOUNT	571,819,037.00	92
COUNTY EXECUTIVE DEVELOPMENT ACCOUNT	-	-
COUNTY ASSEMBLY RECURRENT ACCOUNT	46,676,404.00	8
COUNTY ASSEMBLY DEVELEOPMENT ACCOUNT	-	-
<b>TOTAL PAYEMTS</b>	<b>618,495,441.00</b>	<b>100.00</b>

Source: County Treasury Q1 ended 30<sup>th</sup> September, 2022 Financial Report

## Committee Observations

- i. THAT a total of Kshs 618,495,441 was transferred to both Kisumu County Assembly and Kisumu County Executive.
- ii. THAT *zero* shillings was transferred to County Executive Development Account and County Assembly Development Account

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> SEPTEMBER, 2022

Mr. Speaker Sir and Hon. Members, the statement of Cash flows for the period ended 30<sup>th</sup> September, 2022 is as outlined hereunder;

Table 6: Statement of Cash flows for the period ended 30<sup>th</sup> September, 2022

Receipts	
Exchequer releases	642,091,142.00
Transfer from other government agencies	
Other grants	
Proceeds from Domestic Borrowing	
Proceeds from Foreign Borrowing	
Own Source Revenue	86,597,581.00
Return to CRF issues	
Total Receipts	728,688,723.00
Payments	
Transfer to County Executive	571,819,037.00
Transfer to County Assembly	46,676,404.00
TOTAL PAYMENT	618,495,441.00
NET INCREASE(DECREASE) IN CASH	110,193,282.00
ADD FUND BAL B/F	1,701,350,782.00
CLOSING FUND BALANCE	1,811,544,064.00

Source: County Treasury Q1 ended 30<sup>th</sup> September, 2022 Financial Report

## Committee Observation

- THAT, the correct figure for the closing fund balance of CRF Account for the period under review is Kshs. 1,811,544,064.00 not the Kshs. 189,772,548 as reported indicating an arithmetic error in the additions by County Treasury.

## CONCERNS RAISED TO THE CECM. FINANCE AND ECONOMIC PLANNING

Mr. Speaker and Hon. Members, following the thorough scrutiny done by the Committee on this Q1 County Revenue Report and Financial statements. Several concerns were raised and were addressed to the CECM. Finance and Economic Planning vide a letter Ref: CAK/FIN/CG/VOL.I/2022 dated Monday, 7<sup>th</sup> November, 2022 (see annex ii) to give a comprehensive written response to shed light on these issues. The issues are as outlined below: That, the CECM. Finance and Economic Planning to;

1. Give explanation for low exchequer releases and low OSR realized during the Q1 ended 30<sup>th</sup> September 2022.

2. Provide bank statements for the County Revenue Fund Account for Period Ended 30<sup>th</sup> September, 2022 to justify the following;

- i. Exchequer Releases at Kshs. 642,091,142
- ii. Own Source Revenue at Kshs. 86,597,142
- iii. Total Payments at Kshs. 618,495,441

3. Give explanation on difference in the Total County Payments Reported in the County Executive Quarterly Report and Financial Statements for the Period Ended 30<sup>th</sup> September, 2022 at Kshs. 1,589,163,249 and the County Revenue Fund Quarterly Report and Financial Statement for the same period ended 30<sup>th</sup> September, 2022 at Kshs. 618,495,441.

Mr. Speaker Sir and Honourable Members, the CECM. Finance and Economic Planning vide a letter reference KC/FIN/C.ASSEMBLY VOL.IV/15 (see annex iii) dated 16<sup>th</sup> November, 2022 submitted his written response to explain and justify the above Committee Concerns.

The Committee having received the response convened meetings to synthesize the response and made the following observations and findings;

That, the low Own Source Revenue realization during the quarter was majorly attributed to;

1. NHIF Capitation from the Health Department, Redirection of town service parking areas, Hard Economic times, Rate payers unwilling to pay rates after the valuation was dropped in Court, Eviction and Reconstruction of new buildings and demolition of Anderson Houses.
2. While the CRF Financial Report records a low OSR at Kshs. 86,597,142 for the Period ended 30<sup>th</sup> September, 2022, the CECM. Finance and Economic Planning adduces that the actual OSR collected by the County during the period totals to Kshs. 188,738,328.

This difference according to the County Treasury is due to the 21 health facilities in the County not sweeping their revenue to CRF Account since the approval of the FIF Act (annex I of the CECM. Response).

3. In scrutinizing of the CRF Bank Account Statements for the period under review (annex 3 of the CECM. Response) to verify the Exchequer Releases, the Committee noticed as follows;

- That an exchequer issue of Kshs. 642,091,142 was transferred to CRF account on 28<sup>th</sup> July, 2022. This is the only exchequer release reported by the County Treasury in the Report.
- That another exchequer issue of Kshs. 682,221,835 was transferred to CRF account on 20<sup>th</sup> September, 2022. The County treasury however, did not declare this exchequer issue in County Revenue Fund Report for Q<sub>1</sub> ended 30<sup>th</sup> September, 2022.
- The CECM. Finance and Economic Planning has also indicated that their Reported exchequer release of Kshs. 642,091,142 was erroneous and will be amended and correctly reported in the set of Q<sub>2</sub> Financial Statements.

4. On the variation in amounts for total payments reported in County Executive Financial Statement for the Q<sub>1</sub> under review and the total amount of Payments reported in County Revenue Fund during the same period. The CECM. Finance and Economic Planning explained that the

payments reported in the County Executive Quarterly Report and Financial Statements of Kshs. 1,589,163,249 relates to the actual payments from the various paying accounts of the executive while the Kshs. 618,495,441 relates to actual transfers made to both the County Executive and County Assembly.

#### COMMITTEE RECOMMENDATIONS

Mr. Speaker Sir and Hon. Members, based on the above Observations and Findings, the committee made the following recommendations on the Kisumu County Revenue Fund Quarterly Report and Financial Statements for the Q1 ended 30<sup>th</sup> September, 2022;

1. That the CECM. Finance and Economic Planning to concurrently submit the County Executive Quarterly Report and Financial Statements and County Revenue Fund Quarterly Report and Financial Statements in subsequent periods of reporting since they Complement each other with material information.
2. The CECM. Finance and Economic Planning to submit to this House within 30 days of approval of this Report, a strategy paper on Own Source Revenue Realization Enhancement Mechanism to improve Budget Utilization for Recurrent and Development Expenditures. At the same time, the CECM. to submit the implementation status of the Kisumu County Revenue Administration Amendment Act, 2022.
3. That, the CECM. Finance and Economic Planning to correct all the omissions and arithmetic errors noted in their calculations and ensure that true and accurate records are presented in the new set of Q2 Report Financial Statements.
4. That the CECM. Finance and Economic Planning within 14 days of approval of this report, to submit a detailed breakdown of the Own Source Revenue generated by each of the 21 Health Facilities not sweeping their Revenues to the CRF Account.

#### CONCLUSION

Hon. Speaker, I hereby urge the Hon. members to adopt this report with the recommendations herein. May I call upon Hon. Lumumba Owade to second.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Yes, the Deputy Leader of Majority, Hon. Lumumba!!

**Deputy Leader of Majority** (Hon. Lumumba, MCA, South East Nyakach Ward): Thank you Mr. Speaker. I rise to second the report as presented by the Chairperson.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Honourable Members, a report by Cooperative, Finance, Trade and Enterprise Development Committee on its consideration on the Kisumu County Revenue Fund Quarterly Report and Financial Statements for the period ended 30<sup>th</sup> September, 2022 has been presented by the Chairperson and seconded by Hon. Lumumba Owade. I therefore want to propose a question that we open this report for debate.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Hon. Mildred Ajumbo.

**Hon. Ajumbo** (MCA, Central Seme Ward): Thank you Mr. Speaker. I rise to support the report of this Standing Committee. They have done a commendable job. There are issues that they have raised in page 14 item 4. That is on Own Source Revenue generated by the health facilities. They should have equally identified the markets separately so that we can gauge how they are performing. Thank you, Mr. Speaker.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): : Yes, Hon. Seth Kanga.

**Hon. Kanga** (MCA, Market Milimani Ward): Thank you Mr. Speaker. I rise to support the report by the Cooperative, Finance, Trade and Enterprise Development Committee with some reservations. The issue of Own Source Revenue has been a problem to several County Governments and Kisumu County is not an exception. I would have loved to see a report where by the First Quarter ended 30<sup>th</sup> September, 2022 indicating a projections of what they intended to collect and the deficit in percentage. It is indicated that Cess has generated Kshs. 1,969,078 but their projections on the same is not captured.

Mr. Speaker they have indicated to us that they have collected Kshs. 86 million in total, without indicating how much they ought to have collected and what deficit they have, and to what percentage hasn't been collected. Mr. Speaker, if you look at their expenditure, being a financial report, in terms of the Development Component in the Executive, the Pending Bills has been a great challenge to our county government. While informing the House by indicating the financial expenditure in matters development, they would have indicated to us that in the budget, because we appropriated a certain amount on development based on pending bills, and this is what we have paid amounting to this particular percentage, and this is the percentage that we haven't paid.

Mr. Speaker, on the Recurrent Expenditure Component, the Committee should have indicated how much they have paid on Personnel Emoluments (salaries) and what they haven't paid. In addition, I wanted to touch on the area on Facilities' Improvement Fund Act, which was passed a while ago. The CECM Finance and Economic Planning indicated to us that out of the 21 facilities of the County Government not sweeping their revenue to CRF account since the approval of Facility Improvement Fund Act. The intention of that Act was to allow the facilities to spend the revenues they have collected at source and inform the Treasury that they collected a certain amount but they ought to have collected a certain amount, and they have spent this amount. This means that somebody is failing on his/her job without supervising the 21 facilities, and that they have been spending money without making accountability to the Treasury.

Mr. Speaker, if the County Government is disbursing money to these facilities, they should be able to account for what has been disbursed to them as is always in the case of the county Governments and the Assemblies. We do requisitions through the Controller of Budget (COB), and then we indicate our expenditure on what was disbursed. Why is it not happening in a similar manner with the facilities as in the case of the County Governments and Assemblies.

Mr. Speaker, I also want to comment on the recommendations. The CEC has been given two recommendations, which I am not sure if they are going to comply with. Recommendation number two gives the CEC 30 days after the report has been approved. How sure are you that the CEC will comply with that?

Another one gives the CEC 14 days. The same committee in its report gives the CEC 30 days and 14 days respectively. Mr. Speaker, are we serious if we want to deal with the CEC? We should have a universal way of the how the CEC responds to concerns raised by the committee. Otherwise, we will be talking about one thing with two recommendations. I support the committee and its recommendations, thank you Mr. Speaker.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Yes, Hon. Benny Pete Oiko, MCA for Kabonyo-Kanyagwal.

**Hon. Oiko** (MCA, Kabonyo-Kanyagwal Ward): Thank you Mr. Speaker. I want to appreciate the Committee for a job well done in identifying the errors in the report, and giving the House the true picture of the report prepared by the Department of Finance; that the report does not add up.

Mr. Speaker, as echoed by Hon. Kanga, if the Finance Department can prepare a report that doesn't add up, what do we need to do as an Assembly? Do we need to stand up and say we support? Do we need to say we approve? We shall be giving a poor picture of our mandate and we need to tell the Department that they have failed the County and resend the report back to them. If this kind of report is sent to Nairobi, the quarterly financial report with these kinds of mistakes, then what do we take our time to discuss? Mr. Speaker, when we go through this report, we are being told that the money that was received in the first quarter was Kshs. 728,688,723 million. Out of this money, Kshs. 642 million came from the Treasury, and Kshs. 86 million plus was from our Own Source Revenue, which is commendable. However, going down, we are further informed that Kshs. 571,819,037 million was allocated to the Executive, and Kshs. 46,676,404 was allocated to the County Assembly for that period.

Mr. Speaker, this gives us a picture that what the Assembly received was peanuts. Going further on page 11 of the report, we see the difference of the Kshs. 728 million that was received by the Executive on the one allocated to them, and what was given to the Assembly as Kshs. 110,193,286 million. This difference we are inform here is the net increase (decrease in cash). What does it mean by net increase (decrease in cash)? That is money that ought to be allocated to the Executive or the Assembly. Mr. Speaker, we are also being informed that the balance brought forward, which is likely from the previous year, is Kshs. 1.7 billion and it is good money. If this was also received by Kisumu County then it is fallacious to say that what was received during the first quarter was only Kshs.728 million because what was received in the first quarter was actually Kshs. 1.8 billion.

Mr. Speaker, why does the Finance Department give wrong records? We are further informed on the same page 11 of the report that, Kshs. 1.8 billion had been reflected as Kshs. 189,772,548 million. The Assembly has work to do and to tell the Department of Finance that we understand and take our time to read the records they bring to us, and we are saying 'No' to this. Mr. Speaker, considering all this report, I plead with the Honourable Members to tell the Department of Finance that we need a concrete report that when it is brought to this House and it is taken to Nairobi, it will give a picture of Kisumu County Finance Department knows how to prepare their financial report. That is the stand we must take today or else if you want to window dress, it is up to the County Assembly of Kisumu to decide, thank you.

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**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): The Hon. Kelvin Oraro.

**Hon. Oraro** (MCA, Kolwa Central Ward): Thank you Mr. Speaker, I also want to echo my voice on the same report. Unfortunately, or fortunately, I do not know whom to blame but I believe that if I was to rate this Committee, they are below average. That is because some of the things that they should have come out with and point out strongly to members to enable us understand that actually there was something they were doing as a committee of this House, they never did it well. One of the issues that we want to bring to the attention of the Executive is that, we are talking about the financial quarterly report of the County for a period starting on 1<sup>st</sup> July, 2022 and ending on 30<sup>th</sup> September, 2022. If someone was to remind you, that the period comes immediately after closure of one Financial Year and the beginning of another Financial Year.

Mr. Speaker, the way my friend, who is the former Bursar at Kisumu Boys High School and also so experienced and has spoken, he is someone who understands accounts so well, there is no way you can say by that time we were having around Kshs 1.7 billion in our account before another money was given. Then, as a committee, you point out that there was zero development. There is something missing and I really want to know why the development expenditure cannot be explained. For those three months, did they use the money because, I do not understand and the Chairperson of this House Committee should explain what they mean by add fund balance brought forward? That they had Kshs 1.7 Billion brought forward by that time. Was that money spent or is it still in their coffers at at now or when did you spend that money?

Mr. Speaker, from the addition, the Department is informing us about having received Kshs 642, 91,142 then add the additional amount of money from Own Source Revenue when given permission to spend that is Kshs 86, 597, 581 adding up to Kshs 728,688,723. Mr. Speaker, but, after the expenditure which we are informed, there is a balance that remained which they called net increase. I do not know why they call it that, so, and I do not know the meaning of the word net increase. I do not even know where that money is taken. It is not taken to the development or recurrent expenditure component; I do not know where that money is taken. I therefore needed a member of that committee to explain that term 'net increase' and where it goes to before another disbursement is made.

Mr. Speaker, something is not adding up. For that reason, I also take part by saying that the committee needed to take up the matter and investigate what is really happening. Mr. Speaker, as I wind up, you talked of Kshs 189,772,548 as the right amount that should be mentioned as Own Source Revenue but, out of it, Kshs 86,597,581. In the report, they say that there are Twenty-One health facilities and according to the FIF Act, are now allowed to use money at source which is also not clear. So, when you talk about Own Source Revenue, I believe it is money that was collected at the Treasury or that has been deposited and that is what we can account for. If someone else come out and say that the real amount cannot be Kshs 86 million but Kshs 188 million though this one is being spent by the health facilities at the source. Then something is not adding up, and at the end of the day we summarize that that was the end of our first quarter report.

Mr. Speaker, next time if you have to bring another report on the same, I might be tempted to ask the committee to consider going further by saying that the money sent to County Assembly and the money sent to the Executive was used for this and that. Even if it is the Recurrent

Expenditure but just list some of the uses of the money that was spent plus some of the expenditure done by the executive. Yes, the money has been released and sent; the Kshs 46 Million to the Assembly and Kshs 541 Million to the Executive. However, you should also provide a list of the money that is received by the Executive; what has it been spent on? That is what we call giving out a financial report. It is not just about receiving but, what was your payment? How did you use that money? When that happens, actually I would be convinced that the committee is doing a good work. For me, this report is half-baked and I believe that the committee should go back and do further research and give this House something that we can use and say that this is enough so that we can be able to say that somebody somewhere is not doing a good work, thank you Mr. Speaker.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): the Hon. Patrick Lumumba.

**Deputy Majority Leader** (Hon. Lumumba, MCA, South East Nyakach Ward): Mr. Speaker, having heard the debate by Honourable Members, indeed there are some grey areas that needs to be improved on. However, that does not imply that the report has not met its threshold. It is a lesson and we must commend the committee for giving this report. Since it is their first time, I would urge them to do a better job if accorded another chance. Mr. Speaker, my submission on this report is that the committee has done a commendable job even though they have not attained a hundred per cent, but, they are above the threshold and therefore I support the motion, thank you.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): In order of seniority, I will choose Hon. Moses Ochele then I will grant you chance Hon. Rev. Tom Nyaoke.

**Hon. Ochele** (MCA, East Kano Wawidhi Ward): Thank you Mr. Speaker for putting me on a higher rank. To Hon. Nyaoke, you will be considered a Senior Member next time when you shall have been re-elected. Mr. Speaker, first may I start by commending the committee for the work they have done within a record time they were given by the Speaker. Going through the report, I believe that the committee has achieved what was expected of them and I really commend them on the good job which on a scale of 1 to 10 it will be an 8 because if you keenly go through the report, you will realize that they have exhausted all that they were to undertake.

Mr. Speaker, I have one concern on the element called Pending Bill. In the budget document of 2022/2023, there is a whopping Kshs. 1.3 billion set aside by the Second County Assembly to clear the pending bills. Mr. Speaker, it is a glaring omission on the report that nothing has been mentioned as per the status of this money.

Mr. Speaker, this is a serious concern that if we do not report on the status of this Pending Bills, out of Kshs. 1.3 billion which was set aside for pending bills as at today, how much has been paid and how much is left and what plans does the Executive have so that we don't upload this giant pending bill in the next budget of 2023/2024. I seriously believe that, this issue should have form the bulk part of this report.

Mr. Speaker, there is section here talking of typo error, that is page 13. It reads "From the Exchequers the Kisumu County Government received Kshs. 682,221,835 million", and on reporting, they reported Kshs.642,091,142 million. The response from the Executive through

the CECM Finance and Economic Planning indicates that, it was a typo and it is just dropped there typo error. How certain can we be sure that it was a typographical error or a technical omission to subvert or cover some truth. In that part, I believe that more clarification should have been given. Otherwise, Mr. Speaker, I want to believe that being the First Session of this Assembly, the next report of the financial bill as indicated by the Deputy Leader of Majority that they will do better and will have better guidelines or questionnaires of coming up with actual answers which can convince members. Thank you.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Yes, the Hon. Nyaoke.

**Hon. Nyaoke** (MCA, North Nyakach Ward): Thank you Mr. Speaker, I would first want to congratulate you because you are the one Chairing today's session.

*(Laughter)*

**Hon. Nyaoke** (MCA, North Nyakach Ward): Mr. Speaker, I want to extend my sincere thanks to the committee particularly the Chairperson Hon. Ajwang' and of course the Deputy Leader of Majority for the job that they have done. We would also agree that some of us are still in the learning process on some of the things that are to be done. But, going through this report I can see that really even if I were in that committee, I would clap for myself for the good job done here.

However, there are certain issues that I would really like to stress the committee to take note of particularly the key recommendation that they have given. Sometimes, it is possible to give recommendation but the follow up criteria become incomplete. For example, item No.4 where it is recommended that the CECM Finance and Economic Planning within 14 days of approval of this report to submit a detailed breakdown of the Own Source Revenue generated by each of the 21 health facilities.

Mr. Speaker, this is a very serious concern and should not be taken lightly, after that 14 days or within that 14 days as stipulated in here, that report should be forwarded to the committee to reassess and make sure that their recommendations are followed. In most cases we have seen that the recommendations are given but the follow up is where we fail to enforce. We make recommendation that this or that be provided but we find ourselves still talking about the same recommendations that they were not submitted a year or two years later. I want to implore the committee to look at this so that what they have recommended to be provided by the CECM or the relevant authority is indeed submitted within the particular specific time. Let us not give opportunity to continue sleeping on what the CEC Member should have acted upon but make sure that the recommendations we have requested or the recommendations are followed to the later. It is my believe that, even other committees will follow suit and we see the seriousness of the recommendation otherwise, it will just be that and nothing happens. I beg to support thank you.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): : Thank you Hon. Nyaoke for those nice contributions and I want to guide that we go with that direction that every fault we find in the report we build it up with the recommendation that we will take to the Executive for

implementation and for that matter. So, let's give Hon. Pamela Oyoo of Migosi Ward an opportunity.

**Hon. Oyoo** (MCA, Migosi Ward): Thank you Mr. Speaker, seeing the mood of the House, I wish to call the mover to reply.

**The Chief Whip** (Hon. Kanga, MCA, Market/Milimani Ward): Point of Order Mr. Speaker.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): What is it Hon. Seth Ochieng.

**The Chief Whip** (Hon. Kanga, MCA, Market Milimani Ward): Mr. Speaker.

**The Temporary Speaker** (Hon. Seth Okumu, MCA, East Seme Ward): Order Honourable Member.

**The Chief Whip** (Hon. Kanga, MCA, Market Milimani Ward): Mr. Speaker I am rising on a Point of Order.

**The Temporary Speaker** (Hon. Seth Okumu, MCA, East Seme Ward): Honourable Member, I have given you an opportunity and I want to respond to your point of order, you are asking why the Hon. Member is asking why the mover to reply and you who is asking have contributed and Members who have not contributed have not complained. Honourable Member, what did you want her to do? I mean a Member must call the mover to reply and she just did that. Do you have any complain for any Member who was to contribute?

**The Chief Whip** (Hon. Kanga, MCA, Market/Milimani Ward): Mr. Speaker, even though I had spoken I have a point of Order while you were denying me the opportunity.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Honourable Member, but you have already given me your point of order and she already asked the mover to reply which is provided in the Standing Orders that it is only allows a member who can ask the Member who moved the motion to reply and you are complaining yet you had already contributed. Let those who have not contributed do so.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Yes Hon. Dede.

**Hon. Dede** (MCA, North Kisumu Ward): Thank you Mr. Speaker. It is good that the committee did some work but it was not really done well according to the expectation. When you look at page 12 of the report, I am worried about the issue of NHIF capitation on the Health Department, the redirection of the services parking areas unwilling to pay rates. After an evaluation was done in court eviction of new buildings and demolition of Anderson Houses. When was Anderson Estate demolished? That is a question I want to put to the committee.

Mr. Speaker, according to the recommendations, we have seen that their third recommendation about the CECM Finance and Economic Planning reports all the omissions with errors to be done in the next quarter which is contradicting the 14 days. Mr. Speaker, we have equally noted that, the annexes also don't tally with the figures given in the Own Source Revenue. As we go to the parking fees in the Own Source Revenue that we have been furnished with, there was a figure of Kshs. 13,610,030 compared to the annex which is about 12 million with some figures.

Mr. Speaker, when you look at the parking fee, according to the data that has been given to us, for the period ended 2022, the figure given is Kshs. 27,898,867 compared to the breakdown given in the annex which is Kshs 5 million. Mr. Speaker, I am really worried about the figures.

Mr. Speaker, I also don't see the breakdown on the revenue payroll for the period under review in the annex. I believe that, it is high time we give the committee ample time to go and do extensive work so that they can bring the correct report in the House. Thank you.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Honourable Members, the mover had been called to reply but Hon. Dede stood and requested that he be accorded time to highlight some of the issues that he had noticed in the report. Is there any Member who wants to contribute before I give a chance to the mover of the motion to reply?

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Then I would request Hon. Carren to reply.

**Hon. Carren** (MCA, Kaloleni Shaurimoyo): Thank you Mr. Speaker, I would like to take this opportunity to thank...

**Hon. Oraro** (MCA, Kolwa Central): Mr. Speaker, I just need to respond to some of the to help. I seek your guidance.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Hon. Oraro, whom do you want to inform?

**Hon. Oraro Kevin Odhiambo** (MCA, Kolwa Central Ward): Mr. Speaker, the Chairperson of Finance.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Hon. Oraro, you are a senior Member in this House and if you needed any clarification then, you would have put it in your contribution and if you didn't, you would have given another Member to include your information while putting his across. You had already contributed and we will not allow you to contribute again because those are the rules of the House. For that matter maybe if you sneak it through writing to the Chairperson as she proceeds with her reply. Proceed Hon. Carren.

**Hon. Ajwang'** (MCA, Kaloleni/Shaurimoyo Ward): Thank you Mr. Speaker, I would like to take this opportunity to thank the Honourable Members for debating towards this motion. Hon. Kanga was just concerned about the pending bills and when we will be accorded the opportunity

to do it again, as a committee we will include what has been paid and what has not been paid, which is the status of Pending Bills. The 21 health facilities should also furnish this House with a breakdown of what they have collected in those facilities and how they have spent the funds. I would like to promise Hon. Kanga that next time we will do it.

Mr. Speaker, I would like to thank Hon. Pete and state that his concerns are noted. Therefore Hon. Speaker I beg to reply.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Thank you. Honourable Members, a motion for Adoption of the report by the Standing Committee of Co-operatives, Finance, Trade and Enterprise Development on the consideration of the Kisumu County Revenue Fund Quarterly Report and Financial Statement for the period ended 30<sup>th</sup> September 2022 has been moved as a motion, seconded and debated by Hon. Members, I therefore want to put a question for the adoption of the same?

*(Question put and agreed to)*

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Hon. Members, the motion for Adoption of the report by the Standing Committee of Co-operatives, Finance, Trade and Enterprise Development on the consideration of the Kisumu County Revenue Fund Quarterly Report and Financial Statement for the period ended 30<sup>th</sup> September 2022 is hereby adopted to day 28<sup>th</sup> February 2023 at 15:55 hours.

Honourable Members, I want to direct that this report together with its recommendations be taken to the Executive for implementation. This message goes to the table clerks of the house; that it is surprising that, I was reading a report from the Office of the Auditor General (OAG) that the Resolutions of this House do not reach the Executive for implementation. Take it serious that the recommendations that we make in this House be taken to the line departments for implementation and this being one of them. Please be guided accordingly. Thank you

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Next Order!

## ADJOURNMENT

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme Ward): Honourable Members, there being no any other business to transact, the House stands adjourned to Wednesday, 01<sup>st</sup> March 2023 at 9.00 a.m. Thank you.

*(House rose at 04.01 p.m.)*

*Addendum*

*Hansard Team*

*Zablon Otiende - Senior Hansard Reporter (Ag. Editor)*

*Edward Odanga - Hansard Reporter*

*Fanual Okode - Hansard Reporter*

*Patrick Okoyo - Hansard Reporter*

*Jacklyne Otieno - Hansard Reporter*

*Jesca Otieno - Hansard Reporter*

*Vallery Atieno - Hansard Reporter*