

COUNTY GOVERNMENT OF KISUMU



COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – SECOND SESSION

Tuesday 16th May, 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): Good afternoon Honourable Members, I want to invoke the provisions of the Kisumu County Assembly our Standing Order No. 32 (2), I want to request the Serjeant -at- Arms to ring the quorum bell for five minutes.

(Quorum bell rung for five minutes)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): May I request the Deputy Chief Whip to confirm if we have the requisite quorum.

The Deputy Whip (Hon. Obonyo, MCA, South West Kisumu 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 today.

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

COMMUNICATION FROM THE CHAIR

The Deputy Speaker (Hon. Okombo, MCA, Manyatta B Ward): Honourable Members, with us in the public gallery is Mzee Cosmas Wagude from South West Kisumu Ward. We welcome you to the Chambers and please feel at home. Thank you.

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

STATEMENT

The Deputy Speaker (Hon. Okombo, MCA, Manyatta B Ward): Deputy Chief Whip.

The Deputy Whip (Hon. Obonyo, MCA, South West Kisumu Ward): Thank you Madam Speaker. May I take this opportunity to welcome our guest seated in the public gallery Mr. Cosmas Wagude from South West Kisumu Ward. Feel free when you are here. Thank you.

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

MOTION

ADOPTION OF THE REPORT BY CO-OPERATIVES, FINANCE, TRADE AND ENTERPRISE DEVELOPMENT ON ITS CONSIDERATION OF THE KISUMU COUNTY EXECUTIVE AND COUNTY REVENUE FUND QUARTERLY REPORTS AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 2022

BY

HON. CAREN AJWANG’, MCA, KALOLENI/SHAURIMOYO WARD.

(CHAIRPERSON, CO-OPERATIVES, FINANCE, TRADE AND ENTERPRISE DEVELOPMENT COMMITTEE)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Hon. Benson Adeg.

Hon. Adeg (MCA, Kajulu Ward): Thank you Madam Speaker. May I present this report on behalf of Hon. Careen Ajwang who is away on official duty?

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Please proceed Honourable Member.

Hon. Adeg (MCA, Kajulu Ward): Madam Speaker and Honourable Members, we have got two reports. That is for the County Executive and the Kisumu County Revenue Fund for the period ended 31st December, 2022. We consolidated these two reports because they complement each other with material information.

Mr. Speaker Sir and Hon. Members, Pursuant to Section 166(4) and Section 168 of the PFM Act, 2012, the County Treasury and an administrator of a County Public Fund is mandated to prepare quarterly reports on all the County Departments and County Revenue Fund respectively and submit the same to the County Assembly not later than 30 days of the succeeding month after the end of each quarter. It is in this regard that the County Executive Committee member for Finance and Economic Planning accordingly submitted the Kisumu County Executive and the County Revenue Fund Quarterly Reports and Financial Statements for the period ended 31st December, 2022.

The reports were subsequently tabled in this House by the Majority leader Hon. Kennedy Ooko on Wednesday, 22nd February, 2022. Pursuant to the County Assembly Standing Orders No.

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193(5) and Second schedule, Hon. Speaker directed that the reports be committed to the Sectoral Committee on Co-operative, Finance, Trade and Enterprise Development for legislative processing and reporting.

This Quarterly Report and Financial Statements presents budget execution status covering the period 1st July, 2022 to 31st December, 2022 with comparative actual achievements and budget amounts for the previous Financial Year 2021/2022. Further, it contains the Revenue Performance, both locally generated and an equitable share from the National Government.

Lastly, the committee has herein comprehensively examined these Q2 Financial Statements and presents this document as its report for consideration by the Honorable House.

COMMITTEE MANDATE

Mr. Speaker Sir, the Sectoral Committee on Co-Operatives, Finance, Trade And Enterprise Development is established pursuant to the County Assembly of Kisumu Standing Order No. 193 (5) and is mandated to:-

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

COMMITTEE MEMBERSHIP

Mr. Speaker Sir and Hon. Members, as currently constituted, the sectoral committee on Co-Operatives, Finance, Trade And Enterprise Development is comprised of the following members;

1. Hon. Carren Odhiambo	-	Chairperson
2. Hon. Lumumba Owade	-	Vice-chairperson
3. Hon. Joachim Oketch	-	Member
4. Hon. Mickey Ochieng'	-	Member
5. Hon. Ratib Boitone	-	Member
6. Hon. Benson Adega	-	Member
7. Hon. Vitalis K'Omudho	-	Member
8. Hon. Pamela Oyoo	-	Member
9. Hon. Jennipher Obonyo	-	Member
10. Hon. Ken Ouko	-	Member
11. Hon. Millicent Omuya	-	Member

12. Hon. George Abaja	-	Member
13. Hon. Henrietta Bodo	-	Member
14. Hon. Alice Wajewa	-	Member
15. Hon. Ann Ochola	-	Member

Secretariat

1. Peter Anditi	-	Principal Clerk Assistant
2. Edwin Omollo	-	Committee Clerk
3. Moses Orwa	-	Clerk Assistant
4. Brenda Chasi	-	Clerk Assistant
5. Zablon Otiende	-	Hansard
6. Abraham Odegi	-	Sergeant-at-Arms

COMMITTEE MEETINGS

Mr. Speaker Sir and Hon. Members, the Committee dedicated significant time and effort towards the review of the Quarterly Reports and Financial Statements. A total of seven (7) meetings were conducted where the members deliberated, interrogated, and scrutinized the reports in great detail. During these meetings, the Committee engaged with the County Executive Committee Member (CECM) responsible for Finance and Economic Planning to gain further clarification on any unclear matters that were flagged out.

In order to ensure the accuracy and comprehensiveness of the final report, the Committee embarked on a report writing retreat from Sunday, 16th April, 2023 to Friday, 21st April, 2023. The retreat was held at the Vick Mark Hotel in Nakuru County, where the members worked tirelessly to produce a detailed and insightful report that fully reflects the Committee's findings and recommendations.

ACKNOWLEDGEMENT

Mr. Speaker Sir and Hon. Members, I would like to express my sincere gratitude to all the Committee Members for their invaluable contribution to this exercise. Your unwavering and dedicated attention to details and commitment has been instrumental in ensuring the success of this task.

I would like to extend my heartfelt appreciation to the Office of the Clerk and that of the Honourable Speaker for providing this House Committee with that necessary support and conducive environment and collaboration to enable us produce this report.

Finally, I would like to my sincere appreciation to the secretariat and technical staff of this House Committee who worked tirelessly behind that scene to make this exercise a resounding success. Your professionalism and expertise and tireless commitment to excellence has proved to be essential for the output of this report.

Madam Speaker, it is now my distinct honour and privilege to present this report before this Honourable and esteemed House for consideration and adoption.

2.	Section 166 (2)(a) of PFM ACT, 2012 That an accounting officer will ensure that the report contains information on the Financial and Non-Financial performance of the entity	Partial Compliance Non-Financial information in the quarterly reports and Financial Statements are not adequate and detailed	That the CECM. Finance and Economic Planning to comply with the provisions of (Section 166 (2a) of the PFM Act, 2012) regarding the importance of the Non-Financial Information in scrutiny of the Financial Statements
3.	Section 166 (2)(b) of PFM ACT, 2012 That an accounting officer will ensure that the report is in form determined by the accounting standards board	Partial Compliance	The County Treasury should observe strict adherence to the law and other set standards.
4.	Section 25 1 (a) & (b) of the PFM Regulations, 2015 Expenditure on Wages and Benefits shall not exceed 35% of the County Government Total Revenue	Non-Compliant The County Executive Expenditure on Wages is at 44% of the Total County Budget	The CECM. Finance and Economic Planning to adhere to the Provisions of Section 25 1 (a) & (b) of the PFM Regulations, 2015 and set a limit for the Personal Emoluments and Submit to the Assembly for Approval
5.	Regulation No. 41 (2) of the PFM Act, 2012 Debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt payment	Non-Compliant The County has accumulated debt over the past years to a total of Kshs. 2,416,382,496.67 as at 30 th September, 2022	That the CECM. Finance and Economic Planning to decentralize payment of pending bills to their Departments of origin and the pending bills be paid as first charge on the County Revenue Fund to ensure that the County does not default on paying pending bills

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

Section 166 of the PFM Act, 2012 Stipulates as follows;

That,

- (1) An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.
- (2) In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report—
- Contains information on the financial and non-financial performance of the entity; and
 - is in a form determined by the Accounting Standards Board.
- (3) Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.
- (4) Not later than one month after the end of each quarter, the County Treasury shall—
- Consolidate the quarterly reports and submit them to the county assembly;
 - Deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation; and
 - Publish and publicize them.

2ND QUARTER FINANCIAL STATEMENTS (PERIOD ENDED 31ST DECEMBER, 2022)

Mr. Speaker Sir and Hon. Members,

For proper interrogation of this Financial Statements, the Committee focused on the following six major components the reports;

a) Receipts

The County Executive of Kisumu had the following sources of money during the 2nd Quarter of the financial year 2022/2023;

- Exchequer releases
 - County Own Generated Receipts
- Payments
 - Statement of Cash Flows
 - Notes to the financial Statements
 - Bank Account Balances
 - Supporting schedule to the financial statements
 - Comparison of Budget and Actual Amounts/Budget Utilization (Development and Recurrent)

I. RECEIPTS(REVENUE) AND PAYMENTS(EXPENDITURE) DURING THE QUARTER

a) STATEMENT OF RECEIPTS FOR THE PERIOD ENDED 31ST DECEMBER, 2022

Mr. Speaker Sir and Hon. Members,

As at 31st December, 2022, the County Government of Kisumu received funds as listed in the table below;

TABLE:2 STATEMENT OF RECEIPTS FOR THE PERIOD ENDED 30 TH SEPTEMBER, 2022			
S/NO	Item	Amount (Kshs)	Note to the FS
1.	Exchequer Releases	3,290,717,091	1

2.	County Own Generated Receipts	180,877,317	9
TOTAL RECEIPTS		3,471,594,408	

Source: Kisumu County Treasury, 2022

Committee Observations

- a) That the exchequer releases for the 1st and 2nd Quarter were Kshs. 1,324,312,977 and Kshs. 1,966,404,114 totaling to Kshs. 3,290,717,091.
- b) The CECM. Finance and Economic Planning did not provide a detailed breakdown of OSR on the explanatory note 9 (pg. 31)
- c) The County has an undercollection of Own Source Revenue at 10.2% against the expected/projected revenues at 50% of its total target by the end of half year period ended 31st December, 2022
- d) That the OSR disclosed in the Financial Statements at Kshs. 180,877,317 is less and varies from the amount disclosed by CECM. Finance and Economic Planning of Kshs. 188,738,328 in the Financial Statements for Q1 ended 30th September, 2022.
- e) The CECM. Finance and Economic Planning did not attach the names of the 21 Health Facilities not swipping their funds to CRF and the revenue amounts collected by each facility during the quarter.

b) STATEMENT OF PAYMENTS FOR COUNTY EXECUTIVE FOR THE PERIOD ENDED 31st December, 2022

Mr. Speaker Sir and Hon Members, against the above, the County managed to spend the revenues raised in the 1st quarter as illustrated below;

Table 4:

STATEMENT OF PAYMENTS FOR THE PERIOD ENDED 31 st December, 2022			
S/NO	Item	Amount (Kshs)	Note on the FS
1	compensation of employees	2,040,539,534	11
2.	use of goods and services	330,726,172	12
3.	transfer to other Government units	521,457,379	14
4.	Other grants and transfers	51,250,000	15
5.	Social Security Benefit	31,165,255	16
6.	Acquisition of Assets	419,689,447	17
TOTAL PAYMENTS		3,394,827,787	

Source: Kisumu County Treasury, 2022

Committee Observations

- a) That the County Government Total Receipts of Kshs. 3,471,594,408 during the 2nd quarter ended 31st December, 2022 exceeded the Total payments of Kshs. 3,394,827,787 leading to a surplus of Kshs. 76,766,621.
- b) That, an arithmetic error of Kshs. 1 was realised between total payments reported by the treasury against the reviewed figures by the Committee.
- c) That the explanatory notes to the Financial Statements provided are shallow and inadequate.

STATEMENT OF PAYMENTS ON THE COUNTY REVENUE FUND FOR THE PERIOD ENDED 31ST DECEMBER, 2022

Mr. Speaker Sir and Hon. Members, the Kshs. 3,471,594,408 received in the CRF account during the quarter under review was paid to or transferred to the County Executive and County Assembly accounts as highlighted table below;

STATEMENT OF PAYMENTS FOR THE PERIOD ENDED 31 ST DECEMBER, 2022			
S/NO	Item	Amount (Kshs)	Note on the FS
County Executive			
1.	Recurrent Account	2,381,837,018	8
2.	Development Account	272,586,536	8
County Assembly			
3	Recurrent Account	118,178,715	9
TOTAL		2,772,602,269	

COMMITTEE OBSERVATIONS

1. THAT, the transfers to the County Executive and County Assembly at Kshs. 2,772,602,269 varies from the total payments reported in the County Executive Financial Statement at Kshs. 3,394,827,787.
2. THAT, the variation further leading to a difference of Kshs. 622,225,518 is due to fund balances from various paying accounts brought forward from the 1st quarter.

II. STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST DECEMBER, 2022

Hon. Speaker, the Statement of Assets and Liabilities as at 31st December, 2022 are as follows;

TABLE 5: STATEMENT OF ASSETS AND LIABILITIES AS AT 31 ST DECEMBER, 2022		
ITEM	Kshs	Note to the FS
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances	1,010,107,513	21A
Total Cash and cash equivalents	1,010,107,513	
Accounts Receivables	48,872,928	22
TOTAL FINANCIAL ASSETS	1,058,980,441	
FINANCIAL LIABILITIES		
Accounts Payables	35,764,416	23
NET FINANCIAL ASSETS	1,023,216,025	
REPRESENTED BY		
Fund balance b/fwd	1,258,207,092	24
Prior year adjustments	(311,757,687)	25
Surplus/Deficit for the period	76,766,620	
NET FINANCIAL POSITION	1,023,216,025	

Source: Kisumu County Treasury, 2022

Committee Observations

- a) That, treasury did not attach the Bank reconciliation reports from IFMIS to justify bank balances totalling to Kshs. 1,010,107,513 contravening the standards set by PSASB.
- b) That, there is no breakdown on the accounts payable totaling to Kshs. 35,764,416 on the explanatory notes contravening the standards set by the PSASB.
- c) That, there is no appropriate explanation on the source and origin to prior adjustments of Kshs. 311,757,687 disclosed on the Financial Statements contravening the standards set by the Public Sector Standards Accounting Board.
- d) That the Statement of Financial Position of the County is balancing

III. BUDGET UTILISATION

Mr. Speaker Sir and Hon. Members, the Budget utilization is the means by which all planned activities were delivered and responsiveness will create the outcome for reporting by the end of the implementation period. The statement below illustrates the budget utilization for the Quarter ended 31st December, 2022.

Table 7: Illustration of the budget utilization (recurrent and development combined) for the Q2 ended 31st December 2022

Receipt/Expense Item	Original Budget	Final Budget	Actual on Comparable Basis *	% of Utilization
	A	C=(a+b)	D	d/c
	Kshs	Kshs	Kshs	%
RECURRENT				
TOTAL RECEIPTS	7,454,629,387	7,454,629,387	3,199,007,872	43
TOTAL PAYMENTS	7,454,629,387	7,454,629,387	3,103,821,150	42
DEVELOPMENT				
TOTAL RECEIPTS	3,663,329,743	3,663,329,743	272,586,536	7
TOTAL PAYMENTS	3,663,329,743	3,663,329,743	291,006,638	8

Source: Kisumu County Treasury, 2022

COMMITTEE OBSERVATIONS

- That upto the period ended 31st December, 2022, the County executive actually utilized their estimated recurrent revenues in the approved budget by 43% and payments by 42%.
- That upto the period ended 31st December, 2022, the County executive actually underutilized their estimated revenues for the Development component at 7% and payments at 8%.
- That the significant underutilization reported was due to delayed disbursements by the National Treasury.

IV. ANALYSIS OF BUDGET FINANCING FOR THE Q1 ENDED 30TH SEPTEMBER 2022

Mr. Speaker Sir and Hon. Members,

The Committee analysed the Quarterly targeted Revenues against the actual realised revenues within the Q2 ended 31st December, 2022 in order to determine the Realisation rate by County vis-a-vis its target;

Table 10: ANALYSIS OF BUDGET FINANCING FOR THE Q2 ENDED 31ST DECEMBER, 2022

ITEM	FINAL BUDGET FY 2022/2023	TARGETED REVENUES PER QUARTER (each component/ 4)	ACTUAL REVENUE FOR Q2, ENDED 31 ST DECEMBER, 2022	% FUNDING LEVEL
P&E	4,739,766,965	2,369,883,482.50	2,071,704,789.00	87.4
O&M	3,940,152,853	1,970,076,426.50	1,032,116,360	52.3
DEVELOPMENT	2,438,039,312	1,219,019,656.00	291,006,638	23.9
TOTAL	11,117,959,130	5,558,979,565.00	3,471,594,408	63%

Committee Findings and Observations

That, the County Government realized 62.5% against the targeted revenue for the quarter ended 30th September, 2022.

OVERVIEW OF CRF REVENUE PERFORMANCE IN FY 2017-2022

I. EXCHEQUER RECEIPTS

Mr. Speaker Sir and Hon. Members, in the last five years the County Revenue fund has had varied performance in terms of expectations and realization of receipts. This is shown below;

Financial Year	Budgeted	Actual	Variation	Realization %
17/18	9,214,720,064	7,110,477,654	2,104,242,077	77%
18/19	11,139,973,171	8,920,654,818	2,219,318,353	80%
19/20	11,499,036,874	8,733,502,114	2,765,534,761	76%
20/21	11,968,434,257	10,176,279,174	1,792,155,083	85%
21/22	12,177,852,473	8,947,393,994	1,437,319,553	73%
22/23	11,348,672,644	As at Q2 ended,	-	-

			3,471,594,408		
	Average realization for the last 5 years				78.2%

Committee Observations

1. The actual Budgetary expectations for county receipts has been fluctuating during the past five years with the highest recorded at 85% in FY 20/21 and lowest recorded at 73% FY 21/22
2. The County Revenues were averagely realised at 78.2% during the past five years.

II. OWN SOURCE REVENUE REALISATION

Mr. Speaker Sir and Hon. Members, in the last five years the County has realized varied performance in OSR collection as highlighted below;

Financial Year	Budgeted	Actual	Variation	Realization %
17/18	1,148,656,298	874,900,000	273,756,298	76%
18/19	1,383,567,120	1,012,689,638	370,877,482	73%
19/20	1,438,478,604	804,387,938	634,090,666	56%
20/21	1,579,172,106	904,199,146	674,972,960	57%
21/22	1,894,000,013	1,201,980,180	692,019,833	63%
22/23	1,762,226,587	180,877,317	-	-
Average realization for the last 5 years				65%

Committee Observations

- a) The average County OSR realization for the last 5 years stands at 65%.
- b) The actual OSR realization by the County at Kshs. 180,877,317 for the Q2 ended 31st Dec, 2022 is way less than its target at Kshs. Kshs.881, 113,294 with a variation of Kshs. 700,239,977 depicting that the County will not meet its revenue target with big margin.

ISSUES RAISED AND RESPONSES BY THE CECM. FINANCE, COMMITTEE FINDINGS AND RECOMMENDATIONS

Mr. Speaker, and Honorable Members, following intensive scrutiny by the Committee on the Q2 County Executive and CRF Reports and Financial Statements, several issues were flagged and addressed to the CECM of Finance and Economic Planning via a letter with reference number CAK/FIN/CG/VOL.II/2023, dated Tuesday, 28th March 2023 (SEE ANNEX I). The CECM was invited to attend the Committee Meeting scheduled for Tuesday, 4th April 2023, from 9:00 am to shed light on the issues and subsequently submit comprehensive written explanations and justifications, as appropriate (SEE ANNEX II- RESPONSE LETTER).

The Committee has systematically captured its key findings against the responses and submissions by the CECM of Finance and Economic Planning on these Financial Statements and given recommendations, as outlined in the table below;

S/N O	ISSUE RAISED	RESPONSE BY THE CECM	COMMITTEE OBSERVATION	COMMITTEE RECOMMENDATIO N
1.	You approved and signed your Financial Statements on 15-01-2023 but were received by the Assembly on 13-01-2023. Give clarity on this inconsistency?	Accepted that there was inconsistency in the dates but promised to ensure the dates are validated before forwarding to the Assembly in subsequent periods.	-There was a rush by the treasury to submit the report to the Assembly by 15 th January, 2023 yet they had until 30 th January, 2023 to submit the report as per the provisions of section 166 (3) and (4) of the PFM Act, 2012	The CECM. Finance to always endeavor to comply with the timelines on submission of the quarterly reports as per the provisions of section 166 (3) and (4) of the PFM Act, 2012
2.	Provide a detailed breakdown of OSR presented at Kshs. 180,877,317 and give justifications for the low collection OSR. Further explain why, in your disclosures the OSR for Q2 at Kshs. 180,877,317 is less than OSR for	-Highlighted the reasons for low collection of revenue, indicating that certain issues were cross-cutting. -Moreover, he explained that the amount reported for	- Has not submitted the receiver of revenue report which outlines other revenue streams not swiped into CRF Account - The justifications provided by the CECM. Finance on low OSR collection were not adequate. - The CECM. Finance	The CECM. Finance and Economic Planning to submit the Receiver of Revenue Report for both Q1 and Q2 within 21 days of approval of this report in compliance with the provisions of section 158 of the PFM Act, 2012. - County Executive to

	Q1 at Kshs. 188,738,328?	OSR under CRF report are revenue received in the CRF and not from other sources which are not swiping their revenues in CRF such as facilities improvement funds retained by health facilities -That such retained revenues are captured in the Receiver of revenue report which should be submitted quarterly to the Assembly	did not undertake assessment of the unforeseen Economic effects of demolitions while giving own source revenue projection in the Budget - The County Integrated revenue management system is not efficient admitting high revenue leakages	undertake assessment of the economic effects of demolitions prior to such undertakings. -The CECM. Finance and Economic Planning to fully automate and integrate the County revenue collection system to curb revenue leakages
3.	Submit CRF Bank Account Statements for the quarter under review and Bank Reconciliation Reports to justify the disclosed Bank Balances. Further justify why you failed to annex the Bank Reconciliation Reports in violation of the	Submitted (SEE ANNEX III & IV CRF bank Reconciliation Report and CRF Bank Account Statements respectively)	Verified	The CECM. Finance to disclose to the Assembly all the subsidiary County OSR collection accounts where deposits are made prior to transfer to the CRF account addendum to the CRF quarterly and Annually Report and Financial Statements. The County treasury to always endeavor to

	Standards set by the PSASB			submit certified reports and tamper proof pdfs in the case of soft copy submissions
4.	Under the expenditures of Use of Goods and Services at Kshs. 330,726,172 provide description of the specific good or services offered for each category of the expense(explanatory note 12 is inadequate).	Submitted (SEE ANNEX V)	Verified	The CECM. Finance and Economic planning to take full mandate and responsibility of the County Treasury in accordance with the provisions of Section 103 of the PFM Act, 2012
5	Submit an updated payroll and staff database to justify the high Expenditures on P&E at Kshs. 2,040,539,534 (Pg. 7). Consider that during our review of the Q1, the matter was raised and you did not oblige	Committee to follow up with the Department of Public Service administration on submission of payroll suggesting it's the mandate of the Department to prepare the payroll	The Department of Public Service administration has not submitted the Payroll as directed by the Committee vide a letter Ref: CAK/CPSAD/CG/VO L. II/2023 dated TUESDAY, 11 TH APRIL, 2023	The Department of Public Service, County Administration and Participatory Development, Office of the Governor to submit the County Executive Staff Payroll and database after 14 days of approval of this report.
6.	Give explanation on the source and origin of Kshs. 311,757,687 prior year adjustment (explanatory note 25 not clear)	Admitted that the prior year adjustments reported was not well explained in the notes He clarified that the figure relates to payments which were in the system but not	The prior year adjustment was not well explained in the notes and the explanation given by the CECM. Finance was not justifiable	The CECM. Finance and Economic Planning to give a true and accurate figure of the prior year adjustments in subsequent submission of the County Executive Quarterly report and Financial Statements with proper details on

		paid during the quarter.		the explanatory notes
7.	Give a breakdown of the accounts payable totaling to Kshs. 35,764,416 (Explanatory not 23 not detailed) and explain why you contravened the standards set by the PSASB requiring you to give detailed notes?	Submitted (SEE ANNEX VI)	Verified -The Committee ascertained that the accounts payable were 10% retention money from various development projects awaiting fulfillment	The CECM. Finance and Economic Planning to always endeavor to provide adequate notes to the Financial Statements as per standards set by the PSASB
8.	Outline details of the beneficiaries of (Kshs. 51,250,000 under payments for Grants and other payments) spent on scholarships and other educational benefits and justifications that funds were remitted appropriately to the institutional accounts	Submitted (SEE ANNEX VII)	Verified -They were payment for bursaries and scholarships for various students within the County	The CECM. Finance and Economic Planning to always endeavor to provide adequate notes to the Financial Statements as per standards set by the PSASB
9.	Provide the following details for the respective Expenditures items incurred under Acquisition of Assets. I. Construction of Roads at Kshs.	Partially Submitted (SEE ANNEX VIII)	i) Under Construction of Roads at Kshs. 60,000,000 The details were provided as directed by the Committee ii) Construction and Civil Works at Kshs.	-The CECM. Finance and Economic planning to take full mandate and responsibility of the County Treasury in accordance with the provisions of Section 103 of the PFM Act,

	<p>60,000,000</p> <p>Name, scope and location of the specific road constructed.</p> <p>II. Construction and Civil Works at Kshs. 359,042,967</p> <p>Categorize the projects done under this expenditure component, providing details of the scope of work done, location of the project and specific cost incurred</p> <p>III. Details of Office Furniture and General Equipment bought and names of offices where they have been received.</p>		<p>359,042,967</p> <p>Project details such as name, scope of work and location were not provided</p> <p>iii) Details for issue (iii) at Kshs. 646,480 not provided as directed</p>	<p>2012</p> <p>-The CECM. Finance and Economic Planning to submit all the details on Construction and Civil Works at Kshs. 359,042,967 and Office Furniture at Kshs. 646,480 within 21 days of approval of this report</p> <p>- Procurement work plans for development projects to be completed by the 3rd quarter of a particular Financial Year.</p>
10	<p>Provide a detailed breakdown of County Pending Bills totaling to Kshs. 2,416,382,496.67. (Non-Financial Information on Pg. 45 is inadequate). This should include the following;</p> <p>a. A breakdown detailing the</p>	<p>Submitted a breakdown of outstanding pending bills of Kshs. 2,416,382,496.67 being Kshs. 1,915,436,884.94 for development and Kshs. 500,945,611.73 for recurrent (SEE ANNEX IX)</p>	<p>The CECM. Finance and Economic Planning has not complied to the House resolutions directing him to decentralize payment of pending bills to the Departments of origin</p> <p>Reasons</p>	<p>-Payment of pending bills be decentralized to the Departments of origin</p> <p>-The OAG to conduct a special audit on eligible and ineligible pending bills for the FY 2020-2021 & 2021-2022 and payment of eligible pending bills be made on the basis of FI-FO</p> <p>-The treasury to submit the Cash flow</p>

	<p>Financial Year the Contract was awarded.</p> <p>b. Specific location where the Contract was done or services rendered</p> <p>c. Reasons why they could not be paid on time.</p> <p>d. Whether the Pending Bills were authorized by the Auditor General as eligible for payment (provide evidence).</p> <p>e. give justification that payment of pending bills have been decentralized to the Departments of Origin and payments made of 1st Charge on FI-FO basis as required by the</p>	<p>Also stated that the payment of pending bills have not been decentralized to the Departments of origin as per the House resolutions</p>		<p>management Committee report within 21 days of adoption of this report</p> <p>-</p>
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	relevant provisions of PFM Act, 2012			
11	Submit a progress report of the Committee appointed to obtain a status report for all projects within the County for the FY 2020/2021 and 2021/2022.	-Given time to submit the report by Wednesday, 12 th April, 2023	The CECM. Finance and Economic Planning has not submitted the report as directed by the Committee	The CECM. Finance and Economic Planning to submit to the Assembly a progress report of the Committee appointed to obtain a status report for all projects within the County for the FY 2020/2021 and 2021/2022.
12	Explain the variation of Total Payments as disclosed in the County Executive Q2 Report and County Revenue Fund Q2 Report and Financial Statements for the Period ended 31 st December, 2022	That total payments on the CRF account relates to transfers to both the County Executive and County Assembly at Kshs. 2,772,602,269 while payments under County Executive report relates to actual payments made by the County Executive at Kshs. 3,394,827,788	The Committee noted a variation of Kshs. 622,225,519 between payments recorded in CRF and CE quarterly report	The CECM. Finance and Economic Planning to submit to the assembly written explanation on the variation of Kshs. 622,225,519 between payments recorded in CRF and CE quarterly report within a period of 21 days of approval of this report for justification.

CONCLUSION

Hon. Speaker, I hereby urge the Hon. members to adopt this report with the recommendations contained herein. May I ask Hon. Moses Ochele to second the report?

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

Hon. Ochele (MCA, East Kano Wawidhi Ward): Thank you Madam Speaker. I take the honor with a lot of appreciation that the Member has recognized me; unfortunately I am not a member of that House Committee. Therefore, seconding the report will add no value.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Hon. Adeg, is Hon. Ochele a member of your committee?

Hon. Adeg (MCA, Kajulu Ward): Thank you. The Chair has now arrived. May I call her to second.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Hon. Careen Ajwang’.

Hon. Ajwang’ (MCA, Kaloleni/Shaurimoyo Ward): Thank you Madam Speaker. Allow me to take this opportunity to thank Hon. Adeg for presenting the report on my behalf. I also rise to second the report as read by the Honourable Member. I am optimistic that this House will adopt this report. I second.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Honourable Members, a report by the Cooperatives, Finance, Trade and Enterprise Development Committee on its considerations on the Kisumu County Executive and County Revenue Fund for the Quarter One Financial Reports for the period ended 31st December, 2022 has been moved by Hon. Benson Adeg and seconded by Hon. Carren Ajwang’. I therefore propose a question that this report is open for debate.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Yes, Honourable Member representing Nyalenda “B” Ward.

Hon. Were (MCA, Nyalenda “B” Ward): Thank you Madam Speaker. I also rise to support the motion on the Floor. Considering the recommendations captured in the report, I support that the Pending Bills be decentralized so that payments can be promptly done. We don’t want a scenario where money is set aside for pending bills and it is not appropriated as required. Further, I want to encourage this House Committee to put the County Executive to task so that they can ensure that revenue enhancement is done because the more we collect, the higher the chances of us doing more projects. I support the report.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Honourable Members, I will now consider gender and give a chance to Hon. Mildred Ajumbo.

Hon. Ajumbo (MCA, Central Seme Ward): Thank you Madam Speaker. I rise to support the detailed report by Cooperatives, Finance, Trade and Enterprise Development Committee. They have done a commendable job. There are quite a number of recommendations they have made. They have given timelines like 21 days and in other areas they have equally given 14 days for responses to be made on key issues raised by the House. So, we hope the committee will be serious on these time lines they have given the County Executive Committee Member for Finance and Economic Planning to enable them bring a response on the same.

Madam Speaker, I just want to point out on a number of issues highlighted on the committee observations. They have touched on Own Source Revenue aspect for development that is at 7 per cent which is under-utilized because of the delay in disbursements of funds by the National Treasury. Madam Speaker, on the Own Source Revenue, the committee quotes the target of Kshs. 881 million and the only managed to realize Kshs. 180 million. There is a variation Kshs. 700 million. The committee observed that the collection has been 60 per cent for the last five years. That is still below the projected target. There is need for seriousness when it comes to collection of revenue.

Madam Speaker, the committee has also recommended that there should be decentralization of pending bills to the departments of origin. I support that because the pending bills will be paid promptly. On the progress of all projects, the committee recommends a timely for response on the same. It is my prayer to see those reports on the progress of the projects. I support. Thank you Madam Speaker.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Honourable Omollo, please allow me to give Hon. Tom Nyaoke because he had stood first.

Hon. Omollo (MCA, West Nyakach Ward): Madam Speaker, I obliged.

Hon. Nyaoke (MCA, North Nyakach Ward): Thank you Madam Speaker. I appreciate my senior Hon. James Omollo for allowing me to speak before him. We have heard a very lengthy report read by one of our able Hon. Adegga. I don’t want to draw the House to a very long story but I would want to bring the attention of the House to the Own Source Revenue (OSR) because that is where the rain always beats us. We have been informed on the proceedings of our Own Source Revenue for the last fiscal years. There is something that I wish this House Committee would look into when they are expecting reports that they have requested from the County Executive Committee Member in a couple of days. This is the disparity in the budget that has been provided for, what comes to be actual and what has been spend.

Madam Speaker, the biggest issue that I foresee here is the budgeted amount and the actual provided approved. From the literal comparison of events. If you agree with your husband that and Honourable Members please excuse me to use that example or parallel. If you agree that you are going to spend her Kshs. 10,000 in a month then he takes the responsibility of doing the expenditure then at the end of the week you give out Kshs. 5000 instead of the amount you agreed on. You will find out that most of the things that you should have spent on will be carried over to the next week. So, in the coming week, instead of you realizing that you didn’t manage to get ten thousand shillings, you reduce the budget to what you realized. You again make a budget and say; okay, next week we are going to spend fifteen thousand shillings and then you go and give him seven thousand shillings. I really don’t understand the history behind this, but I would request the committee to find the exact reason for this ambitious revenue targets when they know that the actual amount that they can only realize is lower than the projected amount.

Madam Speaker, as you can see in the FY 2017/2018 the County had budgeted for Kshs 1.148 billion but the actual amount that was realized was Kshs. 874 million. So, in the next budget, they should have considered the actual amount. Similarly, when you look at the FY 2018/2019, they have again budgeted or projected to raise Kshs. 1.38 billion and going forward, they only

realized Kshs. 1 billion. Instead of trying to compare what they are actually expecting against what they have been getting previously, why are they not able to control those ambitious projected revenue targets? The budget estimates is a very important component in any planning that any human being is trying to do. So, I would request the committee to seriously look into this issue so that we do not have the same thing repeated over and over again.

Consequently, I want to talk on the issue of Pending Bills. The committee gave a very good suggestion that; we decentralize the pending bills to the departments they are aligned to or generated from. However, Madam Speaker, you find that maybe there is reason for not wanting to decentralize the pending bills because I can see that they had recommended that to be done earlier.

Madam Speaker, you now see again that the County Executive Committee Member for Finance and Economic Planning has reported that they haven't submitted the committee's requests as per the request by the committee. The committee is going ahead to again promise to instruct the County Executive Committee Member for Finance and Economic Planning to do the same and they are expecting a different report. We cannot do the same thing every time and expect different results. In that regard, I request the committee on our behalf, to look into the details of what they are requesting and the results of what they are getting. If there are no tangible results then, there is no need of saying every time that what we wanted them to supply is inadequate. Why is it inadequate? Why can't they look at the reason for them bringing these inadequate replies? These are money we are dealing with Madam Speaker. When we ask a reason why we are seeing a certain amount wasn't utilized somewhere or we are seeing that some money has come to the County and we cannot even explain the origin of this money, and when the committee asks for details of why and how it came about, then you are told that there was inadequate supply of that information. I don't believe that as a House Committee we should take these issues lightly. I therefore request the committee to be much more serious on this. Otherwise, Madam Speaker, I support this motion and implore the House to adopt it because it is going to give us more changes as we proceed. Thank you, Madam Speaker.

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

Hon. Omollo (MCA, West Nyakach Ward): Thank you, Madam Speaker...

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Sorry, Hon. Pete Oiko, he caught my eyes first and I had promised to give him a chance once Hon. Nyaoke was done. I will give you chance after him.

(Laughter)

Hon. Oiko (MCA, Kabonyo-Kanyagwal Ward): Madam Speaker, it is okay, I only wanted to show my presence.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): That is noted.

Hon. Omollo (MCA, West Nyakach Ward): Thank you, Madam Speaker; I rise to support the report. I believe that this was a very lengthy and precise report. A point to note is this monster

called Pending Bills. It is my belief that the committee has made good recommendations that if effected then the issue of pending bills will be a thing of the past.

Madam Speaker, I suggest, and I want to put this to the committee and the consider inclusion is that; as we peruse through the financial statements, we should also be informed on how the pending bills are being paid out for the period in question so that we know how we are reducing them with time. Otherwise, it will be a monster forever for us. Decentralizing the pending bills to various departments is also a good way to deal with it, and if we go that direction then I believe that we will bring it to a closure soon. The reason I am saying this is on the first come, first uh...FIFO, as he was saying, is the best way so that there would be no any pending bill surpassing others which were there before. This needs to be implemented to the letter so that those which accrued maybe in 2017, are dealt with before those that were generated in 2020 to 2022. This way will prevent favoritism and people will know when to expect payments owed by the County Government.

Madam Speaker, also of concern is the Absorption Rate in terms of development funds. We have revenue, own source and otherwise, and it is my opinion that we are absorbing much more on Recurrent Expenditure than we are doing on Development component. Madam Speaker, we are all aware that, we spend funds meant for Recurrent to do Development, which is the essence of having monies for recurrent. However, if we check how the absorption rate for development is, it is really a worrying trend. The committee needs to also find out why the bit of development is not being absorbed as fast as we absorb the recurrent. They are not at par, so that is my recommendation. I want to end my submission there as I support, thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Honorable Member representing Kabonyo-Kanyagwal Ward, Hon. Benny Oiko Pete.

Hon. Oiko (MCA, Kabonyo-Kanyagwal Ward): Thank you, Madam Speaker, if the House allows, I can borrow the word from Hon. James Omollo, that the pending bill will become a monster in Kisumu County.

Madam Speaker, the records provided so far in this House indicate to that direction. I believe that it was last week when we were discussing the Kisumu County Fiscal Strategy Paper for the FY 2023/2024, and the position we were given is that the pending bills in Kisumu is above Kshs. 5 billion. Madam Speaker, we just do not read these things for the sake of it. This was a report presented here by the Select Committee of Budget and Appropriations that emanated from the Department of Finance and Economic Planning.

Madam Speaker, on Debt Management, we were being informed that the debt portfolio stands at Kshs. 5,283,314,693.88 billion. On the same record, we were informed that the pending bill is about Kshs. 3.5 billion. On the same record, we were again informed that the pending bill is about Kshs 3.5 Billion. For those who remember my contribution on that day I raised this. If the pending bill is about Kshs 3.5 Billion, and the total is Kshs 5.2, then the Statutory Deductions are not being remitted because they are also liabilities. Which direction is Kisumu County taking? When you look at this record, we are being informed that Pending Bill by 30th June, 2022 stood at Kshs 2.4 Billion. The same department is also reporting in another financial report that pending bill is Kshs 3.5 Billion. If you include the statutory deductions, they become Kshs 5.2

Billion. Are they handling a serious House? Or it is a House that is given records for the sake of it just to read and adopt? And when the committee recommends that payment of pending bills should be decentralized, that sounds good. Is it clearly possible or when you talk of decentralizing payment of pending bills what are you talking about the big expenditure of Kisumu County per department? Let every department be given the authority to manage its own finances. That is when the Assembly will be serious. So that, by the end of every financial year, the records would be availed by each department. The projects that; have been done and have been paid, the ones that are still pending and the ones that have not kicked off that cannot be paid. When we go that route, then we shall be a serious lot. But, from the way we are contributing, my colleagues, we are doing nothing. Furthermore the records are here. If you look at the records of the pending bills here, you cannot see the total tabulated. The total pending bills from page 72 to page 213 and see if the total is indicated, it is not. Yet they are talking of Kshs 2.4 Billion. Records are just brought for mere adoption.

Madam Speaker, I took time to listen to the Honourable Member who took his time to take us through the report. What I would ask the committee to look for a member who is keen on the figures and take us slowly. This is because such a voluminous document, when you are taken through in a hurry, it becomes difficult to absorb. So, Madam Speaker, this is a financial record. By the end of 30th December, 2022. What is not coming out here clearly is not stated but the figures may indicate. But, this record is for two quarters; they are for Q1 and Q2. However, they are not clear on this and that is why when you look at page 9 you will see that the County Government of Kisumu by 30th September then that means it is the first quarter. But, I believe that is a clerical error, it should have been 30th December, that the Kisumu County Government had received Kshs 3.5 Billion. That error should be corrected.

Madam Speaker, we are also being informed that the first quarter on Own Source Revenue, they received was totaling to Kshs 188,738,328. On the second quarter, they realized Kshs 180, 877, 317. Throughout the report, there is nowhere whereby those two figures are added. The two quarters should have been added. It shows us that we are handling the financial report of two quarters.

Madam Speaker, on the same page (9), on Compensation to Employees by December 2022, the County Government had paid Kshs 2 Billion. They had paid Kshs 2 Billion. Easy arithmetic we had known that Kisumu County pays about Kshs 400 million per month. The salary arrears that were bringing a problem in the County could not bring problems if by December Kshs 2 Billion had been paid out. What is the true position of financial management of Kisumu County? Those are the things that we need to observe. If they had spent Kshs 2 Billion by the end of December and the picture we have been given is that they spend Kshs 400 Million every month. It means therefore that, five months ought to have been paid or slightly six months because I know the payments vary from month to month and the statutory deductions are also paid. That means that, there is cat and mouse game on this record when you analyze it properly.

Madam Speaker, on page 10 on Committee Observation, we are told that the explanatory notes that the financial statements provided are shallow and inadequate. We have not been given those notes to go through but they condemned them. If the committee condemned the report of the Finance and Economic Planning Department and we can pinpoint the loopholes what does it indicate? Things are not rosy in the Department of Finance and Economic Planning.

Madam Speaker, when we look at page 12 on Development, we are given that they had spent 7 per cent and we assume it is for a half of the financial year. If the County Government of Kisumu spent that amount for a half of the financial year on development, what information are we getting on development of this County? The Government has not taken the development of this county seriously. In addition, that is why most of the contractors have shied away to take up their jobs sighting lack of or delays in payments, we are still waiting for payments. So, when they reflect this in their financial records they are informing us that they are not doing good services to the local people. That is the interpretation of the message they have passed to us.

Madam Speaker, another issue in this report is on page 14. We are informed that for the last five years the County Government of all the total revenue which should have been added here, have been tabulated, the total is not given for the last five years. We have been able to get that is the Exchequers and Own Source Revenue to be at 78%. If we have been able to realize 78% for the last five years then what have we been losing? What measures are we taking?

Madam Speaker, on total collection of Kisumu County Government, recently when we passed the Supplementary Budget FY 2022/2023 here it stood at Kshs. 12 billion and the Supplementary Estimates that was brought here reduced it to Kshs. 10 billion. Looking at this record the financial statement what they expect to receive is Kshs. 11.3 billion. Which game are we playing? I raised this matter that when we were handling the Kisumu County Fiscal Strategy Paper FY 2023/2024 because the same thing was there and in the policy paper a copy of which I have it indicated Kshs. 10.4 billion now it is Kshs. 11.3 billion. Madam Speaker, are we serious with the records that we have been given? That is a challenge that we have and let us not assume that this records are silently here for us they are also for the public.

Madam Speaker, if you go to page 19, Item No. 9, if you could just give me two minutes, Kenya shillings 359,042,968. The matter was raised no good explanation from the department was given and we are here in this House expected to approve this report. Honourable Members, the honors is with you but it is now in public document and it is good that what is being discussed here is aired live, so let us make a good decision. I have aired my views by the records, thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Thank Hon. Oiko. Hon. Member representing East Kano Wawidhi, you are out of order because you had contributed while seconding the report. Thank Honourable Members, I remember he is not a member of this House Committee and he reserved his chance. Hon. Ochele, the floor is yours.

Hon. Ochele (MCA, East Kano Wawidhi Ward): Thank you Madam Speaker, sometimes everything is amusing when Madam Speaker forgets even though it was not deliberate.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): It wasn’t, continue Hon. Ochele.

Hon. Ochele (MCA, East Kano Wawidhi Ward): Thank you. First, I arise to support the report with the recommendation therein. Madam Speaker, dealing with financial report is not a walk in the park and I should not proceed in debating the report without commending the good work done by this committee. It is not easy combing into figures. I also commend Hon. Pete because it

is sometime good to have different profession in our midst and being an accountant I realized that he knows how to place his toothpick well. Thank you Hon. Oiko.

Madam Speaker, the biggest challenge in this county, in my own understanding is not the pending bills, it is how we prioritize to refurbish the Own Source Revenue. Sometimes over reliance on the Exchequer, this delays certain projects to proceed or at times because it becomes a hindrance to projects which have been done. My main point here is that, if the Executive can get into ways of boosting their own source revenue then I believe that this monster pending bills might not be as serious as it is. Madam Speaker if we improve on the own source revenue it also makes the exchequer to increase our allocation by similar percentage of our increment but we continue going down. Madam Speaker, I heard a member talk about the executive projecting high but ending up realizing less of what was projected in terms of revenues. Madam Speaker that is a technicality that we should understand because if you bring your revenue projections to low then, this implies that our allocation from the Exchequer definitely will go down. Therefore, at time there are certain things which are done technically to save a situation that is beyond our control.

Madam Speaker, lately I have realized that the county government has made an effort of trying to improve the management of our newly created towns that is Ahero, Katito, Maseno and Muhoroni. Madam Speaker, as I speak, the County Public Service Board have conducted interviews for members of the Town Management Boards and I want to believe that the incoming members will improve the revenue performance. In addition the county government is in the process of formulating the Kisumu County Revenue Board. If this board can be like any other board that is serious with their mandate then, the own source revenue will seriously be boosted because we are boosting from the towns to the entire county revenue management authority.

Madam Speaker, if the own source revenue is actualized as has been envisaged by the county government then the pending bill will not be a serious issue. However, the challenge with the pending bill is preferential payments where what we talk of as FIFO procumbent policy is set aside then the payment is done in basis of how much I know you or friendly you are with me or how much you coughed to lubricate the system. If the FIFO system is observed then the back log can be reduced. Madam Speaker, we are not just here to rubberstamp reports as Hon. Oiko has echoed, we here to debate and get a way forward on serious financial matters.

Madam Speaker, when discussing the process of clearing pending bills, it is insufficient to limit ourselves to theoretical discussions. It is necessary for the Committee of Finance to occasionally exert pressure on the Executive, compelling them to provide the list. The magnitude of these pending bills is in the billions of shillings, and it is crucial to ascertain which companies are associated with these outstanding amounts. When they are saying that they have spent maybe Kshs. 700,000,000 or 1 billion Kenya shillings in defraying some of these pending bills then, we should ask who are these contractors or suppliers that have been paid. Madam Speaker if that can be done and I can see that the Chairperson is getting frustrated with what I am saying since he has a document that I have not gone through, the committee gives a summary of that the it is either they saw it, avoided it and now I am being shown that it is there. If that list is with us, then I recommend that we compare the total pending bills visa-vie those who have been paid so that

we get the balance. If we don't get the balance today, then even the FY 2023/2024 budget will still have huge amount of pending bills. This is because just as stated by Hon. Pete, it is not his making that we are talking of 5 billion Kenya shillings as pending bills. If this is not drastically reduced, then we will not do projects for this financial year.

Madam Speaker, there was something which was proposed by the former County Secretary and probably these could have been the causes of his exit that some of the pending bills are manufactured by the County Government staff. By the order of the Governor, some of these projects were taken back to the departments and to our surprise there are a number of them which have been found to be ineligible. If at all the issue was not raised, then you can imagine how many of such projects are being paid by the County Government. This also adds to the pending bills if they are not properly analyzed then, we will be ending up paying ghost projects and that has been verified within the past two months.

Madam Speaker finally, I am calling upon this House that we support this report because if we don't approve it then, how will the Executive get to know the grey areas that have been highlighted by the committee and have been highlighted by the Members of this House. With the timelines given in the report, the Committee on Implementation should start being proactive with these timelines so that by the time we are coming up with the Budget Estimates FY 2023/2024, most of these issues will be addressed and a lot of clarity will be attained. Thank you.

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

The Deputy Whip (Hon. Obonyo, MCA, South West Ward): Thank you Madam Speaker, I wish to call the mover to reply.

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

Hon. Adeg (MCA, Kajulu Ward): Thank you Madam Speaker, I would like to express my gratitude to the esteemed Members for their comprehensive deliberation on this report. We have taken note of the comments and concerns raised by the Members. Further, I would like to request the Honorable Member for Kabonyo Kanyagwal to provide a course of action along with their recommendations in the future. I extend my appreciation to Honorable Ochele for his good advice, which I have duly acknowledged. If there are any instances where my words are unclear, I encourage you to refer to the written document, as it will provide further clarity and context. Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B" Ward): Honourable Members, a report by Co-operatives, Finance, Trade and Enterprise Development on its consideration of the Kisumu County Executive County Revenue Fund Quarterly Report and Financial Statement for the period ended 31st December 2022 was moved, seconded and debated. I therefore want to put a question on the adoption of the same.

(Question put and agreed to)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Honourable Members, before we make a resolution, recommendations have been made on the said report and Members of the committee have given the relevant departments 21 (twenty-one) days and in other areas 14 (Fourteen) days to respond back to the House. However, I want to make a resolution based on provisions of Kisumu County Assembly Standing Orders No. 184 that is on report of County Assembly resolutions and I quote;

‘That within 60 days of a resolution of the County Assembly or adoption of a report of a select committee, the relevant Member of the County Executive committee under whose portfolio the implementation resolution falls shall provide a report to the relevant committee of the County Assembly in accordance with Article 153 (4)(b) of our Constitution.’

Honourable Members, in that regard I want to ask that the responses as indicated be forwarded to this House within 60 days. The report by Co-operatives, Finance, Trade and Enterprise Development on its consideration of the Kisumu County Executive County Revenue Fund Quarterly Report and Financial Statement for the period ended 31st December 2022 is hereby adopted today Tuesday, 16th May 2023 at 1650 hours. Honourable Members, I want to direct that this report with the recommendations therein plus the Hansard report be prepared and forwarded to the relevant committees for action within 60 days. 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 to Wednesday, 17th May, 2023 at 9.00 a.m.

(House rose at 4.55 p.m.)

Addendum

The Hansard Team

Zablon Otiende – Senior Hansard Reporter (Ag. Editor)

Edward Odanga – Hansard Reporter

Fanuel Okode – Hansard Reporter

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Jacklyne Otieno – Hansard Reporter

Jesca Otieno – Hansard Reporter

Vallery Achieng’ – Hansard Reporter