COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – SECOND SESSION

Wednesday 20th September, 2023

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

(The Temporary Speaker (Hon. Emily Oginga) in the Chair)

PRAYER

The Temporary Speaker (Hon. Oginga, Nominated Member): Mr. Clerk, please take us through the Order Paper of today.

The Temporary Speaker (Hon. Oginga, Nominated Member): Next order!!

MOTION

ADOPTION OF THE REPORT BY PIC/PAC COMMITTEE ON CONSIDERATION OF THE AUDITOR GENERAL'S REPORT ON FINANCIAL STATEMENTS OF KISUMU COUNTY EXECUTIVE CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30TH JUNE, 2021 AND THE YEAR ENDED 30TH JUNE 2022

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU WARD

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Hon. Kennedy Ouko.

Hon. Ouko (MCA, West Kisumu Ward): Madam Speaker and Honourable Members, on behalf of the Public Accounts and Investments Committee (PICPAC), and Pursuant to Kisumu County Assembly Standing Orders 188, I wish to present to this House the report of the Committee on the audited financial statements of Kisumu County Executive Car Loan and Mortgage Scheme Fund for the financial years 2020/2021 and 2021/2022.

The County Assembly exercises oversight over County Government entities/investments and their expenditure Pursuant to Article 185(3) of the Constitution of Kenya 2010, through the Public Accounts and Investments Committee which, in turn, derives its mandate from the County Assembly Standing Orders.

Article 229 (8) of the Constitution of Kenya, 2010, requires the County Assembly, within three months after receiving an audit report, to debate, consider the report and take appropriate action.

The Committee held 2 sittings during which it received both written and oral evidence from the Accounting Officer on audit queries raised by the Auditor-General on the financial statements of Kisumu County Car Loan and Mortgage Scheme Fund.

Honorable Speaker, I wish to register my appreciation to fellow Honorable Members of the Committee, the Offices of the Speaker and the Clerk of the Assembly, Committee Secretariat and the Office of the Auditor General for facilitation and technical support that made the production of this report possible.

I also thank the management of Kisumu County Executive Car Loan and Mortgage Scheme Fund for the improvement recorded in the management of the fund, honoring committee invitations and submission of responses on time.

Special appreciation goes to the Hansard department for ensuring that all our meetings with Accounting Officers are broadcasted live.

Honorable Speaker, on behalf of the Public Accounts and Investments Committee, I now wish to table the report on the consideration of the Auditor General's report on the Financial Statements of the Kisumu County Executive Car Loan and Mortgage Scheme Fund for the years ended 30, June 2021 and 30, June 2022 and urge this House to adopt it.

Establishment and Mandate of the Public Accounts and Investments 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;

i. 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;

ii. Examination of the working of the Public Investments

iii. Examine the reports and accounts of the Public Investments and,

iv. 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.

Composition of the Public Accounts and Investments Committee

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

Table 1: Committee Membership as at April 2023

NO	NAME	POSITION
	MEMBERS	
1.	Hon. Ken Ouko	Chairperson
2.	Hon. Geoffrey Warindu	Vice Chairperson
3.	Hon. Seth Okumu	Member
4.	Hon. Nancy Matara	Member
5.	Hon. Rueben Rakwach	Member
6.	Hon. James Were	Member
7.	Hon. James Omollo	Member
	SECRETARIAT	
1.	Austine Ochieng	Committee Clerk
2.	Chrispine Oguta	Clerk Assistant
3.	Patrick Okoyo	Hansard Reporter
4.	CPA Naboth Odero	Internal Auditor
5.	William Ogada	Sargent-at-arm

LEGAL FRAMEWORK & GUIDING PRINCIPLES

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

1. Constitution of Kenya 2010: Article 229 (4) of the Constitution of Kenya, 2010 requires the Auditor General, within a period of six months after the end of each financial year, to audit and report, in respect of that financial year, on;
    i. The accounts of the National and County governments,
    ii. The accounts of all funds and authorities of the National and County governments,
    iii. Accounts of all courts,
    iv. The accounts of every commission and independent office established by this constitution,
    v. The accounts of National Assembly, the Senate and the county assemblies,
    vi. The accounts of the political parties funded from the public funds,
    vii. The public debt and
    viii. The accounts of any other entity that legislation requires the Auditor General to Audit

    Article 229(8) further states that "*within three months after receiving an audit report, parliament or county assembly shall debate and consider the report and take appropriate action".*
1. Direct Personal Liability: Article 226(5) of the Constitution is unequivocal that, if the holder of a Public 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.
2. Public Audit Act 2015; Section 7 mandates the Auditor General to: (i) Give assurance on the effectiveness of internal controls, risk management and overall governance at National and County Government; (ii) Undertake audit activities in state organs and public entities to confirm whether or not public money has been applied lawfully and in an effective way
3. Section 203(1) of the Public Finance Management Act, 2012 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
4. Public Finance Management Act, 2012: Section 149 (1) of the Public Finance Management Act, 2012 which 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 –*
    a) Lawful and authorized; and
    b) Effective, efficient, economical and transparent"

GUIDING PRINCIPLES

Hon. Speaker, in the execution of its mandate, the Committee was guided by Constitutional and statutory principles on Public Finance Management.

These principles include the following;

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. 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.

The Committee considered these legal provisions and guiding principles as the basis for holding to account public officers directly and personally liable for any loss of Public Funds that may occur under their watch.

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE KISUMU COUNTY EXECUTIVE CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30, JUNE 2021

Hon. Speaker. CPA. Evans Otieno, the fund administrator and the Accounting Officer appeared before the Committee on 8th June 2023 to adduce evidence on the Audited Financial Statements of the Kisumu County Executive Car Loan and Mortgage Scheme Fund for the year ended 30th June 2021 and 30th June 2022 (The minutes and the submissions from the Accounting Officer are annexed to this report). He was accompanied by Mr. Wilson Abiero – Ag. Chief Officer as at the time of committee deliberations

The following officers represented the Office of the Auditor General in the Committee meeting of 8th June 2023;

1. Mr. Samuel Chege - Auditor
2. Mr. Kennedy Oenga – Auditor

3.1 BASIS FOR QUALIFIED OPINION FY 2020/2021

3.1.1 LONG OUTSTANDING LOANS

The statement of financial position and corresponding note 6 of the financial statement reflect long term receivables from exchange transactions balance of Kshs. 10,000,729 which includes an amount of Kshs. 8,041,511 due from staff who have since left employment and has remained unpaid since April, 2020 and earlier years. The outstanding balance of Kshs. 8,041,511 comprise of Kshs. 2,216,164 which was secured by log books and or title deeds and Kshs. 5,825,347 relating to the year 2016 which was not secured by any collateral. Although the management has indicated that the outstanding loans will be recovered from gratuity due to staff that have left employment, no proper reason was given as to why the outstanding amounts have not yet been

recovered in accordance with Regulation 17 of Kisumu County Car and Mortgage Scheme Fund Regulations, 2016 and Section 19 of the Kisumu County Car and Mortgage Scheme Fund Regulations, 2016 which requires Management to reposes and sell the asset financed to recover outstanding loan balances.

In the circumstances, the recoverability of the outstanding loan balance of Kshs. 8,041,511 is in doubt.

MANAGEMENT RESPONSE

Of the secured amounts of Kshs. 2,216,164, we have fully recovered 1,660,434 with a balance of 639, 195 to be recovered from Alice Moraa. Initially we had written to the County Attorney to institute recovery procedures of the same through disposal of the parcel of land. However, Alice Moraa had written to us of her intent to clear the balance before 30th June 2023 from the sale proceeds of her parcel of land. Loans advanced to the CECs in the previous regime have been fully recovered from the gratuities dues as tabulated below in line with section 14 (2) of the regulations.

S.NO	NAME (LOAN BENEFICIARY)	AMOUNT	GRATUITY RECOVERED	BALANCE	STATUS
	Secured Loan				
1	Alice Moraa	1,400,562	761,367	639,195	Partially recovered
2	John Obiero	815,602	869,067	0	Fully recovered
	Total	2,216,164	1,660,434	639,195	
1	Mr. George Onyaya	1,504,435	1,504,434	0	Fully recovered on 8/07/2022
2	Mrs. Elizabeth Ogajah	1,661,661	1,661,661	0	Fully recovered on 8/07/2022
3	Mrs. Jenifer Atieno Kerre	1,703,359	1,703,359	0	Fully recovered on 14/07/2022
4	Mr. Stephen Orot	955,892	742,082 213,810	0	Fully recovered. From gratuity 742,083 while checkoff 213,810
	Total	5,825,347	5,825,347		

	Grand Total	8,041,511	7,485,781	639,195	

COMMITTEE OBSERVATIONS

1. The management have fully recovered Kshs. 1,660,434 with a balance of Kshs. 639, 195 to be recovered from Alice Moraa. On this balance, the management had written to the County Attorney to institute recovery procedures of the same through disposal of the parcel of land to which title the management holds.
2. Alice Moraa wrote to the management to inform them of her intent to clear the balance before 30th June 2023 from the sale proceeds of a different parcel of land
3. That some loans were advanced without security

COMMITTEE RECOMMENDATIONS

1. That the management of the Kisumu County Executive Car Loan and Mortgage Scheme Fund submit to this Assembly a report on the recovery of Kshs. 639,195 from Alice Moraa in a period of 90 days upon adoption of this report.
2. That failure by Alice Moraa to clear the outstanding loan as per her request letter, the accounting officer should dispose the said parcel of land to recover the outstanding loan.
3. That failure by the accounting officer to recover the outstanding loan from Alice Moraa as stated in 2 above, the County Executive Committee member for Finance, Economic Planning and ICT immediately initiates recovery of the amount of Kshs. 639,195 from the accounts due to the accounting officer, Mr. Evans Otieno
4. That going forward, the management must adhere to The Kisumu County (Car Loan and Mortgage Scheme Fund) Regulations,2016, Regulation 19(1) which states that *where a borrower defaults in repayment of the loan for a period of four consecutive months the committee shall repossess and sell the property to another deserving member or employee at the first instance and thereafter to any willing buyer.*
5. *That going forward, the fund management must ensure that all loans are fully secured.*
6. That this issue remains unresolved

3.1.2 UNSUPPORTED PRIOR YEAR ADJUSTMENTS BALANCE

The statement of changes in net assets reflects prior year adjustment amount of Kshs. 935,628. However, Management did not provide for audit, any supporting documentation to show the justification of the adjustment and why the adjustment was not processed in line with IPSAS 3.

In the circumstances, the accuracy of the balance of accumulated deficit balance of Kshs. 10,645,325 could not be confirmed.

MANAGEMENT RESPONSE

Prior year adjustments generally relate to interest receivable that was being accounted for incorrectly but has now been corrected as per the attached

Committee Observations

The Office of the Auditor General confirmed that they had verified the documents provided and that the correction had been made by the management

COMMITTEE RECOMMENDATIONS

That this matter is resolved

3.1.3 UNRESOLVED PRIOR YEAR MATTER

In the audit report of the previous year, several issues were raised under the report on financial statement, report on lawfulness and effectiveness in use of public resources. However, the management has not resolved the issues or given any explanation for failure to adhere to the provision of the Public Sector Accounting Standard Board templates.

MANAGEMENT RESPONSE

This was an oversight which has been corrected in the subsequent financial year financial statements.

Committee Observations

The Officers from the Office of the Auditor General confirmed that the error had been corrected in the subsequent financial years

COMMITTEE RECOMMENDATIONS

That this matter is resolved

3.1.4 INADEQUATE CAPITAL OF THE FUND

The statement of changes in net assets reflects revolving fund balance of Kshs. 32,295,000 as at 30th June, 2021 which is less than the minimum amount of Kshs. 127,705,000. The Fund capital has further been depleted from Kshs. 32,295,000 to Kshs. 21,649,113 as a result of an accumulated deficit which stood at Kshs. 10,645,887 as at 30th June, 2021. The Fund may not be in a position to process loan applications as outlined in Regulations 14 (4) of the Fund regulations.

In the circumstances, Management was in breach of the law.

MANAGEMENT RESPONSE

We acknowledge the fact that the fund is underfunded which is attributable to budgetary and financial constraints. However, the county factored in the supplementary budget an amount of Kshs. 20M which was to be utilized to finance loan applications.

Committee Observations

1. The Fund remains underfunded contrary to the Kisumu County (Car Loan scheme fund) regulations 2016
2. That county factored in the supplementary budget of FY 2022/2023, an amount of Kshs. 20M which was to be utilized to finance loan applications.

COMMITTEE RECOMMENDATIONS

That this issue remains unresolved.

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE KISUMU COUNTY EXECUTIVE CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30, JUNE 2022.

4.1 BASIS FOR QUALIFIED OPINION

4.1.1 Unsupported cash and cash equivalents
The statement of financial positions reflects cash and cash equivalents balance of kshs. 16,273,159 as disclosed in Note 5 to the financial statements. However, the bank reconciliation statements reflect receipt in cashbook but not in the bank statement totaling kshs. 5,354,093 out of which an amount of kshs. 242, 640 was not supported with relevant documents.

In circumstances the accuracy and completeness of the cash and cash equivalent balance of kshs.242, 640 could not be confirmed.

MANAGEMENT RESPONSE

The amount of kshs.242, 000 as reflected in the attached bank statement relates to partial gratuity recovery from Stephen Orot.

Committee Observations

1. The supporting documents had been provided to the auditors as at the time of committee deliberations

2. The Management had not been provided with the bank statement as at the time of audit
3. The Auditors confirmed verification of the same

COMMITTEE RECOMMENDATIONS

That this matter is resolved

4.1.2 PRIOR YEAR ADJUSTMENT IN CASH AND CASH EQUIVALENTS

The statement of cash flows and as disclosed under Note 9 to the financial statements reflects an amount of kshs. 144, 071 as a prior year adjustment in cash and cash equivalent for transactions that happened in the month of October, 2019 amounting to kshs. 176, 570 and a receipt amount kshs.32, 499 in the bank statement that had not been recorded in cash book. However, the adjusted amount did not appear in the bank reconciliation statement.

In the circumstances, the accuracy of the prior year adjustment could not be confirmed.

Management Response

Prior year adjustment relates to receipts that were double posted in the cash book in the month of October 2019 totaling kshs. 176, 570 and receipts in bank not in cash book kshs. 32,499 as shown here below.

PRIOR YEAR ADJUSTMENT (STATEMENT OF CHANGES IN NET ASSETS) AMOUNTS DOUBLE POSTED

Beneficiary	Amount
Dr. Mathews Ochieng Owili	110,672.00
Mrs. Alice Moraa Onserio	44,269.00
Dr. Rosemary Akinyi Okeyo Obara	21,626.00
Total revolving fund	176,570.00

LESS: RECEIPTS

Mr. John Obiero Ogone	32,499.00
Prior year adjustment	144,071.00

COMMITTEE OBSERVATIONS

The prior year adjustment of Kshs. 144,071.00 was sufficiently addressed as at the time of committee deliberations.

COMMITTEE RECOMMENDATIONS

That the issue is resolved

4.1.3 LONG OUTSTANDING AND DOUBTFUL DEBTS

The statement of financial position reflects balances of Kshs. 3,454,689 and Kshs. 1,887,616 in respect of long-term receivables from exchange transactions, respectively, all amounting to Kshs. 5, 342,298. The balance includes principal and interest amount of Kshs. 2, 770,279 owed by staff who have since left employment and has remained outstanding since October 2019. Although management has explained and provided correspondence made by the County Attorney to the borrowers, no further evidence was provided on the measure taken against the defaulters to recover the loans in accordance with regulation 17 of the Kisumu County car and mortgage scheme fund regulation, 2016

In the circumstance, the recoverability of the receivables amounting to Kshs. 2,770,279 remains doubtful.

MANAGEMENT RESPONSE

We acknowledge that there is non-compliance with sections 17 and 19 of the fund regulations regarding recoveries from the former CECs. We have fully recovered from Mr. John Obiero and Mrs. Ruth Odinga while partially from Mrs. Alice Moraa as tabulated below. The delay in complying with section 14(2) of the regulation is attributed to lack of budgetary allocation.

	Loan Balance (Kshs)	Amount Recovered (Kshs)	Loan Balance (Kshs)	Status
Secured Loans				
Mrs. Alice Moraa Onserio	1,443,161	761,367	681,794	PARTIALLY RECOVERED
Mr. John Obiero Ogone	840,409	869,431	-	FULLY RECOVERED
Mrs. Ruth A. Odinga Busia	486,709	501,513	-	FULLY

				RECOVERED
TOTAL	2,770,279	2,132,311		

COMMITTEE OBSERVATIONS

1. As at committee deliberation, Alice Moraa's loan had hit Kshs. 681794 from Kshs. 639,195 in 2020/2021 due to accrued interest
2. There has been non-compliance with Sections 19 of Car Loan and Mortgage Scheme Fund regulations 2016 that provides for disposal of the asset financed by the loan in case of default

COMMITTEE RECOMMENDATIONS

1. That the management of the Kisumu County Executive Car Loan and Mortgage Scheme Fund submit to this Assembly a report on the recovery of Kshs. 681,794 from Alice Moraa in a period of 90 days upon adoption of this report.
2. That failure by Alice Moraa to clear the outstanding loan by the time of submission of the report mentioned in 1 above, the accounting officer should dispose the said parcel of land to recover the outstanding loan.
3. That failure by the accounting officer to recover the outstanding loan from Alice Moraa as stated in 2 above, the County Executive Committee member for Finance, Economic Planning and ICT immediately initiates recovery of the amount of Kshs. 681,794 from the accounts due to the accounting officer, Mr. Evans Otieno
4. That going forward, the management must adhere to The Kisumu County (Car Loan and Mortgage Scheme Fund) Regulations, 2016, Regulation 19(1) which states that *where a borrower defaults in repayment of the loan for a period of four consecutive months the committee shall repossess and sell the property to another deserving member or employee at the first instance and thereafter to any willing buyer.*
5. *That going forward, management must ensure all loans are fully secured.*
6. That this issue remains unresolved

4.1.4 INADEQUATE FUND CAPITAL

Regulation 5 of the Kisumu County car loan and mortgage scheme fund regulations,2016 states that the fund shall consist of capital of Kshs. 60,000,000 and Kshs. 100,000,000 for car loans and mortgages respectively all amounting to Kshs.160,000,000. However, the statement of changes in net assets reflects as revolving fund balance of Kshs. 32, 295,000 as at June 2022 resulting to unexplained shortfall of Kshs.127, 705,000.

In the circumstances, management was in breach of the law

MANAGEMENT RESPONSE

We acknowledge the fact that the fund is underfunded which is attributable to budgetary and financial constraints. However, the county factored in the supplementary budget an amount of Kshs. 20M which will be utilized to finance loan applications as per the attached budget extract.

COMMITTEE OBSERVATIONS

The fund is still operating with inadequate capital

Committee Recommendation

That this matter is unresolved

GENERAL OBSERVATIONS
Hon. Speaker,

The following general observations were made;

1. That the management of Kisumu County Car Loan and Mortgage Scheme Fund advanced some loans without security
2. There has been non-compliance with Section 19 of Kisumu County Car Loan and Mortgage Scheme Fund regulations, 2016

GENERAL RECOMMENDATIONS

1. That going forward, the management must ensure that all loans are fully secured
2. That going forward, the management must adhere to The Kisumu County (Car Loan and Mortgage Scheme Fund) Regulations, 2016, Regulation 19(1) which states that; *where a borrower defaults in repayment of the loan for a period of four consecutive months the committee shall repossess and sell the property to another deserving member or employee at the first instance and thereafter to any willing buyer*

CONCLUSION

Hon. Speaker, I hereby request that this House adopts this report of the Public Accounts and Investments Committee on the consideration of the Auditor General's Report on the Financial Statements of the Kisumu County Executive Car Loan and Mortgage Scheme Fund for the year ended 30, June 2021 and 2022. May I call upon Hon Rakwach to second. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Hon Rakwach.

Hon Rakwach (MCA, Kolwa East Ward): Thank you Madam Speaker. I rise to second to Motion. Madam Speaker, I wish to encourage the Car Loan and Mortgage Committee to initiate

the process of recovering part of the loan that has not been paid by one Alice Moraa, as has been recommended in this report. It is upon the Select Committee on Implementation to do a follow up and ensure that the recommendation is implemented. At the same time, I want to make an observation on a loan that was advanced to one Mr. George Anyong'a, which was not fully recovered. In accounting, even a cent counts. There is a shilling that has not been recovered. I hope the House has taken note of that. Madam Speaker, I second the report. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, now that the Report by the Public Accounts and Investments Committee on the Examination of the Report of the Auditor General of the Financial Statements of the Kisumu County Car Loan and Mortgage Fund for the year ended 30th of June, 2021 and 30th of June, 2022 has been presented and seconded. As per our Standing Orders, I want to propose that the Report by the PICPAC Committee on the Examination of the Report of the Auditor General of the Financial Statements of the Kisumu County Car Loan and Mortgage Fund for the year ended 30th of June, 2021 and 30th of June, 2022 is open for debate.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Hon Were.

Hon Were (MCA, Nyalenda "B" Ward): Thank you Madam Speaker. I rise to add my voice to this report. First, I would like to commend the committee for a job well done. The House Committee has thoroughly done its research, and going by observations and recommendations, we want to inform the County Executive to ensure that every regulation that is put in place is followed to the letter. Madam Speaker, one former County Executive Committee Member (CECM) Miss Alice Moraa still owes the County money. If you look at the report some recoveries were done while others are still pending. Madam Speaker, we want to put the County Executive to task to ensure that full recovery is done.

Madam Speaker, I want to put a request to this House. We have to put the County Executive to task because every fund that is created has attendant regulation that should guide its operations. This should be followed to ensure that full recovery is done. I beg to support. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Hon. Tom Nyaoke of North Nyakach Ward.

Hon. Nyaoke (MCA, North Nyakach Ward): Thank you, Madam Speaker; I once again stand in this House to give my support to the report, which has just been read by my good friend Hon. Ouko, the Chairperson of the Committee on Public Investments and Public Accounts. It is reasonably and common sense in the whole world that loans are given under some security put forward before any loan is acquired. Madam Speaker, from all these reports that have been presented before this House, we have seen one person being mentioned and it is because this person did not finish paying up the loans that were advanced to her. However, we appreciate the

fact that the management has even tried to follow up this issue, and in this report, it is indicating that some recoveries have been made from that particular individual.

Madam Speaker, going forward, the recommendations made by this committee, I am certain that if the management can put that into practice by making sure that any loans advanced must be secured, then we will sustain the recoveries of the loans being advanced to the members. Madam Speaker that is why, I take this opportunity to thank the committee and to prevail upon Members of this House to adopt this report. This will enable these actions that we demand to be done by the management to be followed, and it will help us going forward.

Madam Speaker, if these recommendations are not implemented by securing the loans that are being advanced to Members, then we again risk facing a situation where Members go home after their term elapses without clearing their loans. They know very well that from the onset, they did not put security on those loans that they were advanced. It is on this basis that I prevail upon the Members to approve this report so that these actions that have been noted by the committee are put in place so that the management adheres to these regulations on the proposals that have been given. I beg to support, thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Hon. Geoffrey Warindo of Miwani Ward.

Hon. Warindo (MCA, Miwani Ward): Thank you Madam Speaker, let me also take this opportunity to appreciate the good work done by both the committee and the Committee Clerks, and I want to believe that it is through this report and the work that was done, that we have managed to recover some of the monies that were not recovered. I still do not understand how a fund account can be created without policies and regulations when loans are being advanced. This is the third term started, all the fund accounts that are in Kisumu County, we need to be keen on them and find out what they have been doing with those funds. If there are policies and guidelines to be followed, let them be followed. If you are a Fund Manager, you cannot just advance a loan without a collateral or security such that when one defaults to repay a loan then they can easily recover the money from that. I want to believe that going forward, up to this point, the Car Loan and Mortgage Management has adopted the regulations and policies to cushion the County from losing such amount of money. One of the names has featured and I do not need to discuss more on that but, it was the Fund Management's undoing that the money was not recovered. I believe that all the monies that were advanced and the ones that are being advanced are recovered in good time. Otherwise, I support the adoption of the report, thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Hon. Benson Adega.

Hon. Adega (MCA, Kajulu ward): Going by the mood of the House Madam Speaker, I would like to call the mover to reply.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Honourable Kennedy Ouko, the floor is yours.

Hon. Ouko (MCA, West Kisumu Ward): Thank you very Much Madam Speaker. It is our duty as oversight authority to look into affairs of the County Executive. By the law, it is defined very clearly that it is our main role. The one which we talked about underfunding which was actually explained very clearly due to budgetary constraints. We realized that this fund is truly underfunded. Remember, there was appropriation of some of the money and this money is not enough. The twenty million. So, they also appeal to the House to help them get the full amount as required by law and by the regulations.

Madam Speaker and Honourable Members, we also have the recovery of George Anyong'a's money. You can remember when he was advanced Kshs 1,504, 335. Unfortunately, he paid back, Kshs 1,504,334 and by law, he still owes the County Kshs 1 and I wonder whether he is also coming up with some interest, I hope it should be. You can remember in the year 2021, the account of this Car and Mortgage Loan was not managed as required by law by giving loans which are not paid back. It is only this lady by the name Ms. Moraa who could not be traced as a result of certain issues. However, you realized that she deposited title deed as the security. It is only that there was some kind of preference given to her which was not explained very clearly by writing a letter requesting that she should pay which she has not adhered to date.

So, that is why we came up with such kind of recommendations to the County Executive to act and ensure that they act with haste. I do concur with Members here that the regulations must be followed. That is because; if these regulations are there as stipulated in one of the Regulations Number 19 of the County Government Car Loan and Mortgage Scheme which is very clear on these matters. Therefore, the Fund Administrator must follow the regulations as required by law. Otherwise, thank you so much, we are happy that we are moving somewhere. At least we are on record that we are doing the kind of work which actually specifies our roles in the House. Once again, thank you so much Madam Speaker.

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, the report by the Public Accounts and Investment Committee on the Examination of the report of the Auditor General on the Financial Statement of the Kisumu County Car Loan and Mortgage Scheme Fund for the year ended 30th of June 2021 and 30th June 2022, has been presented, seconded and debated and it is now time for me to put a question.

(Question put and agreed to)

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, and the report by the Public Accounts and Investment Committee on the Examination of the Report of the Auditor General on the Financial Statement of the Kisumu County Car Loan and Mortgage Scheme Fund for the Year Ended 30th of June 2021 and 30th June 2022, has been adopted today

Wednesday the 20th September at 3:28 p.m.. I therefore direct that the report together with the Hansard Report be submitted to the relevant department for purposes of implementation.

The Temporary Speaker (Hon. Oginga, Nominated Member): Next Order!!

MOTION

ADJOURNMENT FOR URGENT MATTERS OF COUNTY IMPORTANCE: PUBLIC PARTICIPATION ON THE KISUMU COUNTY ANNUAL DEVELOPMENT PLAN 2024-2025.

BY

HON KENNEDY OOKO, MCA, AHERO WARD.

(LEADER OF MAJORITY).

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes Hon. Adega.

Hon. Adega (MCA, Kajulu Ward): Thank you Madam Speaker I am rising on behalf of the Leader of Majority to move the motion as stipulated in the Order Paper.

The Temporary Speaker (Hon. Oginga, Nominated Member): Please proceed.

Hon. Adega (MCA, Kajulu Ward): AWARE THAT, the Kisumu County Annual Development Plan 2024-2025 was laid on the table of this County Assembly during its sitting of Tuesday 5th September, 2023.

FURTHER AWARE THAT, the County Assembly has scheduled public participation exercise for the Annual Development Plan (2024-2025) on Thursday, 21 September, 2023 where Hon Members and staff are expected to take part,

ACKNOWLEDGING THAT, Orders No. 31(1) the Kisumu County Assembly Standing Orders states; *Any Member may at any time rise in his or her and seek leave to move the adjournment of the County Assembly for the purpose of discussing a definite matter of urgent County importance*.

FURTHER ACKNOWLEDGING THAT, Orders No. of the Kisumu County Assembly Standing Orders states; *on a day when the County Assembly is scheduled to adjourn to a day other than the next normal sitting day in accordance with the County Assembly calendar, the Leader of the Majority Party or the Leader of the Minority Party or another Member of the County Assembly Business Committee shall move a Motion of adjournment which shall be debated for not more than three hours after which the County Assembly shall adjourn without question put*.

NOW THEREFORE, this Assembly now urges Members to adjourn the County Assembly plenary sittings until Tuesday 26th September, 2023 to allow participation in the exercise.

Thank you Madam Speaker. Let me call Hon. Warindo to second.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes Hon. Warindo.

Hon. Warindo (MCA, Miwani): Thank you, Madam Speaker. Let me take this opportunity to second the motion that has been put before us. And indeed, it's of great importance that we get time and opportunity to attend such functions and I want to call upon the members not to allow the function to be conducted and run by that the Assembly staff only. For those who attended the previous ones, you realize that there was an observation that there was some bit of rowdiness from the community members. If we are there we can at least talk with them down and make them understand the importance of these activities. So I ask the members to take their time and attend and I second.

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable members know that a Motion on Adjournment of the County for Urgent Matters of County Importance on Public Participation of the Proposed Kisumu County Annual Development Plan 2024/ 2025 has been moved. I want to open the floor for debate.

The Temporary Speaker (Hon. Oginga, Nominated Member): Next Order!!

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes Hon. James Were from Nyalenda "B".

Hon. Were (MCA, Nyalenda "B" Ward): Thank you, Madam Speaker. Madam Speaker, Aware that the date of public participation is gazetted already. Honorable Members are supposed to go back to their wards to enlighten the people on the importance for participating in the development agenda, ensuring that they are actively involved and putting their views on the annual development plan. It is important that we adjourn so that we can be fully involved with our people in representation because one of our major roles of an MCA is representation, if we leave oversight. Madam Speaker, we must be fully involved. I support that we adjourn. Thank you Madam Speaker.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes Hon. Ouko.

Hon. Ouko (MCA, West Kisumu Ward): Thank you Madam Speaker, I really support the members to adjourn for the sake of public participation, which is actually anchored in law. It is very important for us to take views from our people as required. Additionally, I would like to encourage our County Assembly Members to recognize that, on occasion, our constituents can be quite critical of the County Assembly employees and the County Executive. We have the capacity to assist our staff by shielding them from any unwarranted criticism originating from our constituents. Our presence instills confidence, authenticity, and assurance that what they advocate for is recognized and backed by us. Thank you and I would like to extend my best wishes to all our Members as they engage in this public participation process.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes Hon. Vitalis.

Hon. K'Omudho (MCA, Muhoroni-Koru Ward): Thank you Madam Speaker. The adjournment is quite in order based on two points; as Members we need to be on the ground, we need to mobilize our constituents so that they go and listen to the important activity.

Secondly, just like my colleague has said, we also require the Honourable Members to be at the venues just in case the Members of the public become unruly. It is my belief that at times it is upon us to guide them accordingly and inform them that these things are quite important. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes Hon. Nyaoke.

Hon. Nyaoke (MCA, North Nyakach): Madam Speaker, it is a great concern that the public participation is equally important to the people down there at our ward level and they are required to come out and offer their inputs but it is also important that we as Members need to be present. There are a lot of things that go on during that period and there are a lot of guidance that is really required going by what we have seen before. It is really in order that this motion was brought in this House and I really support that we adjourn and proceed for the public participation.

The Temporary Speaker (Hon. Oginga, Nominated Member): Hon. Okoyo.

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

The Temporary Speaker (Hon. Oginga, Nominated Member): Hon. Adega.

Hon. Adega (MCA, Kajulu Ward): Thank you Madam Speaker, I take this opportunity to thank my colleagues for debating on this motion and I also urge Members to fully participate in the tomorrow's function and to also take care of the staff. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, now that the Motion on Adjournment for Urgent Matters of County Importance: Public Participation on the Proposed Kisumu County Annual Development Plan FY 2024/2025 has been moved, seconded and debated upon, I therefore want to put a question on the adoption of the same.

(Question put and agreed to)

ADJOURNMENT

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, I therefore want to declare that this House stands adjourned to Tuesday, 26th September, 2023 at 2.30 p.m.

(House rose at 3.08 p.m.)

The Hansard Team

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