COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – SECOND SESSION

Wednesday 01st March, 2023

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

(The Deputy Speaker (Hon. Nereah Okombo) in the Chair)

PRAYER

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Members, I want to request that pursuant to the provisions of Kisumu County Assembly Standing Orders No. No. 32 (2) that the Serjeant-at-Arms rings the quorum bell for five minutes.

(Quorum bell rung for five minutes)

The Deputy Speaker (Hon. Okombo): Thank you Honourable Members. The bell has been rung for the first time and cognizant of the fact that some Members are out on official duty and that means we have 35 Members behind. In the absence of the Leader of Majority and the Chief Whip, may I request Hon. Moses Ochele to confirm if we have the quorum.

Hon. Ochele (East Kano Wawidhi Ward): Thank you Madam Speaker. We are slightly short of quorum.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Members, may I request again as per the Standing Orders that the quorum bell be rung for another five minutes.

(Quorum bell rung for another five minutes)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Hon. Ochele, can you confirm if we have quorum.

Hon. Ochele (East Kano Wawidhi Ward): Thank you Madam Speaker. There is quorum.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Mr. Clerk, please take us through the Order Paper of the day.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Next order!!

PAPER LAID

THE REPORT BY ADMINISTRATION OF LAW, JUSTICE, CONSTITUTIONAL AFFAIRS, GOOD GOVERNANCE AND SECURITY COMMITTEE ON STATUS OF OPERATIONS OF THE VILLAGE UNITS IN THE COUNTY

BY

HON. MOSES OCHELE, MCA, EAST KANO WAWIDHI WARD.

(CHAIRPERSON, ADMINISTRATION OF LAW, JUSTICE, CONSTITUTIONAL AFFAIRS, GOOD GOVERNANCE AND SECURITY COMMITTEE)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Hon. Moses Ochele.

Hon. Ochele (East Kano Wawidhi Ward): Thank you Madam Speaker. Pursuant to the provisions of Standing Order No. 182 (6) of the Kisumu County Assembly Standing Orders, I wish to table today Wednesday 01st March, 2023 the report by Administration of Law, Justice, Constitutional Affairs, Good Governance and Security on Status of Operations of the Village Units in the County.

(Hon. Ochele tables the report before the House for consideration)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Members, I acknowledge the receipt of the report by Administration of Law, Justice, Constitutional Affairs, Good Governance and Security on Status of Operations of the Village Units in the County. I therefore, commit this report to the House Business Committee for scheduling for debate on the Floor.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Next order!!

NOTICE OF MOTION

THE REPORT BY ADMINISTRATION OF LAW, JUSTICE, CONSTITUTIONAL AFFAIRS, GOOD GOVERNANCE AND SECURITY COMMITTEE ON STATUS OF OPERATIONS OF THE VILLAGE UNITS IN THE COUNTY

BY

HON. MOSES OCHELE, MCA, EAST KANO/WAWIDHI WARD.

(CHAIRPERSON, ADMINISTRATION OF LAW, JUSTICE, CONSTITUTIONAL AFFAIRS, GOOD GOVERNANCE AND SECURITY COMMITTEE)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Hon. Moses Ochele.

Hon. Ochele (East Kano Wawidhi Ward): Thank you Madam Speaker. Pursuant to the provisions of Standing Order No. 45 (1) of the Kisumu County Assembly Standing Orders, I wish give a Notice of Motion on the report by Administration of Law, Justice, Constitutional Affairs, Good Governance and Security on Status of Operations of the Village Units in the County.

The Deputy Speaker (Hon. Okombo): Next order!

STATEMENT

The Deputy Speaker (Hon. Okombo): Hon. Zachariah Okoyo.

Hon. Okoyo (MCA, Central Kisumu Ward): Thank you Madam Speaker. Pursuant to Standing Order 41(2), (a) and (b), I rise to seek a statement from the Chairperson of the Committee on Administration of Law, Justice, Constitutional Affairs, Good Governance and Security on allegations of Irregular Recruitment of Staff at the Jaramogi Oginga Odinga Teaching and Referral Hospital without following the due process and in utmost disregard of the role and functions of the County Public Service Board.

Hon. Speaker, I am aware from my own knowledge and that of my constituents, information that I verily believe to be true, that the management of, Jaramogi Oginga Odinga Teaching and Referral Hospital has recently irregularly recruited different cadres of staff within the facility contrary to the provisions of Sections 55, 56 & 59 of the County Governments Act 2012.

In this statement, I request the Committee Chairperson should; provide a comprehensive report from the Department of County Administration and Public Service, detailing the circumstances, authorizations, justifications and recruitment procedures followed in the recent irregular recruitment of staff by the management of Jaramogi Oginga Odinga Teaching and Referral Hospital.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Chairperson, Administration of Law, Justice, Constitutional Affairs, Good Governance and Security do you have a response on this matter.

Hon. Ochele (East Kano Wawidhi Ward): Thank you Madam Speaker. I want to thank my colleague Hon. Okoyo for bringing up this matter. Going by the weight of this matter, I believe that, it is prudent that the committee be given more time to investigate and bring a report on a date that shall be determined by the Chairperson. Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Thank you. I want ask you to give a response within a period of 14 days.

Hon. Ochele (East Kano Wawidhi Ward): Most obliged Madam Speaker.

The Deputy Speaker (Hon. Okombo): Thank you. Next order!

MOTION

ADOPTION OF THE REPORT BY PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE ON CONSIDERATION OF THE KISUMU COUNTY EXECUTIVE CAR LOAN AND MORTGAGE SCHEME FUND REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2022

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU WARD.

CHAIRPERSON, PUBLIC ACCOUNTS AND INVESTMENTS COMMITTEE

Background

Hon. Speaker, the Kisumu County Car Loan and Mortgage Scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014 with a vision to provide affordable, accessible and sustainable car and mortgage loans to staff.

Pursuant to Section 167(1) of the PFM Act 2012, the fund administrator of a public fund is mandated to prepare annual financial statements and reports on public funds. This section further demands that the financial statements prepared by the fund administrator have the financial and non -financial performance of the fund.

Hon. Speaker,

The Kisumu County Executive Car Loan and Mortgage Scheme Fund Financial Statements for the year ended 30, June 2022 was submitted to this Assembly on 30th September 2022.

The Reports and Financial Statements were committed to the Public Accounts and Investments Committee for scrutiny and reporting.

Establishment and Mandate of the Committee

Hon. Speaker, 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. Ken Ouko	Chairperson
2. Hon. Geoffrey Warindo	Vice Chairperson
3. Hon. Seth Okumu	Member
4. Hon. Kelvin Oraro	Member
5. Hon. Zackaria Okoyo	Member
6. Hon. Nancy Matara	Member
7. Hon. Mildred Ajumbo	Member
8. Hon. Tom Nyaoke	Member
9. Hon. Reuben Rakwach	Member

Committee Secretariat

1. Austine Ochieng	Committee Clerk
2. Crisphine Oguta	Clerk Assistant
3. Geoffrey Omollo	Accountant
4. Naboth Odero	Internal Auditor
5. Patrick Okoyo	Hansard
6. Faith Judith	Serjeant-at-Arms
7. Raphael Juma	Legislative Research

Acknowledgement

Hon. Speaker. May l take this opportunity to thank all members of the Public Accounts and Investments Committee for their input and valuable contributions throughout the period of consideration of the financial statements. 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 Kisumu County Executive Car Loan and Mortgage Scheme Fund Management for their cooperation throughout the process. Lastly, we would like to appreciate the secretariat attached to this Committee for their endless contributions in regards to this activity.

It is now my privilege to table this report of the Public Accounts and Investments Committee on the consideration of the financial statements of the Kisumu County Executive Car Loan and Mortgage Scheme Fund for the year ended 30th June 2022 for consideration and adoption.

LEGAL FRAMEWORK & GUIDING PRINCIPLES

Legal Framework

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

1. Public Finance Management Act, 2012; Section 167 of the Public Finance Management Act 2012 speaks to annual reporting by Administrators of Public Funds. Section 167(1) specifically states that '' the administrator of a public fund established by the Constitution, an Act of Parliament or county legislation shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board ''

1) Public Finance Management Act, 2012: Section 149 of the Public Finance Management Act, 2012 outlines the responsibilities of Accounting Officers for the County Government 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. This section of 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.

Hon. Speaker, 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''.*

Guiding Principles

Hon. Speaker, 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

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, 2015 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 the Financial Status of the fund for the financial year ended 30, June 2022
Hon. Speaker, it is important to note that in as much as the major role of the fund is to give loans to staff for purposes of car and mortgage, there were no loans advanced during the financial year in question. The major activity that revolved around the fund during the financial year was loan recoveries.

The Statement of Financial Performance for the year ended 30, June 2022 reflects an interest income of Kshs. 360,622. This represents the revenue earned by the fund during the financial year. Comparatively, this was Kshs. 141,224 more than the interest income during the previous financial year.

The interest income above was attributed to by interest income from Mortgage loans and Interest income from Car loans of at Kshs. 267,825 and Kshs. 92,797 respectively.

During the previous financial year (2020/2021), interest income from mortgage loans amounted to Kshs. 122,057 while interest income from car loans amounted to Kshs. 97,342

Below is an illustration of this comparison;

Description	FY 2021/2022 (Kshs.)	2020/2021 (Kshs.)
Interest income from loans (Mortgage loans)	267,825	122,057
Interest income from loans(Car loans)	92,797	97,342
	360,622	219,398

Financial Position of the fund as at 30th June 2022
Hon. Speaker, the Financial position of the fund is determined by the amount of Cash and Cash equivalents at any given time. As at 30th June, 2022, the fund management reported Cash and Cash equivalents of had Kshs. 16,273,150 as compared to for Cash and Cash equivalents. As at the end of the previous financial year in which Kshs. 7,894,339 was reported for Cash and Cash equivalents. This An increment of 8,378,811 was attributed to by recoveries of long outstanding debts owed by former the County Executive Committee members of the former regime.

The statement of financial position further indicates that the fund had total assets valued at Kshs. 21,615,448 as at 30th June 2022.

This is illustrated as shown below;

Assets Current Assets	FY 2021/2022 (Kshs.)	FY 2020/2021 Kshs.)
Cash and Cash equivalents	16,273,150	7,894,339
Current portion of long term receivables from exchange transactions	1,887,616	3,503,829
Non-current assets	1,887,616	3,503,829
Property, Plant and equipment		
Long term receivables from exchange transactions	3,454,682	10,000,729
TOTAL ASSETS	21,615,448	21,398,897
Net Assets		
Revolving fund	32,295,000	32,295,000
Accumulated (deficit)	(10,679,552)	(10,896,103)
Total net assets and liabilities	21,615,448	21,398,897

Cash Flows for the year ended 30, June 2022
Hon. Speaker, the statement of Cash flows in the financial statements reflects an interest of Kshs. 360,622 as the only receipts for the fund. This figure was adjusted in the Cash flow for a decrease in accounts receivable and prior year adjustment in cash and cash equivalent at Kshs. 228,742 and Kshs. 144,071 respectively.
Hon. Speaker, a simple arithmetic on this gives Kshs. (12,191) as the Net Cash flows Operating activities. Comparatively, the Net cash flows for the previous financial year was Kshs. 219,398.
In terms of Cash flows from investing activities, there were proceeds from loan principal payments amounting to Kshs. 8,390,999.

Key Committee Findings/concerns, Fund administration responses and Committee recommendations
Hon. Speaker, after a number of meetings deliberating on the financial statements of the Kisumu County Executive Car Loan and Mortgage Scheme Fund for the year ended 30, June 2022, the Committee made a number of observations that required more information from the fund management. The Committee therefore resolved to invite the fund administrator to a committee meeting on 17th November 2022 to respond to the concerns raised by the committee on the financial statements for the fund (See annex 1- invitation letter)

1. Long overdue outstanding loans.

Hon. Speaker, in this case, loans that were advanced to the former regime County Executive Committee members were not recovered in full by the end of their period in service. The fund management resolved to recover the balances through gratuities due to the County Executive Committee members.

Management Response
The Management response indicates that a A total of Kshs. 5,825,347 had been recovered from four gratuity accounts and banked while a payment voucher for .total ofbalance Kshsof Kshs. 2,216,164 had been done and are yet to be recovered but the vouchers are done awaiting submission. A total of Kshs. 5,825,347 has been recovered from four gratuity accounts. (See Annex 2- Bank Statement provided in support of the response)

This is illustrated in the figure below;

	Loan balance	Gratuity due	Loan balance	Status
Secured Loans				
Mrs. Alice Moraa Onserio	1,400,562	1,500,562	-	Voucher done awaiting transmission
Mr. John Obiero Ogone	815,602	1,471,473	-	Voucher done awaiting transmission
Total	2,216,164			
Unsecured loans				
Mr. George Ongaya	1,504,435	3,079,462	-	Fully recovered
Mrs. Elizabeth Ogajah	1,661,661	2,835,453	-	Fully recovered
Mrs. Jeniffer Atieno Kerre	1,703,359	2,904,243	-	Fully recovered
Mr. Steven Orot	955,892	1,009,050	500,083	Partially recovered
Total	5,825,347			
Grand total	8,041,511			

Committee Observations
Hon. Speaker,
In its analysis of the above response and documents supporting the same, the committee noted the following issues;

i) Non-Uniformity on the Bank Statement

The first page of the bank statement has the family bank Logo at the top right corner and contact address at the bottom left corner, while the rest of the pages have no Logo or contact address.

ii) Inconsistency with the cash flow in the financial statements page 9

iii) The bank statement does not support the cash and cash equivalent reported of Kshs 7,894,339 as of June 2021 and Kshs 16,273,150 as of 30th June 2022. (See annex 3- disclosure on the cash flows)

iv) A keen look at the second page of the bank statement reflects an amount of Kshs. 10,897,431.35 and Kshs. 10,919,057.35 as at 8th June 2022. The bank statement further reflects an amount of Kshs. 11,161,057.35 as at 8th July 2022 thereby highlighting the inconsistency.

v) Overall Net Variance of Kshs 6,229,784.30

Hon. Speaker, an Analysis of the Bank statement as a whole gives an unexplained net variance of Ksh 6,229,784.30.

A Further, page-by-page analysis revealed a Zero net variance of zero_ on the first page, an overcast Net Variance of Ksh 1,063,097 on the second page, a Net undercast variance of Kshs 4,836,295 on the third page and an overcast of Kshs 307,863 on the fourth page. (See Annex 3 – table showing the overall and page by page variance)

vi) Loan Recovery from Gratuity

Even though credit entries of Kshs 1.504.435, Ksh 1,661,661 and Kshs 1,703,357 were seen in the bank statement provided, committee could not establish that the credit entries were no further evidence to confirm amounts were from the mentioned County Executive Committee members. Further, partial recovery of Kshs. 455,809 from Mr. Steven Orot could not be traced in the bank statement provided.

vii) Inconsistency with the cash flow in the financial statements page 9

The bank statement does not support the cash and cash equivalent reported of Kshs 7,894,339 as of June 2021 and Kshs 16,273,150 as of 30th June 2022. (See annex 4- disclosure on the cash flows)

Committee Recommendations
Hon. Speaker,
Based on the above observations on this particular issue, the committee recommends as follows;

- That the fund management ensure that the remaining balances if any be recovered fully in not more than 60 days upon adoption of this report and a report and evidence of recovery be submitted to this Assembly.
- The Committee recommends that going forward, the fund management must ensure that all loans are completely recovered by the end of the term someone is in office.

High Interest Rates
Hon. Speaker, in the disclosure under the Statement of Changes in Net Assets as at 30, June 2022 (See Annex 5 pg 14), interest on the amounts disbursed were charged at 11%, much higher than what the regulations of the SRC Circular number SRC/TS/WH/3/14 of February 2014 stipulates. This regulation stipulates that the loans should be advanced at a maximum of 3%. Hon. Speaker, the committee sought for both written and verbal responses on the above matter to which the fund administrator responded in the following manner.

Management Response
The Fund Administrator informed the Committee that the high interest rate of 11% was being charged by the Diamond Trust Bank as a result of failure by the County Executive to honour their agreement. The 11% that was charged was therefore from the Diamond Trust Bank and not the County Executive of Kisumu Car Loan and Mortgage Fund.
Committee Recommendations

- The Committee recommends that in future, the County Government of Kisumu and the fund administration must honour agreements between them and the bank managing the fund.
- That going forward, the fund administration must adhere to the regulations of the SRC Circular number SRC/TS/WH/3/14 of February 2014

Consistent Negative assets in the financial statements
Hon. Speaker,
The Statement of Changes in Net Assets as at 30, June 2022 reveals that the fund had a balance of Kshs. (10,179,873) as at 1st July 2020. The balance was Kshs. (10,896,106), Kshs. (10,179,873) and Kshs. (10,679,552) for the next three consecutive years respectively.
Hon. Speaker, this means that the sustainability of the fund is questionable.

Management Responses
Hon. Speaker, when put to task to account for the fund's consistent operations at a loss, the fund administrator informed the committee that the fund started incurring losses as a result of an agreement between the County Executive and the Diamond Trust Bank that was not honored.
As per the agreement, the County Executive was to deposit an amount of Kshs. 60 million. The management of the funds would be a responsibility of the bank which would also disburse the funds to the employees.
The then County Executive failed to honour this agreement and failed to deposit the 60 million with the Diamond Trust Bank, depositing Kshs. 32,295,000 instead and in installments. The Diamond Trust Bank went ahead and started disbursing the loans charging interests at the rate of 11%, against the SRC Circular which stipulates that Car Loan and Mortgage loans can only be advanced at a maximum rate of 3%. The losses have therefore been arising as a result of the 11% interest charged by the Diamond Trust Bank. (See annex 6- a sample of the agreement)

Committee Recommendation
Hon. Speaker, the committee recommends the following on this matter;

- That going forward, the County Executive and the fund management must honour agreements made with banks to manage the Car Loan and Mortgage Scheme fund to avoid losses by the fund and the County at large

The Compliance Matrix
Hon. Speaker,
The Committee considered the compliance of the fund to various basic laws and regulations governing its operations. This is illustrated in the compliance matrix below;

Provision	Article/ Section/	Observations	Recommendations	
			Policy	Financial
That; An Accounting Officer of the County Government Entities to do annual reporting by preparing financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.	Public Finance Management Act, 2012 - Sect.164(1)	The fund management observed the law	The Committee recommends for consistent adherence to this section of the law	
(2) In preparing a 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.	PFM Act Section 167(2)	The reports and financial statement submitted had financial information. However, non-financial information did not form part of the financial information. The Committee observed that whereas this section provides for inclusion of non-financial information, the template provided by the Accounting Standards Board was not sensitive to this.	The Committee recommends that going forward, the fund administrator should ensure that the financial reports are accompanied with the non-financial information.	

Presentation of the Financial statements for a County Public Fund to the County Assembly:	Public Finance Management Act, 2012 - Sect.118(7)(C)	The fund management complied with this section of the law.		

SUMMARY OF COMMITTEE OBSERVATIONS/FINDINGS
Hon. Speaker,

The Committee hereby reports the following on the Kisumu County Car Loan and Mortgage Scheme Fund for the year ended 30, June 2022;

1. The Kisumu County Executive Car Loan and Mortgage Scheme Fund is operating under the Kisumu County Executive Car Loan and Mortgage Scheme fund regulation of 2016
2. The Committee observed that the fund has been consistently having its change in net assets negative
3. This has been as a result of an agreement between the Kisumu County Executive and Diamond Trust Bank not being honored. As per the agreement, the County Executive of Kisumu as to deposit lien of Kshs. 60 million with the Diamond Trust Bank who were the appointed fund managers as per section 8 of the regulation. This section states that ''Notwithstanding regulation 6(2), the County Government of Kisumu may, if it considers it appropriate to do so, competitively appoint an institution as an agent of the fund''
4. In an event of failure by the County Executive to deposit this amount, Diamond Trust Bank would charge 14% interest of which 3% was to be met by the beneficiary while 11% was to be met by the County Executive of Kisumu
5. Following failure by the County Government to honour this agreement, the Diamond Trust Bank went ahead to disburse their own funds but charged 14% interest.
6. 3% of this interest was to be met by the beneficiaries while 11% was to be met by the County Government.

7. The Committee observed that some loans were never serviced fully at the end of the beneficiaries' regime. The fund resorted to recover the balances from gratuities owed to the beneficiaries.
8. The fund administrator informed the committee that the recoveries to the Committee revealed that the loans are yet to be fully recovered from the gratuities
9. The Committee observed that some loans were disbursed without securities.

General Committee Recommendations
Hon. Speaker,

Based on the many findings made by the Committee after the consideration of the Kisumu County Executive Car Loan and Mortgage Scheme Fund Financial Statements for the year ended 30, June 2022, the Committee recommends to the House to resolve as follows;

1. That the Auditor General conducts a special audit of the fund and submit the report of the special audit to this County Assembly in a period of not more than 90 days upon adoption of this report. The special audit should be focused but not limited to;

- Every detail of the agreement between the County Government of Kisumu and the Diamond Trust Bank.
- How and why the agreement was not honored.
- Recoveries of the long term outstanding loans – to what extent have the loans been recovered and what is the balance.
- Are the recoveries being done effectively and efficiently.

2. That the fund administrator through the County Executive Committee member for Finance, Economic Planning and ICT to submit the financial statements and all the necessary supporting documents to the Office of the Auditor General in not more than 21 days upon adoption of this report, for a special Audit of the fund.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Hon. Ken Ouko, I believe that you require a seconder to your motion?

CONCLUSION

Hon. Speaker, it is my request that this House consider adopting this report on the consideration of the Reports and Financial Statements of the Kisumu County Executive Car Loan and Mortgage Scheme Fund for the year ended 30, June 2022.

Hon. Ouko (MCA, Central Kisumu Ward): Madam Speaker. May l call upon Hon. Warindu to to second.
The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward):Yes Hon. Warindu, MCA, Miwani Ward.
Hon. Warindu (MCA, Miwani Ward): Thank you madam Speaker, On seconding this motion please let me have this to say. Foremost, will to appreciate this House Committee and the secretariat for the good work that they have done and if you take your time to keenly look at the report, that is what we found out when we had an engagement with the County Fund

Administrator. Our major role as the Committee of the County Assembly is oversight. Madam Speaker, if you look at the report that we have presented before the House, there are a lo it of glaring errors and mistakes that this House really needs to look into. It is fortunate that the Committee undertook its mandate and we gave the true reflection of the submissions. I wanty to believe that, this is a revolving and sustainable fund and all the figures that have been presented in this report, most of them don't add up and I was wondering, if we cannot sustain such a fund then, which fund will we be using for the years to come. Masdam Speaker, it is high time that we need to put the County Executive to task so that they comply with the relevant provisions of the Public Finance Management Act of 2012 and the standards that have been stipulated by the Salaries and Remuneration Commission (SRC).
Madam Speaker, likewise, if you look at this report, it is like the fund is being used to trade. From the SRC Standards, the interest rates that is supposed to be charged against these loans is only three percent (3%). If you look at the report, the rates were being levied to a maximum of fourteen percent (14%). We are not informed where the interest was being channeled to.
Again, the loans were disbursed but, they were not fully recovered. Madam Speaker, the recommendation was that, the Gratuity for the Loanees were supposed to be used in the recovery process. There is a, please let me make reference to the page. Madam Speaker, the recoveries were made but if you look at the statements, this House is not being informed which account these monies were being taken to.

Madam Speaker, there is this Mr. Stephen Orot who had a loan balance of Kshs 955, 892.00 and the Gratuity by then was Kshs 1,009,050.00. If tegh loans were to be recovered from his Gratuity, the plaintiff (Mr. Stephen Orot) after tegh recovery of the loan from his Gratuity, still had a balance of Kshs 583,000.00. madam Speaker, the House needs to get a clarification of what happened in that case. Madam Speaker, it is very fortunate that, one of the Committee's recommendations was that, sine the Committee was not satisfied with the responses that were given by the Fund Administrator, the Committee recommended that, the Office of the Auditor General undertakes a Special Audit so that the House be made aware of exactly what is happening in the Fund. Thank you Madam Speaker,. I beg to second.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward):Honourable Members, a report by the Investigative Committee of PIC/PAC on its consideration of the Kisumu County Executive Car Loan and Mortgage Scheme Fund and Financial Statement for the year ended 30th June, 2022 has been moved by Hon. Kennedy Ouko the Chairperson and seconded by Hon. Warindu. I therefore, want to propose that the report is now open for debate.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward):Yes Hon. K'omudho.
Hon. K'omudho (MCA, Muhoroni/Koru): Thank you so much Madam Speaker. I want to give many many thanks to the House Committee, they have done a wonderful job. Madam Speaker, in that report, I have listened to many things which are not appropriate and I keep on getting worried for the few months that I have been in the Assembly with the recoveries because I have not seen any month for the recovery process. It is a big wonder that as we learn that, as the recoveries are being made they are not reaching the source that they were intended to. Sine the Committee has promised to look at into this with the relevant authorities, kindly have this taken into consideration and taking into consideration that fact that they disbursing financial entities

have a good chance of making use of the lapses by over-charging the Interest Rates that have spiked to over 14% contrary to the recommended 3% by the SRC. I believe that, this is a great undoing to the relevant beneficiaries of these loans. Madam Speaker, I concur with this report but let us look at the numerous disparities shrouding the fund . Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward):Yes Hon. Nyaoke.

Hon. Nyaoke (MCA, Nort Nyakach Ward): Thank you Madam Speaker. I want to commence by appreciating my able Chairperson who has indeed elaborated quite a number of issues in this important report. Madam Speaker, one of the glaring point that we have noted in this report, is that the provisions of Article 226 (1) of the Constitution of Kenya 2010 states that if the holder of a Public Office that includes a Political office directs or approves the use of public funds contrary to the law or instructions, the person is liable for any laws arising from that use and shall make good that laws, whether the person remains as the office holder of the office of not. Madam Speaker, that is a very crucial point and article in the Constitution. The objective of this report is to lead us to not anything and not less than that.

Madam Speaker, one of the recommendations made by this House Committee is to the effect that the Office of the Auditor General (OAG) to undertake and conduct a Special Audit of the Fund and submit the report of the Special Audit to this Honourable House in a period of not more than 90 days upon tegh adoption of this report by this House. Madam Speaker, it is my belief that, with the full trust that once this Special Audit Report is out, this House Committee will be able to exercise its mandate and the House will take its responsible position in this report, so that the officer who will be singled out be held responsible for these. Whether, he/she is in office or not the, the law will be expected to take its course. Madam Speaker, let me applaud this Committee once more and I stand to support. Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward):Yes Hon. Ratib Boitone

Hon. Boitone (MCA, Nyalenda "A" Ward): Thank you Madam Speaker, there is also one of the prayers here that the committee recommends that going forward, the fund management must ensure that all loans are completely recovered by the end of the term someone is in office. It is an important part that should be taken into account that when loans are given, there are time-frames that are set that; we are giving you a loan from the year 2023 to the year 2027. What happens in these scenarios where these officers' terms have ending and yet the loans had not been recovered? Madam Speaker, I believe that it is important for the Executive to take this aspect into consideration going forward.

Madam Speaker, discrepancies on the negative assets in the financial statements, that is on pages 14 and 15 of the report, also calls for the Auditor to question as the committee recommended. These figures aren't adding up and should come up very clearly and let us know why these kinds of discrepancies are arising from.

Lastly, Madam Speaker, I want to draw your attention to the last page of this report where Members of the PIC/PAC Committee appended their signatures. I am surprised that two

Members, Hon. Seth Okumu and Hon. Tom Nyaoke did not sign in agreement with this report. Otherwise, I support the report and thank you Madam Speaker, as well as the team.

The Temporary Speaker (Hon. Okombo, MCA, Mantatta "B" Ward): Yes, Hon. Kelvin Oraro, Member representing Kolwa Central ward.

Hon. Oraro (MCA, Central Kolwa Ward): Thank you Madam Speaker, I also rise to contribute to this special report before the House but before I do so, I want to take this opportunity to let Members know where we are coming from and where we are headed. A careful scrutiny of the report and the names mentioned, is a clear indication of loans that were offered in the First Assembly of the County Government, and by then the Governor was His Excellency Hon. Jack Ranguma. Some of those names mentioned here in this report were officers who served as County Executive Committee Members and who worked in his administration as stated are; George Ongaya, Elizabeth Ogaja, Jennipher Atieno Kere, and Stephen Orot. This means that we are talking about a report that should have seen the light of day by now, because it dates several years back and yet we are now in the Third Assembly.

Madam Speaker, I want to draw the House' attention that Stephen Orot aforementioned is currently a Member of the Executive, and also a member of the County Public Service Board. His name appearing in this list clearly points out a hitch in operations at some point and we need to find out what is wrong. Did he assume to pay that loan, or is there any other arrangement? Madam Speaker, if I look at the first two names; Mrs. Alice Moraa Onseria, and John Obiero Ogone, I can't fail to mention that these are also former County Executive Committee Members in the first tenure of Governor Prof. Nyong'o. They served in those capacities but along the way, they were laid off for one reason or the other. For that reason, I want to bring to your attention that the Loan on Car and Mortgage that we are discussing today, is money meant to help the Executive and it isn't for the Assembly. The Fund was approved then based on the Salaries and Remuneration Commission agreement, and that they were qualified to get the Car Loan and Mortgage Scheme Fund. Most officers sometimes enter into a Contractual Agreement but they fail to honor the terms. In this case, a Fund is established, an officer in charge makes an agreement with a bank, Diamond Trust Bank (DTB) to loan them, and promises the bank that they would get money from the Exchequer and repay on time. Any agreement written by the Government to any other institution should and must often be honored otherwise, penalties apply. The worst-case scenario is that penalties will be forwarded to the public coffers because of a mistake by a senior officer who has entered into an agreement with another institution and failed to honor it.

Madam Speaker, we need to take stern measure on those people who enter into agreements but fail to honor the terms of agreement. If you go to any Court of Law and the case where Government makes an agreement with any party, they must honor it because it is treated as an agreement. Unfortunately, money is lost because we want to fund things that somebody carelessly did. The Fund account in question is empty because the bank consumed all of it as it formed part of the interest. Further, the bank claims that they never received the money on time as they had earlier agreed in the agreement; that in any case the money would not have been received on time, they were to charge 14%. Who is being charged this interest again, who is losing money? Those people aren't seeing any effect but we are called to this Assembly to be defenders of the public coffers and it is the reason that we are here today to protect the money

that has been sent to the County and to ensure that it is well utilized. If this is done well, we will not be using another money from the County Government or the Exchequer to fund a new group of Executive in the name of Car Loan and Mortgage Scheme. If we don't take care of such agreements, we will certainly end up in such scenarios.

Madam Speaker, the Assembly has made a momentous move in making an agreement with Family Bank, and it is known. However, it is not clear which institution the Executive made an agreement with because they don't make such agreements public to the Assembly. Such agreements made in the dark often roll back to culminate to audit queries such as the one we are dealing with today. Because the matter in question is presented in the floor today by the PIC/PAC Committee, which I am also a Member of has a request that; a special audit should be done by giving an external body like the Auditor General to look into the Funds we are talking about and establish the truth about its appropriation, and somebody should be held accountable for that. The Officers given mandate to work in public offices must respect the public funds sent by the Exchequer in their appropriations and should be liable in its misappropriations. We cannot pronounce the punishment just yet because it is the special audit to do that. I believe that we will be getting a report within the 90 days stipulated and somebody will automatically be liable.

Madam Speaker, I want to appreciate the Chairperson, the Clerk Assistant and the entire team for a job well done in producing this report. Unfortunately, there is one annex 6 (*DTB provision of terms of Car Loan and Mortgage*), that I believe was uncalled for and maybe should have been left out. It is unclear what was to be achieved in doing so because it shouldn't have formed part of the annexes. Unless the person in question had a problem with it.

Madam Speaker, as I resume my seat, I request that we should take our work seriously, and put the Executive as well as those managing public funds on toes and execute their duties with seriousness. Some of these contracts and agreements bring so much chaos and a majority would be trapped in the same immediately after serving the Government. If I may compare the case of the immediate former Cabinet Secretary Doc. Fred Matiang'i; he was a powerful officer who worked diligently but after his term ended, he is currently having people coming after him. Today it is Doctor Matiang'i but tomorrow could be finding some of the officers currently service, and will be apprehended for the mistakes committed during service. Let these officers take their work seriously and protect public money. Thank you, Madam Speaker, and I support the report.

The Temporary Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Yes, Hon. Tom. Onditi

Hon. Onditi (MCA, Ombeyi Ward): Thank you Madam Speaker, allow me to thank the PIC/PAC committee especially the Chairperson, for his elaborate read of a voluminous report.

Madam Speaker, having listened to and gone though the report as was being read by the Chairperson, I get some of the things that are really worrying. We are talking about public funds, and whatever happens particularly at the level of the Assembly or the Executive, is something that should be replicated down to the villages. We are living in an era where secrets cannot be kept for long because of technology access and information is transferred as fast as they are received. If some of these recommendations that are proposed in this report are not implemented, I am worried that we are going to create a culture where, people in positions of authority and

influence will misuse public funds with ease without accountability. If public funds of that magnitude can be misused at the County level, then what will a Chairperson of a Welfare Organization in the village, who is listening to our discussion do? I believe that in our recommendations, it requires a call for a special audit by the Auditor General, should have a Clause in it saying that; 'people found culpable of such offenses should be surcharged' so that it becomes a lesson to others who may be intending to engage in such kinds of practices. As the law makers, we are here to set an example, and the implementing agency, which is the Executive arm of the County Government, is the custodian of money at the County level. Therefore, if these kinds of things we are seeing in this report can be happening however long they are, I believe that this is a very serious culture that we are trying to inculcate in this County. I therefore believe that this report should be taken very seriously and action be taken within the twenty-one days as proposed in this report. This will enable people to be accountable for their actions either by act of omission or commission. Madam Speaker, with those few remarks, I support, thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Carren Odhiambo.

Hon. Ajwang' (MCA, Kaloleni/Shaurimoyo Ward): Thank you Madam Speaker. First, I want to thank the Committee for a job well done. While I was going through the report when it was being read by the chairperson and my worry is one; when they were going through the Bank Statements, they were not uniformed and again there was an unexplained net variance of Kshs 6, 229,784. That is a big amount. For that matter therefore, I also recommend that the Auditor General be engaged to tell us what happened. Hence, I support the report, thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Hon. Millicent Omuya.

Hon. Omuya (MCA, North Seme Ward): First, I want to take this opportunity to congratulate the committee for the good work they have done. My concern is on page Twelve. As I go through the page, I see the names of Alice Moraa and George Obiero among the list for the ministers who worked during the first regime of Prof. Peter Anyang' Nyong'o. With the illustrations that has been given here, it is possible that we are going to get the money that they borrowed. When I come to Mr. Steven Orot, I also get worried because I believe this was a debt that was incurred when he was in the First County Government. My question is; given the fact that Mr. Orot is still having an outstanding debt to date; we know very well that he is serving in the County Service Board of the Current Government and it is also known that his term of service is almost ending. I just want to believe that the recovery will be done in time before his exit. For that matter therefore, next time, it will be important for us as the County Assembly to ensure that whenever somebody is about to exit, all that he/she is owing the County must be recovered before he/she is paid the balance, thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Caroline Lawino.

Hon. Lawino (Nominated MCA): Thank you Madam Speaker, I am only concerned about an area in page twelve. I am seeing these outstanding loan balances. These balances since they were incurred during the First Assembly and now we are in the Third Assembly, and these monies have not been paid. Now my question is; are they accruing interests since we are just seeing the

initial loan balances? I believe we should be told about the interests that they are accruing as they wait for the recovery time. Otherwise, I support the motion.

(*Hon. Boitone rises on his feet)*

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Yes Honourable Boitone, what is it?

Hon. Boitone (MCA, Nyalenda "A" Ward): Madam Speaker, looking at the moods of the House, please allow me to call the mover of the motion to reply.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Hon Boitone, you are out of order.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward):Yes Hon. Okoyo.

Hon. Okoyo (MCA, Central Kisumu Ward): Thank you Madam Speaker, may I call the mover of the motion to reply, thank you.

The Deputy Speaker (Hon. Okombo): Honourable Kennedy Ouko.

Hon. Ouko (MCA, West Kisumu Ward): Thank you Madam Speaker. I want to applaud Honourable Members for the kind of support they gave us when we were engaging the Executive on this matter. I would like to inform Honourable Members that, one thing here, this is a financial statement not an audited report. Madam Speaker, for Members to actually identify the loopholes and do the necessary was a daunting task. The moment we will be done with the audited statement, that is when we will be able to pin point somebody and see what to do and not going with our recommendations.

Our primary role is oversight. It is like we are preventing undesirable thing to happen but, the Senate has the Secondary part of it. Their work is to treat this matter and come up with recommendations. So, we have to not be able to give weighty recommendation because you might find that the Senate equally looked into the report and made their decisive recommendations and conclusion. Madam Speaker, I beg to reply. Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Member, are you trying to insinuate that the Assembly is insubordinate to the Senate?

Hon. Ouko (MCA, West Kisumu Ward): Madam Speaker, it is true that the County Assembly has the primary role of undertaking oversight. Whenever we have any issue in the Assembly, we do it on behalf of the County Government before the Senate comes in to discharge any duty. So they have the secondary role. I am therefore urging our Members to stand tall and do their work as required. On our side, it is just to compliment the work of the Senate; therefore, nobody should think that we are against the Executive. I can see some of the Members from their comments here because they feel that this is against the Executive. We are not against them but just giving complements as part of our work. So, do not be scared when we are handling reports from the Executive in relation to various issues committed to our investigative committee.

(Hon. Oraro rises on his feet)

Hon. Oraro (MCA, Kolwa Central Ward): Madam Speaker!

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward):Yes Honorable Oraro.

Hon. Oraro (MCA, Kolwa Central Ward): Thank you Madam Speaker. I really need my Chairperson not to use that word of some Members being scared of the Executive. If he insists on using that w3ord, then he should just mention the names of those Members who are scared of the Executive.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): To Hon. Chairperson PIC/PAC Committee, can you substantiate your statement that some of the Members are scared of commenting because of the executive?

Hon. Ouko (MCA, West Kisumu Ward): Madam Speaker, you know that this is a very important document and one of our functions here is the oversight role. We are now over-sighting what they are doing.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Member, you are not substantiating. Who among the Members is scared of contributing or are scared of the Executive?

Hon. Ouko (MCA, West Kisumu Ward): For the sake of moving forward, I withdraw the statement.

(*Laughter)*

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Thank you.

Hon. Ouko (MCA, West Kisumu Ward): Madam Speaker, actually, the PIC/PAC Committee will be operating within the confines of the Law; and that of the Public Finance Management Act. That is what we will be doing and I had a matter responded to. We did all the recommendations concerning that, and the moment we are done with the Auditor General's report, which we have recommended, I hope everything will be alright. Otherwise thank you so much.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Members, a report by PIC/PAC Committee on its consideration of the Kisumu County Executive Car Loan and Mortgage Scheme Fund and Financial Statement for the year ended 30th June, 2022 has been move by the Chairperson Honourable Kennedy Ouko, seconded by the Deputy Chairperson Honourable Warindo and exhaustively deliberated upon by the House; replied to by the Chairperson. Honourable Members, I now want to put a question of adoption of the report.

(*Question put and agreed to*)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Members, the report by the Select Committee on PIC/PAC on its consideration of the Kisumu County Executive Car Loan and Mortgage Scheme Fund and Financial Statement for the year ended 30th June, 2022 stands adopted today 01st March, 2023 at 16:06 Hrs.

Honourable Members, I therefore want to direct that the same plus the Hansard report be prepared and forwarded to the relevant authority or department for further action within the stipulated time.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Next Order!

MOTION

MOTION ON THE ADOPTION OF THE REPORT BY PIC/PAC COMMITTEE ON THEIR INDUCTION EXERCISE ON THE OFFICE OF THE AUDITOR GENERAL IN NAKURU COUNTY

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU WARD.

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Kennedy Ouko.

Hon. Ouko (MCA, West Kisumu Ward): Madam Speaker and Honourable Member, the Office of the Auditor General is established in the Constitution of Kenya, 2010 under Article 229. Article 229(4) mandates the Office to Audit and Report On the following; the accounts of the national and county governments; (b) the accounts of all funds and authorities of the national and county governments; (c) the accounts of all courts; (d) the accounts of every commission and independent office established by this Constitution; (e) the accounts of the National Assembly, the Senate and the county assemblies; (f) the accounts of political parties funded from public funds; (g) the public debt; and (h) the accounts of any other entity that legislation requires the Auditor-General to audit.

With the objective of making their work effective, the Office of the Auditor General is working close with the County Assemblies Public Accounts and Investments Committees to ensure that the County Assemblies, who are the first point of call for oversight have enough capacity to consider the audit reports.

Hon. Speaker, it is in this regard that the Office of the Auditor General invited members of the Public Accounts and Investments Committee for a Capacity Building Workshop in Nakuru from 13th December, 2022 to 16th December, 2022

Establishment and Mandate of the Committee
Hon. Speaker, 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;

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;

Examination of the working of the Public Investments

Examine the reports and accounts of the Public Investments and,

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. Ken Ouko	Chairperson
2. Hon. Geoffrey Warindo	Vice Chairperson
3. Hon. Seth Okumu	Member
4. Hon. Kelvin Oraro	Member
5. Hon. Zackaria Okoyo	Member
6. Hon. Nancy Matara	Member
7. Hon. Mildred Ajumbo	Member
8. Hon. Tom Nyaoke	Member
9. Hon. Reuben Rakwach	Member

Committee Secretariat

1. Austine Ochieng	Committee Clerk
2. Crisphine Oguta	Clerk Assistant
3. Geoffrey Omollo	Accountant
4. Patrick Okoyo	Hansard
5. Faith Judith	Serjeant-at-Arm
6. Raphael Juma	Legislative Research

Acknowledgement
Hon. Speaker. May l take this opportunity to thank all members of the Public Accounts and Investments Committee for their availability and input during the induction exercise. The Committee also takes this opportunity to thank the offices of the Speaker and the Clerk for their respective approvals and facilitation to enable the committee participate in the induction exercise.

We must also thank the Office of the Auditor General for appreciating the need to ensure that members of the Public Accounts and Investments Committee are well capacitated towards consideration of the Auditor General Reports.

Lastly, we appreciate the secretariat attached to this Committee for their support that made this exercise a success.

It is now my privilege to table this report of the Public Accounts and Investments Committee on the induction of the members by the Office of the Auditor General for consideration and adoption.

TOPICAL AREAS COVERED DURING THE INDUCTION/TRAINING
Hon. Speaker,

I. Understanding of the legal mandate of the Office of the Auditor General and the County Assembly Public Accounts and Investments Committee.
II. Public Sector Auditing. The Committee was made to appreciate the role of Public Sector Auditing in the Public Expenditure Management.
III. The Audit process
IV. Reports of the Auditor General- Audit opinions
V. Developing Committees calendar
VI. Effective communication between committees, auditors and clients
VII. Report writing
VIII. Oversight Committee recommendations
IX. Tracking up and reporting on implementation of committee recommendations

Understanding the Legal Mandate of the Office of the Auditor General.
Hon. Speaker, the Office of the Auditor General is an independent office established under Article 229 of the Constitution of Kenya, 2010.

Section 229(4) states that ;

Within six months after the end of each financial year, the Auditor-General shall audit and report, in respect of that financial year, on—

(a) the accounts of the national and county governments;

(b) the accounts of all funds and authorities of the national and county governments;

(c) the accounts of all courts;

(d) the accounts of every commission and independent office established by this Constitution;

(*Interruption of the motion of the PIC/PAC Induction Report).*

(*Hon. Oraro rises on his feet)*

Hon. Oraro (MCA, Kolwa Central Ward): On a point of Order Madam Speaker!

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): What is your point of order Honourable Oraro? Which Standing Order are you raising your concern on?

Hon. Oraro (MCA, Kolwa Central Ward): Standing Order No. 41.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): What does it say Honourable Kelvin? Honourable Member Standing Order No. 41 is talking about General Statements.

Hon. Oraro (MCA, Kolwa Central Ward): Madam Speaker Standing Order No. 51.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Hon. Member you are out of order.

Hon. Oraro (MCA, Kolwa Central Ward): Madam Speaker it was just a small confusion. I am rising under Standing Order No. 51. My prayers in that Standing Order is that I am worried a bit concerning this other motion that we have just started unlike the other one which had been circulated and the Members were enjoying and were able to participate. So, I am requesting you that in case Members have not been furnished with this report, then, we push it to another day Madam Speaker.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Member, can you confirm if the Members have copies of the report that you are moving?

Hon. Ouko (MCA, West Kisumu Ward): Madam Speaker, the report was actually circulated to them through the Whats App. It is there with them.

The Temporary Speaker (Hon. Okombo, MCA, Manyatta B): Hon. Peter Obaso can you confirm if you have the report.

Hon. Obaso (Nominated MCA): Thank you Madam Speaker, I have not gone through my phone in the last two hours therefore, I cannot confirm if there is a report or not.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Members, who among you can confirm that this report has actually been circulated to Members within the required time frame.

In the absence of the Majority Leader and the Deputy I want to ask Hon. Ochele to confirm whether Members have the report.

Hon. Ochele, MCA, East Kano Wawidhi: Thank you Madam Speaker, I have been struggling to go through my inbox and even the general forums where certain matters of importance are placed, I am only seeing the first report and not seeing the report of their Induction and if at all it has been posted then it is late because right now it is not there.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Members, for us to save this report, I want to direct that the report be circulated to Members and as we wait for that report I want to ask that the House be adjourned for 15 minutes.

Hon. Nyaoke, MCA, North Nyakach Ward): Point of order.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): What is your point of order?

Hon. Nyaoke (MCA, North Nyakach Ward): (On a point of order) My point of order is that I have just gone through and found that it was posted at around 11:11 a.m.

(Inaudible)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Members, are we in agreement with Hon. Nyaoke that this report was actually shared at 11.11am? Then there is no need of suspending the seating and I therefore ask Hon. Ken Ouko to continue.

Hon. Ouko (MCA, West Kisumu Ward): Thank you Madam Speaker. At the time of interjection, we were on item Understanding the Legal Mandate of the Office of the Auditor General point (e); As I continue we will commence from there;

(e) the accounts of the National Assembly, the Senate and the county assemblies;

(f) the accounts of political parties funded from public funds;

(g) the public debt; and

(h) the accounts of any other entity that legislation requires the Auditor-General to audit. Section (6) further directs that an audit report shall confirm whether or not public money has been applied lawfully and in an effective way and Section (7) requires the Office of the Auditor General to submit the audit reports to Parliament or the relevant County Assembly.

Section 8 stipulates that Within three months after receiving an audit report, Parliament or the county assembly shall debate and consider the report and take Objectives of Public Sector Auditing. Hon. Speaker, to borrow from the words of the Wilson Committee, 1930, ''the need for financial accountability has existed ever since it became necessary for one individual to entrust the care of his possessions or business to another.''
The following reasons justifies the need for Public Sector Auditing;

i. To provide assurance to Parliament/County Assembly and the Public that the Government entities are operating and accounting for the performance in accordance with the Act of Parliament, the relevant regulations and Public Interest
ii. Public Sector Auditing is the watchdog for public sector accountability
iii. Public Sector Auditing promote governance responsibilities of oversight, insight and foresight on management of public resources
iv. Enhances integrity and transparency
v. Public Sector Auditing promotes the 3Es in management of Public Resources. The 3Es are Economy, Efficiency and Effectiveness

The Audit Cycle
Hon. Speaker, the Committee was taken through the audit process as follows;

1. Letter of Understanding: The Audit cycle starts with the Office of the Auditor General issuing a Letter of Understanding to the entity. The letter of understanding is accompanied with a list of all the documents required and timelines for their submission.
2. Entrance meeting: An Entrance meeting, chaired by the Accounting Officer is held to deliberate on the scope of the financial audit between the Auditor General and the accounting officer. The financial statements to be audited should have been signed by the accounting officer and the substantive head of that entity.
3. Audit Queries: At this point, the team of auditors share the audit queries to the management
4. Exit meeting: An Exit meeting is held at which the Auditor-General shall submit a draft management letter which shall include findings and recommendations to the accounting officer.
5. Management letter: Management letter is issued to the management and a timeline of 14 days given to respond to the audit queries
6. Draft Report: A Draft report is prepared by the Auditors
7. Final Report: A Final Report. the team of auditors come up with a final report
8. Public Hearing

Types of Audits

Hon. Speaker, the following are the different types of audits conducted by the Office of the Auditor General;

1. Financial Audits: Financial Audits are aimed at confirming/ascertaining whether the financial statements are a true reflection of the activities of an entity. This type of Audit also ascertains whether transactions are accurately recorded.
2. Performance Audit: The Office of the Auditor General can carry out a performance audit to establish economy, efficiency and effectiveness. Economy focuses on input and whether there was money wasted. Efficiency establishes whether the best results were achieved for the money spent while effectiveness is aimed at establishing whether the intended results were achieved.

   Hon. Speaker, Performance audit has its legal and regulatory framework based on the following legislation; Article 229(6) of the Constitution of Kenya, 2010 which states that '' An audit report shall confirm whether or not public money has been applied lawfully and in an effective way.

   Section 36(1) and (2) of the Public Audit Act 2015 which states that ''The Auditor-General shall conduct performance audit to examine the economy, efficiency and effectiveness with which public money has been spent and the Auditor-General may undertake a comprehensive performance audit within six months after the completion of any National or County project to evaluate, whether the citizen has gotten value for money in the project and submit the report to Parliament or County Assembly for tabling and debate respectively.

   This type of audit plays a crucial role in promoting prudent use of public resources.
3. Compliance Audit: The independent assessment of whether a given subject matter is in compliance with applicable authorities identified as criteria.

Objective of Compliance Audit: To provide intended user(s) with information on whether the audited public entities follow parliamentary decisions, laws, legislative acts, policy, established codes and agreed upon terms. The following are some of the applicable laws in Compliance audit:

i. Public Audit Act 2015
ii. Public Finance Management Act 2012
iii. Public Finance Management Regulations (NG) 2015
iv. Public Finance Management Regulations (CG) 2015
v. Public Procurement and Assets Disposal Act 2015
vi. Salaries and Remuneration Act 2013
vii. Commission on Revenue Allocation Act 2011
viii. Constituency Development Fund Act 2013
ix. Controller of Budget Act 2016
x. Political Parties Act 2011 as amended in 2012
xi. Public Finance Management Act State Officers and Public Officers Motor Car Loan Scheme Fund Regulations 2015

4. IT Audit: The process of collecting and analyzing evidence in an IT environment in order to conclude against pre-defined audit objectives. Over the years the use of IT based solutions has become pervasive in our auditees. This has changed the way the organizations process, record and report their information. Error in Systems have become an issue. Constant monitoring is required to ensure investment on IT systems are safeguarded, systems maintain data integrity and systems will operate effectively.
   Methodology and Approach in IT audit involves; (i) Understanding the business and the environment, (ii) Assessing the complexity of the IT environment, (iii) Deciding on which areas of material risk are (iv)Planning the audit of IT controls, (v) Carrying out the analysis and testing, (vi) Conclusion and (vii) Report writing
5. Forensic Audit: ''The Auditor-General may, upon request by Parliament, conduct forensic audits to establish fraud, corruption or other financial improprieties'' – Section 37 of the Public Audit Act.
6. Procurement Audit: A procurement audit refers to the process of a business reviewing all its different supplier agreements and contracts to ensure that they're constantly adding value to the firm. Conducting an audit helps to understand whether the procurement process in place is complete, efficient, and accurate
7. Special Audits: An Audit other that the annual audit of the accounts of an entity called in special circumstances.

Developing a Committee Calendar

Hon. Speaker, a committee calendar is simply a work plan. The induction emphasized on the need for work plans to be clear in regards to timelines to help the committee accomplish both short term and long term goals. The committee was reminded of the importance of committee work plan which includes;

i. Planning provides a guide for action. It is through the work plan that the committees make decisions on what actions to take in regards to activities to be carried out

ii. Plans can direct everyone's actions toward desired outcomes. Prepared plans can drive committee members and members of the secretariat towards the desired goals
iii. Planning improves resource utilization –Time, Human and Finance are resources whose utilization can be improved by proper planning
iv. Plans provide motivation and commitment.

In creating a calendar or work plan, the following steps should be followed;

i. Step 1; Set goals. The main goal should be to ensure that all audit reports are acted upon within the period stipulated by the constitution.
ii. Step 2: Lay out objectives and deliverables. To deliberate on the six audit reports submitted by the Auditor General on County Government entities and table the reports for adoption within two months.
iii. Step 3: List resources. The resources includes; finance, Public Accounts and Investments Committee Secretariat, support from the Office of the Auditor General
iv. Step 4: Identify obstacles. This includes the various challenges faced by the committee for example attendance, capacity and resources
v. Step 5: Create a step-by-step plan. At this stage, liaise with the office of the Auditor General to create a timetable which includes witness hearing dates and report writing
vi. Step 6: Execute and evaluate. To ensure all goals and objectives are met

Reports of the Auditor General- Audit opinions
Hon. Speaker, the committee was also taken through the various types of Auditor General's opinions which was noted to be broadly categorized into two; modified opinion and Unmodified opinion.

It was clarified that Modified opinions can further be classified into Qualified, Adverse and Disclaimer opinions, as explained below;

1. Qualified opinion: Qualified opinion implies that ''except for matters described in the basis of opinion'', the financial statements of the institution/company presents the true and fair view of the financial position of the institution/company.
   Qualified opinion is written in much the same way as the clean report/unqualified opinion with the exception that the Auditor state the reasons they are not able to present a clean report. Listed below are some of the major causes of qualification;
   i. Unsupported expenditure: This is spending that lacks adequate documentation, such as: approvals, authorizations, receipts vouchers etc. it is important to note that this is often equated to "unaccounted for" spending, that is not always the case. In some cases, it is very clear what the spending went for, but it was not authorized properly. A transaction is also unsupported where there are goods and services that cannot be verified as received. For sanctions on the same, the officers responsible should be subjected to the full implementation of Section 116 and 199 of the PFM Act, 2012
   ii. Pending Bills: Consist of unpaid liabilities at the end of a financial year arising from contracted goods or services during the year under review or in past years. This is an audit query because it implies mandatory allocation of

funds to offset the pending bills in the following financial year. Bills carried forward pose a challenge because they must be budgeted for in the subsequent year, yet spending agencies do not have authority to make their own budgets for future years. Only Parliament/ County Assemblies are legally mandated to approve appropriation of public funds. Failure to settle bills during the year in which they occur distorts the preceding year's budget. The person responsible should be subjected to Section 199 of the PFM Act on penalty and offenses.

iii. Outstanding imprest: Imprest is an advance amount to government officers to help facilitate them in the discharge of government business. The amount should be accounted for at the end of the assignment. This should be surrendered within seven (7) days after returning from the assignment

iv. Lack of value for money: In many occasions this is occasioned by abandoned or deserted projects, stalled projects; and incomplete projects

v. Over expenditure: This means spending over and above what was approved by the National Assembly or County Assembly

2. Adverse Opinion: This is a form of modified opinion in which the Auditor reports that the financial statements of the Company/institution/entity does not present fairly the financial position of the company/institution/entity. In this opinion, the auditor is not satisfied with the financial statements/discover a high level of material misstatements/irregularities in the financial statements. It is important to note that adverse opinions scare away potential investors.
3. Disclaimer of opinion: The Auditor gives a disclaimer of opinion if he/she is unable to obtain sufficient and appropriate audit evidence due to an uncertainty or scope of limitation which is both material and pervasive.

The above explanations on the various types of audit opinions can be summarized as follows;

Audit opinion	Comment
Unqualified- the financial statements present fairly in all material aspects	A clean opinion
Qualified opinion-except for a few issues the financial statements present fairly the financial position	There are specific material misstatements, such as an incorrect accounting policy, debtors which are not recoverable, an undisclosed fraud or insider loan.
Adverse opinion	There are so many fundamental misstatements in the accounts that they are completely wrong and misleading
Disclaimer opinion	There are so many missing documents or explanations that Auditor do not have enough information to form an opinion

Types of Recommendations for the Public Accounts and Investments Committee

Ho. Speaker, the committee was inducted on the manner in which it can craft good recommendations for purposes of implementation of the committee resolutions on audit issues. It was observed that recommendations are important because they are the means through which committees execute their mandates.

i. Corrective: A corrective recommendation serves the entity audited to fix a failure in its system to ensure that it does not crop again. It can also be used to request the entity to address a non-conformity raised during an audit. To bring about corrective action, the committee should have the power to make recommendations and do so in practice, require the entity to respond to the recommendations and follow up on the implementation of the same.
ii. Referral: Is a recommendation that refers a specific audit issue to other oversight bodies like the Ethics and Anti-Corruption Commission and the Director of Criminal Investigations and the National Land Commission.
iii. Sanction: To sanction is to impose a disciplinary action against a particular person(s).
iv. Surcharge: This may come in form of a formal legal action
v. Reprimand: the committee can also make recommendations to reprimand specific officers based on specific findings
vi. Recovery - the committee can recommend for recovery of the amount/asset that is lost

Hon. Speaker, while drafting committee recommendations, members were reminded of some key characteristics of good committee recommendations to include the following features;

i. Time Bound: A good recommendation should be time bound. The implementer should be given a specific timeline upon which they should act.
ii. Constructive: A good recommendation should offer solution/translate to improvement and advancement in regards to a particular audit finding
iii. Specific: The implementer of an audit recommendation should clearly be mentioned in the recommendation
iv. Measurable: A good recommendation should be noticeable and achievable
v. Actionable: Ability to be acted upon easily/implementable
vi. Clear and understandable. A good recommendation should be understood easily
vii. Fair/balanced/sensitive
viii. Identify and carefully place specific responsibilities and specific officers or party

Follow-up on implementation of audit recommendations

Hon. Speaker, the committee was also trained on the importance of conducting follow-ups on Committee Recommendations. It was noted that the benefit from audit and committee work is not in the recommendations made, but in their effective implementation. Important measures of an audit organization's/Public Accounts and Investments Committee effectiveness are the type of issues it tackles and the changes/improvements it is able to effect. Tracking, follow up and reporting on audit recommendations is one of the essential components for effective management and use of public resources. The facilitators emphasized on the need for the Public Accounts and Investments Committee to make follow ups on their own recommendations even if a different committee is mandated to track the implementation of the County Assembly Resolutions.

Hon. Speaker, It was further noted that Section 31(1) of the Public Audit Act, 2015 stipulates that within three months after Parliament or County Assembly has debated and considered the final audit report of the Auditor General and made recommendations, a state organ or a public entity that has been audited shall, as a preliminary step, provide a report on how it has addressed the recommendations and findings of the previous year audit.

Section 53(1) of the same Act states that ‘’the relevant accounting officer of a state organ or a public entity shall within three months after parliament has considered and made recommendations on the audit report either take the relevant steps to implement the recommendations of Parliament on the report of the Auditor General or give explanations in writing on why the report has not been acted upon.

The Committee was taken through the following tool to help it follow up on its own recommendations;

Hon. Speaker, the following tool was adopted to help the committee follow up on its recommendations;

Table 1: Sample tracker that will be used to track the implementation status of the committee recommendations

Name of the Report	ISSUE	COMMITTEE/OBSERVATIONS/RECOMMENDATION AND TIMELINES	RESPONSIBLE OFFICE(R)	STATUS OF IMPLEMENTATION
Auditor General’s Report on the Financial Statements of the County Trade Fund FY 2018/2019	Unsupported receivables	Supporting schedule not provided during audit The one provided in the response is not for the financial year in question Special Audit recommended in not more than 3 months	CEC Finance OAG	Pending
	Unexplained variance in cash and cash equivalents	Mismatch between the statements audited and management responses Special Audit recommended in not more than 3 months	CEC Finance OAG	Pending
Auditor General’s Report on The County Executive Car Loan and Mortgage Fund	Cash and Cash equivalents	Irregular banking Going forward, banking should be done regularly irrespective of circumstances	CEC Finance Fund Administrator	Pending

Effective communication between Committees, Auditors and clients

Hon. Speaker, the importance of effective communication between the Public Accounts and Investments Committees, auditors and clients cannot be underestimated.

From the presentations, County Assemblies who have shown glimpses of success in interrogating the reports of the Auditor General have reported the following in regards to communication between the three parties;

The rapport between the clients. It is important for the County Assembly, Public Accounts and Investments Committee to establish a good working relationship. This means that when invited or asked to respond to queries, the clients would do so and within the required timelines.

Timely information to the Office of the Auditor General. The office of the Auditor General should be represented in committee interrogation of the reports of the Auditor General. The report is the document of the Auditor General and as such, the office must be represented in the committee deliberations. The office of the Auditor General should be informed on time to assist with their officers during the interrogation process.

COMMITTEE FINDINGS

Hon. Speaker, the following observations were made throughout the entire induction period;

I. That in the entire Public Expenditure Management cycle, however much Public Sector Auditing comes at the later stages/after budgeting and implementation, it plays an important role in ensuring that Public resources are utilized in a prudent manner.
II. That the Public Accounts and Investments Committee can consider as many Audit reports as possible. However, if the recommendations are not implemented by the relevant institutions/executive, the whole work is futile.
III. That there is need for enhanced communication and constant stakeholder engagements between the Committee, the Executive department of Finance, Economic Planning and ICT, the Auditor General and the public
IV. That there is need for enhanced and continuous awareness for the members on the role that the public expenditure management plays in development
V. That there is need for timely review and legislative processing of the Audit reports by the County Assembly through the Public Accounts and Investments committee for timely reporting on public expenditure management
VI. That the Public Accounts and Investments committee should work hand in hand with the County Assembly Implementation Committee in order to ensure timely implementation of Assembly resolutions through the Public Accounts and Investments Committee.

COMMITTEE RECOMMENDATIONS

Hon. Speaker, based on the foregoing findings from the Public Accounts and Investments Committee induction exercise, the committee makes the following recommendations;

I. That the Public Accounts and Investments Committee adheres to the legislative timelines regarding the consideration of the Audit reports
II. That the Public Accounts and Investments Committee in collaboration with the Committee on Implementation conducts a timely and comprehensive follow-up of House resolutions emanating from the Public Accounts and Investments Committee recommendations for timely and comprehensive implementation

III. That the committee engages other partners for possible support in continuous and intensive capacity building on the County audit processes and procedures.

CONCLUSION

Hon. Speaker, I hereby request that this House consider adopting this report of the Public Accounts and Investments Committee on the Induction by the Office of the Auditor General. May l call upon Hon. ……to second.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Hon. Kevin Oraro.

Hon. Oraro (MCA, Kolwa Central Ward): Thank you Madam Speaker, I second the report.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward):Hon. Members the report on the induction exercise of the committee of PIC PAC has been read by the Hon. Ken Ouko and seconded by Hon. Oraro. I therefor propose that the report be open for discussion.

The Temporary Speaker (Hon. Okombo, MCA, Manyatta B): Yes Hon. Alandoh.

Hon. Alandoh (Nominated MCA): Thank you Madam Speaker, I rise to support the report that has been read by the Chairperson, PIC/PAC Committee. For all that he has presented to the House, it is now proof to the House that the committee went for induction and we can now agree as they have confirmed to the House what they captured and as a Member of this House, I commend the committee and I support their report.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward):Yes Hon. Okoyo

Hon. Okoyo (MCA, Central Kisumu Ward): Thank you Madam Speaker, I stand to support what the Chair PIC PAC has read and said. Madam Speaker, I also have some observations to put across.
Madam Speaker, as a member of PIC/PAC Committee, I have observed a lot of things more so when I was at the retreats or the workshops which I also wanted to ask the Assembly and maybe this should go to Hansard. Madam Speaker, I have realized that PIC/PAC is a very important committee in this Assembly and going by the report, I wanted to emphasize that the committee should be given more time and allowed to have more seatings so that they can work and bring forth their report.

Madam Speaker, I have realized that most of these reports which are being read at the Assembly now are far back like say three or five years. It seems PIC/PAC have not been given ample time to work and deliberate on their workload. Madam Speaker, I thank the chair and whole committee for working tirelessly and burning midnight oil so they can bring this report to the Assembly. Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Yes Hon. Nyaoke.

Hon. Nyaoke (MCA, North Nyakach Ward): Thank you Madam Speaker, I also want to convey my gratitude to the chair of the committee and thank him and the whole committee for the good induction report they have presented to this House.

Madam Speaker, what I want to emphasis on following this report, is that, also as a member of that committee I want this House to put in record that the functions and work that is before the committee should be given a lot of support. Madam Speaker, as you realize that this is a committee that requires a lot of facilitation because you may be aware that we have a lot of pending work and challenges that come up almost every time on every report. To continue giving quality analysis of this reports that are a head of us we really need a lot of facilitation and even inductions so that we as the committee are capacitated to perform our mandate without any hitch Madam Speaker. With that few remarks I wish to support thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Yes Hon. Kevin.

Hon. Oraro (MCA, Kolwa Central Ward): Thank you madam Speaker. I wanted to leave my senior Hon. Ochele to contribute but, let me speak first so that he can react. Madam Speaker, actually learning will never stop and the inductions where members can get information and the knowledge that they require to conduct their work well. Our able chair of the committee actually did a good work and the relationship that we are trying to form with the Auditor General we are seeing a good start. Majorly, there is a lot of money is disbursed to the County Assemblies and one of the areas we normally perform poorly is how to oversight this money being sent and the reason is maybe through fear that you will be victimized.

Madam Speaker, we were elected and people trusted us that we can protect the money sent to Kisumu County and that is why our primary role is oversight. It is very unfortunate that some of the reasons why Senators are taking up the role of oversight seriously is because assemblies are not doing good work when it comes to executing one of their mandates which is oversight. Madam Speaker, yesterday you witnessed the Executive and a good team including the Governor going to Senate. Why should they go to Senate and yet we have Assembly that the juniors and the Executive Members and the people concern can come and we ask questions that have been raised by the auditor general. There are a lot of things which have been raised and we believe that if this committee is going to be equipped….

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Member, the fact that the Senate is doing their oversight role does not bar this House Committee from doing your role. So, you need to separate the two and know the difference.

Hon. Oraro (MCA, Kolwa Central Ward): Madam Speaker, that is fair enough. There is one issue that you need to understand, from that induction and we are being informed as to where we are missing the link. Senate can do their oversight role but they do not have any primary mandate of even the purview punishing whoever they think they can punish under their jurisdiction. it is only the Assembly that can do that. That is why the Assembly has the primary role but there is something amiss and the Assembly must be equipped to do that role well so that this people can do their work without being disturbed and going to Nairobi all the time.

Madam Speaker, if some of this reports that we are going through meets that threshold and standard then I am telling you there is nothing that will take those people to Nairobi. But because some of the things we have failed to do like currently in our committee we are doing an Audit Report for 2019/2020. Then in that report you will find a lot of things missing and we currently have two pending reports and you know audit reports come like after this financial year we need to have another report.

Therefore, Madam Speaker, the induction can really waken Members up and they are ready for the task and I am requesting you Madam Speaker that, the PIC/PAC Committee is one of the committee that is not getting adequate funding and you need to look into it seriously so that some of this things we are saying here today can really be fruitful. As this will enable the committee if given time to do their work well, the Committee will do that without interference and lack funds to go write reports.

Madam Speaker, we have issues raised like in the report laid earlier, you can see that the committee has reached a stage where you can value their report and can even use that in a court of law. Madam Speaker, we learned a lot of things like the Forensic Audit and we have given good recommendation about Special Audit and those are tools that we can use if in any case we find that there is a case that we need further audit and that is the reason as to why we are saying that the induction exercise was properly executed and several inductions will come to equip members to know their role and what they should do. Now, the clerks and the other staffs within the committee can now write good reports. With time, I am telling you Senate will remain without oversight work if we perform our work well.
So, Madam Speaker, as I resume my seat, I want to state that, thew exposure and meeting with other Counties that happened in Nakuru County was commendable. We realized that Kisumu County is a little bit ahead comparatively to other counties. In other Counties, the Committee of PIC/PAC is not working at all. They don't know where to start, but us as a County we are somewhere not at the top or the bottom but, somewhere in between. Madam Speaker, I implore you office that, if any day or any time, you come across a letter inviting this House Committee to attend any of the functions, kindly facilitate so that the Committee can go and learn equally to enable Members be capacitated to enable us undertake our mandate effectively. Thank you madam Speaker, I support the report.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Hon. Oraro, the Office of the Speaker is always here to facilitate and support all the three roles of this House. So, always feel free and don't ever imagine that the office will prevent you from doping your oversight role for whichever reason.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Hon. Ochele, I can see that you on your feet.

Hon. Ochele (MCA, East Kano/Wawidhi Ward): Thank you once more Madam Speaker. I am equally on my feet to echo the sentiments of my colleagues on the report presented by the Select Committee of PIC/PAC based on their Induction Exercise in Nakuru County. Madam Speaker,

this Committee is the key Watchdog Committee in this County. In more civilized societies, this Committee is the one which is loathed and loved. Madam Speaker, being in a Committee like this, understands, executes their mandate effectively then, you will realize that even the Executive will not play with them and the Executive will never smile at their faces. That is a Committee of PIC/PAC out to do their business seriously. Madam Speaker, I have been keen as the Chairperson was reading this report, because I dint know where mine went to, it is not there. I have realized that the best inducted team in this Assembly so far, is the Committee of PIC/PAC. This is because, what the Chair has just presented today, can be used as a template upon which other House Committees can be inducted with. How I wish that, that kind of induction could have been extended to the entire membership of this House.

Madam Speaker, apart from the Committee of PIC/PAC being a Watchdog Committee, all of us in this House, are mandated to oversight either the Executive or the County Assembly Service Board. Madam Speaker, I have realized that, this Committee was given a serious tool for free. I wouild have wished that if the management of the Assembly would have been perceptive enough on our progress, then an internal induction exercise should be organized. This is where the Chair of PIC/PAC and the Office of the Clerk takes Member through all that they were inducted on. So that, as we are capacitated with the tools of war or trade, all Members who are keen of doing their oversight role well, are equally armed with the same materials.

Madam Speaker, I have realized that, the Chair does not speak with the gusto expected of the Chair of PIC/PAC Committee. You are talking like there is a bigger brother elsewhere who should be performing a heavier task than that which you are expected to do. I just want to inform you that, don't look over your shoulder and Committee Members should equally not look over their shoulders. The task before you is enormous and its yours and do it to your satisfaction and do it to the best of your ability that if you walk out, you walk out with your shoulder high.

Madam Speaker, I have an experience. In the First Assembly, I was privileged to be a member of PIC/PAC Committee, this included the Deputy Speaker, Hon. Oraro and some of our other colleagues. I realized that it reached a point where this House could be torn when a report of PIC/PAC was being brought to the House, like the report which was read earlier. That is a report which when it is being moved, should not find this House with not less than 15 (fifteen) Members. Madam, Speaker, whenever a report of PIC/PAC moreso touching on financial matters, is to be tabled. Every Member wakes up early and wants to take the first queue to debate. This is because, it touches on some of our friends that we want to protect, it touches on issues that we want to mention. So, Members are jostling when such reports are tabled before this House. I want the same spirit to be echoed by the team currently tasked with that mandate. Such that, when there is a task facing the County Executive, why don't you just take it by the horns and call it a spade and not a big spoon.

Madam Speaker, in the report which was earlier moved, I am not debating the earlier report, there is a tool which has just been mentioned that this Committee has the mandate to reprimand. If there is a rogue officer, this Committee has the ability to reprimand, you summon and he appears before the House Committee. Madam Speaker, I missed that in the first report. How I wish that this report could have come earlier before the other one so that, when we were doing

the first one, we were actually be well aware of the extend to which we can do our oversight role. Madam Speaker, but I know that, with the recommendations which were give, we can still get room to reprimand and I want that underlined that we have the ability as a House to reprimand and as the Committee of PIC/PAC. Otherwise, through the Chair of PIC/PAC, please be bold and accept that, the PIC/PAC Committee is fireworks. Sometimes back some wise men said that, if you fear the heat in the kitchen, why go to that kitchen? The moment you accepted to be a Member of this Watchdog Committee, you accepted death, to be blackmailed to be hated and you accepted that even your dignity as a Honourable Member of this House you can loose it. Those who have good history in this country, the best people who handled the Watchdog Committees are never loved but, eventually, they come out heroes.

So, I want Members of this Committee to be heroes and heroines. I can see Hon. Oraro amused because he knows what happened in 2013 where some of us were even promised brand new vehicles. Why were we being promised these goodies, it is because we were doing a job which was shaking this county. So, I want to pray that, we are now just beginning the Third Assembly, as we grown I believe that we shall do that which is necessary for us to do. Otherwise, Madam Speaker, thank you very much for that opportunity and thank you for your patience since morning.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Yes Hon. Obaso.

Hon. Obaso (Nominated MCA): Thank you Madam Speaker. First, let me start by applauding Hon. Ken Ouko for the wonderful report he has just presented. Madam Speaker, what I did not realize is how important this committee is but, from what I am getting, this Committee is very important to the County Assembly and the County in general. If the recommendations presented in this report can be acted upon, then it is my belief that we will head in the right direction.
Madam Speaker, as I conclude, I would like to support the motion. Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Yes Hon. Alando, why are you on your feet.

(Laughter)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Yes Hon. K'omudho.

Hon. K'omudho (MCA, Muhoroni/Koru Ward): Thank you Madam Speaker. I wish to call upon the mover to reply.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): The mover of the motion, Hon. Ouko.

Hon. Ouko (MCA, Central Kisumu Ward): Thank you very much Madam Speaker and Honourable Members who have been seated through out this debate. I am aware that it was quite long but accompanied with a lot of knowledge. I want to confirm that we are going to confine ourselves and operate within the ambit of the law and we don't intend to victimize anybody and undertake any kind of witch-hunt. In my leadership, I would not like such kinds of things to

happen. As long as we adhere to the rules and regulations as I had initially stated, we are here to complement each other. The County is ours and it belongs to everybody…

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Hon. Ken Ouko…

Hon. Ouko (MCA, West Kisumu Ward): Madam Speaker, but I am replying to the motion….

(Laughter)

Hon. Ouko (MCA, West Kisumu Ward): Madam Speaker, can I proceed.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Please conclude.

Hon. Ouko (MCA, West Kisumu Ward): Much obliged Madam Speaker. I want to thank the Members and I don't have anything more to say. Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Thank you Honourable Members. A motion on the Adoption of the Report by the Watchdog Committee of PIC/PAC on their Induction Exercise conducted by the Office of the Auditor General (AOG) in Nakuru County has been moved buy the Chair Hon. Kennedy Ouko and seconded by Hon. Oraro who is a Member of this House Committee exhaustively deliberated upon by the House. Therefore, I want to put a question for the adoption o9f the report?

(Question put and agreed to)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Members, a Report by the Watchdog Committee of PIC/PAC on their Induction Exercise conducted by the Office of the Auditor General (AOG) in Nakuru County has been adopted by the County Assembly of Kisumu today Wednesday, 01st March, 2023 at 17:15 hours.

Honourable Members, I direct that, the Hansard Report and any other details of the deliberations be forwarded to tegh Department in-charge of Legislative Procedures together with the Committee of Implementation for proper execution. Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Next order!!

ADJOURNMENT

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Members, there being no any other business to transact, the House stands adjourned until tomorrow Thursday, 02nd March, 2023 at 02:30 p.m. Thank you.

Addendum

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