COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – THIRD SESSION

Thursday 02nd May, 2024

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"): Good afternoon Honourable Members, since we have not attained the requisite quorum, I make reference to the provisions of Kisumu County Assembly Standing Orders No. 32 (2) and do direct that the quorum bell be rang for five minutes.

(Quorum bell rang for five minutes)

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

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

PAPERS LAID

THE PROPOSED KISUMU COUNTY BUDGET ESTIMATES FOR THE FY 2024/2025

BY

HON. KENNEDY OOKO, MCA, AHERO

(LEADER OF MAJORITY)

EXAMINATION OF AUDITOR GENERAL'S REPORT AND FINANCIAL STATEMENTS OF NYAKACH SUB-COUNTY LEVEL IV HOSPITAL FOR FY ENDED 30TH JUNE, 2022.

EXAMINATION OF AUDITOR GENERAL'S REPORT AND FINANCIAL STATEMENTS OF LUMUMBA SUB-COUNTY HOSPITAL FOR FY ENDED 30TH JUNE, 2022.

EXAMINATION OF AUDITOR GENERAL'S REPORT AND FINANCIAL STATEMENTS OF KOMBEWA HOSPITAL FOR FY ENDED 30TH JUNE, 2022.

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU.

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

(Laid by the Vice Chairperson Hon. Warindu on behalf of the Chairperson, Hon. Ouko)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Leader of Majority.

Leader of Majority (Hon. Ooko, MCA, Ahero): Thank you Madam Speaker. Pursuant to the provisions of Order No. 122 (2) of the Kisumu County Assembly Standing Orders, I wish to table today Thursday 02nd May, 2024 the Proposed Kisumu County Budget Estimates for the FY 2024/2025. Thank you.

(Leader of Majority lays before the House the Proposed Estimates FY 2024/2025 for consideration)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, I confirm the receipt of the Proposed Kisumu County Budget Estimates for the FY 2024/2025. I therefore, commit this document to the Select Committee of Budget and Appropriations. This House Committee is expected to report back to the House according to stipulated provisions of the Kisumu County Assembly Standing Orders. Additionally, this House Committee should work together with the Sectoral Committees and the line Departments to ensure the Proposed Budget Estimates are passed on time. Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Vice Chair PIC/PAC.

Hon. Warindu (MCA, Miwani): Thank you Madam Speaker. I am standing in for the Chairperson of the Select Committee of PIC/PAC. Pursuant to the provisions of Orders No. 182 (6), I wish to table today Thursday 02nd May, 2024, a report of the PIC/PAC on the Examination of the Auditor General's Report and Financial Statements of Nyakach Sub-County Level (IV) Hospital for FY ended 30th June, 2022.

Again, pursuant to the provisions of Orders No. 182 (6), I wish to table today Thursday 2nd May, 2024, a report of the PIC/PAC on the Examination of the Auditor General's Report and Financial Statements of Lumumba Sub County Hospital for FY ended 30th June, 2022.

Lastly, pursuant to the provisions of Orders No. 182 (6), I wish to table today Thursday 2nd May, 2024, a report of the PIC/PAC on the Examination of the Auditor General's Report and Financial Statements of Kombewa Hospital for FY ended 30th June, 2022.

(Hon. Warindu lays the reports before the House for consideration)

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

NOTICES OF MOTION

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Chairperson, PIC/PAC Committee.

Hon. Warindu (MCA, Miwani Ward): Thank you, Madam Speaker, Pursuant to provisions of Orders No. 45(1) of the Kisumu County Assembly Standing Orders, I wish to give a Notice of Motion that, this House adopts a Report of the Select Committee of PIC/PAC on the Examination of the Auditor General's report and Financial Statements of Nyakach County Level IV Hospital for the year ended 30th June, 2022.

Again, Pursuant to provisions of Orders No. 45(1) of the Kisumu County Assembly Standing Orders, I wish to give a Notice of Motion that this House adopts a report of the Select Committee of PIC/PAC on the Examination of the Auditor General's Report and Financial Statements of Kombewa Hospital for the year ended 30th June, 2022. Thank you.

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

STATEMENTS

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Hon. Emily Oginga.

Hon. Oginga (Nominated MCA): Thank you, Madam Speaker; I would like to make a Personal Statement.

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

Hon. Oginga (Nominated MCA): Madam Speaker, on this personal statement, I believe that we all have a responsibility of being in this House, and we are supposed to play our role and be a part of it. I have something that has been affecting me in this House for quite some time, the Air Conditioner which is too low. I don't know whether we can find a way of maybe having a section without the Air Conditioner because, I cannot stand a room with an Air Conditioner (AC) or sleep at night after being exposed to the Air Conditioner. So, I don't know how you are going

to help me because I would like to be part of the proceedings of the House. Otherwise, I would like you to go on record that if it is not possible then maybe I can contribute online, thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, that is a personal statement, and therefore we do not expect any debate on that. However, that's a genuine concern that I would like to recommend that the Office of the Clerk considers the request by the Honourable Member. Honourable Members, we are still Statement hour and I am meant to understand that the Standing Committee of Administration of Law, Justice and Constitutional Affairs, Good Governance and Security had a Statement. So, in the absence of the Chairperson. Hon. Rakwach, do you want to address the Chairperson?

Hon. Rakwach (MCA, Kolwa East): No Madam Speaker.

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

MOTION

ADOPTION OF A REPORT OF EDUCATION, TECHNICAL TRAINING INNOVATION AND SOCIAL SERVICES COMMITTEE ON CONSIDERATION OF THE QUARTERLY REPORTS AND FINANCIAL STATEMENTS OF THE KISUMU COUNTY EDUCATION FUND FOR THE PERIOD ENDED 30TH SEPTEMBER, 2023.

BY

HON. SETH OKUMU, MCA, EAST SEME.

(CHAIRPERSON)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): The Honourable Chairperson of Education, Technical Training Innovation and Social Services Committee.

Hon. Okumu (MCA, East Seme): Thank you so much Madam Speaker, allow me to move a motion on the Mr. Speaker and Hon. Members, Article 185 of the Constitution of Kenya gives the County Assembly powers to oversight the County Government and its Expenditure. In fulfillment of these constitutional provisions, Standing Order No. 193 and the Second Schedule of the Kisumu County Assembly Standing Orders has established the Sectoral Committee on ECDE, Adult Education and Vocational Training whose mandate is to examine the operations of the Department on Education and Social Services to ascertain whether public funds domiciled within the Department have been utilized in a lawful, authorized, effective, efficient, economical and transparent manner.

This report therefore contains the Committee's proceedings of its consideration of the 1st Quarter Report and Financial Statements for the Period Ended 30th September, 2023 pursuant to the

provisions of Standing Order No. 193 and the Second Schedule of the Kisumu County Assembly Standing Orders.

The Kisumu County Education Fund is established by and derives its authority and accountability from the Kisumu County Education Fund Act, 2014 and its attendant amendment; the Kisumu County Education Fund (Amendment) Act, 2016. The Fund has specific mandates provided for in the Act and is currently managed in pursuant to the following objectives:

i. To support students to join VTCs for market driven Skills acquisition

ii. To register more artisans in the informal sector with NITA for Certification

iii. To address middle level skill-gaps and train for market uptake

iv. To carry out intense monitoring and mentorship for the beneficiaries to ensure return on investment,

v. To source for more funds to meet the risisng demand for bursaries and scholarships as specified in the Act,

vi. To train students in Marine and;

vii. To review the Fund Regulations to align with the current needs of the Fund.

Based on the important role that the Education Fund play towards County development, there is need for proper utilization and accountability of public resources invested towards realization of mandates of the educational institutions used by residents of Kisumu County. It is on this basis that the Committee considered the Quarterly Report. Based on the findings from the analysis of the Report, the Committee was able to come up with various recommendations for consideration by the House.

The Committee has held a total of three meetings where it has received and considered various analysis of the Quarterly Financial Statements from its secretariat. The submissions received from the Fund Management forms the basis of the observations, findings and recommendations of the Committee as outlined in this Report. These can also be obtained from the Minutes of the Committee and Hansard Reports of the Committee Proceedings.

Mandate and Composition of the Committee.

The Sectoral Committee on ECDE, Adult Education and Vocational Training is established pursuant to Standing Order No. 193 of the Kisumu County Assembly Standing Orders. Under the

Second Schedule to the said Standing Orders, the Committee is mandated to consider all matters related to:

> *All matters relating to pre-primary education, adult education, village polytechnics, home craft centres and childcare facilities.*

The Committee was formally constituted in 18th October, 2022 and re-adjusted in April, 2023. It is currently composed of the following members:

1. Hon Seth Okumu Chairperson
2. Hon. Vitalis K'Omudho Vice Chairperson
3. Hon Samuel Onyango Member
4. Hon Ken Ouko Member
5. Hon Henrietta Bodo Member
6. Hon James Omollo Member
7. Hon Benson Adega Member

The Secretariat of the Committee is composed of the following:

1. Mr. Harman Moses Clerk Assistant
2. Mrs. Rose Baraza Serjeant-At-Arm
3. Ms. Jacklyne Akinyi Hanasard Reporter

ACKNOWLEDGEMENT

I would like to express my special gratitude to the Offices of the Speaker and the Clerk of the County Assembly for the logistical and technical support offered to the Committee during its consideration of the 1st Quarterly Report and Financial Statement for the Education Fund for the Period ended 30th September, 2023.

Finally, I wish to express my appreciation to the Honorable Members and Secretariat of the Committee who made useful contributions towards the preparation and production of this Report.

On behalf of the Committee on ECDE, Adult Education and Vocational Training and pursuant to provisions of Standing Orders No. 182, it is my pleasant privilege and honor to present to this

Hon. House the Report of the Committee on its consideration of the 1st Quarterly Report and Financial Statements for the Education Fund for the period ended 30th September, 2023.

CHAPTER TWO

BACKGROUND INFORMATION

LEGAL FRAMEWORK

Mr. Speaker and Hon. Members, the basis of this inquiry is founded on Constitutional and legal provisions which define the mandatory Financial Reporting criteria and holds Accounting Officers directly and personally liable for any loss of public funds under their trust. The Committee has and will continue to invoke these provisions in its recommendations to ensure that public resources channeled to the Education Fund in furtherance of its mandates is utilized to the benefits of the residents of Kisumu County. These legal provisions were as follows:

a) Article 185 of the Constitution of Kenya, 2010 which provides the Mandates of the County Assembly in regards to all matters related to the Fourth Schedule of the Constitution. In particular, Article 185 (3) of the Constitution provides as follows:

> *185 (3) A county assembly, while respecting the principle of the separation of powers, may exercise oversight over the county executive committee and any other county executive organs.*

b) Article 201 of the Constitution of Kenya 2010 which provides for the fundamental principles that guide all aspects of Public Finance. These principles are *inter alia:* -

   i. Article 201 (a) which states that there shall be openness and accountability, including public participation in financial matters;

   ii. Article 201 (d) which states that public money shall be used in a prudent and responsible way; and

   iii. Article 201 (e) which require that financial management shall be responsible, and fiscal reporting shall be clear.

c) Article 226(5) of the Constitution of Kenya which places a direct personal liability on the Management and administration of public funds on the responsible person. This legal provision has established the premise on the concept of individual and personal liability or responsibility; meaning that the act or omission complained of must have been done or undertaken with the knowledge, consent or connivance of the person accused. Article 226 (5) provides as follows:

If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not.

d) Section 116 (1) of the Public Finance Management Act, 2012 which gives the County Executive Committee Member for Finance the power to establish public funds with the approval of the County Executive Committee and the County Assembly.

e) Section 166 of the Public Finance Management Act, 2012 which provides that Accounting Officer for a County Government entity shall prepare a report for each quarter of the financial year in respect of the entity.

Further this section requires the accounting Officers to ensure that a quarterly Report: -

i. Contains Information on the Financial and Non-financial performance of the entity and;
ii. Is in a form that complies with the Standards prescribed and published by the Public Sector Accounting Standards Board from time to time.

Section 166 of the Public Finance Management Act, 2012 further requires that not later than fifteen (15) days after the end of each quarter, the Accounting Officer shall submit the quarterly report to the County Treasury who shall consolidate the Financial Statements within one month after the end of the Quarter and submit the Financial Statements to the County Assembly with a copy to the National Treasury, Controller of Budget and the Commission of Revenue Allocation.

f) The National Treasury Circular No. 21 of 2016 on Compliance with Quarterly Reporting as Outlined in the Public Finance Management Act, 2012 which provides for an illustrative Quarterly Financial Statements for the County Executive and;

g) The provisions of the Kisumu County Education Fund Act, (No.1 of 2014) which established the Education Fund and provided for the procedures for the management and administration of the Fund and the Kisumu County Education Fund (Amendment) Act, 2016 which amended the Principal Act No. 1 of 2014.

MANAGEMENT OF THE KISUMU COUNTY EDUCATION FUND.

Mr. Speaker and Hon. Members, the Kisumu County Education Fund is currently managed and administered in accordance with Section 5 of the Kisumu County Education Fund (Amendment)

Act, 2016 by a Fund Administration Committee and a Key Management Committee comprising of the following:

Board of Trustees/Fund Administration Committee:

Ref.	Name	Position
1.	Oliver Oloo Otunga	Chairperson
2.	Domnic Odipo	Member
3.	Rosemary Akinyi Yande	Member
4.	Hildah Odah	Member
5.	Richard Okech	Member

Key Management

Ref.	Name	Position
1.	Oloo Otunga	Chairman
2.	Fredrick Asewe	Fund Administrator
3.	Japheth Orwa	Fund Accountant
4.	Rosemary Akinyi	Committee Member

Fiduciary Oversight Arrangements

Ref.	Name	Position
1.	CPA Geofrey Dienya	Directorate of Internal Audit
2.	CPA Keziah Okoth	Directorate of Accounting Services

ANNALYSIS OF THE 1ST QUARTERLY REPORT AND FINANCIAL STATEMENT FOR EDUCATION FUND FOR THE PERIOD ENDED 31TH SEPTEMBER, 2023.

Mr. Speaker and Hon. Members, the Education Fund is established and administered in accordance with the Kisumu County Education Fund (Amendment) Act, 2016 and currently

operates on a key development objective set out in the Kisumu County Government Integrated Development Plan, which is to improve the education standard and increase the number of student's intake by granting bursaries and scholarships to eligible students.

This Quarterly Financial Statement has thus been submitted in accordance with Section 166 of the Public Finance Management Act, 2012 which require that at the end of each quarter, the Administrator of a County Public Fund shall prepare financial statements for the fund in accordance with the Standards and formats prescribed by the Public Sector Accounting Standards Board.

During the analysis of the Quarterly Financial Statement, the committee deliberated on the following subject matters of the fund:

i. Statement of Financial Position

ii. Statement of Cash Flows

iii. Statement of comparison of Budgets and Actual amounts

iv. Notes to the financial statement

v. Disbursements.

Statement of Financial Position

The Fund's Statement of Financial Position as at 30th September, 2023 reflected receivables from non-exchange transactions of Kshs. 94,241,980.00 at the end of the quarter while the following assets and liabilities recorded zero balance within the period under review:

a) Prepayments
b) Inventories
c) Non-current Assets and
d) Non-Current liabilities

The Committee has noted that a comparative data of the Financial Position of the Fund in the same period during the Financial Year 2022/2023 was not provided.

Statement of Changes in Net Assets

The Fund's statement of Changes in Net Assets during the period under review indicated that the Fund had an opening balance of Kshs. 141,671,469 as at 1st July, 2023 and a surplus deficit of Kshs. 97,186,127.

The Funds received during the period under review has been recorded as NIL.

Statements of Cash flows for the Period

The Fund's Statements of Cash flows for the period under review has recorded a transfer amount of Kshs. 102,500,000.00 received from the County Government within the period under review. The Fund has so far expended Kshs. 61,158,851 incurred on following Payments:

Ref.	Expenditure	Amount Paid (Kshs.)
1	Disbursements	102,696,274
2	Fund Administration expenses	3,075,000
Total		105,771,274

Statement of Comparison of Budget and Actual Amounts for the Period Ended 30th September, 2023.

The Committee has noted that the Management of the Fund has only realized a 53% utilization of the Fund Budget for Disbursements and 55% of the Fund Budget on Fund Administration.

There was however no comparative data of utilization of the Fund during the same period in the previous financial Year.

Disbursements

Mr. Speaker and Hon. Members, the Quarterly Report and Financial Statements for the period under review shows a Disbursement breakdown as follows:

	Period ended Sep. 2023 (Kshs.)	Comparative Period,2022 (Kshs.)
Scholarships	105,771,274	57,751,400
Total Disbursements	105,771,274	57,751,400

FINDINGS AND OBSERVATIONS.

Mr. Speaker and Hon. Members, following the analysis on the Quarterly Report, the Committee made the following findings

i. THAT the Fund Administrator did not provide the status of Bursary disbursement. The Committee is therefore unable to determine whether the Fund has incurred payment of

any Bursary to the various needy students within the County during the period under review.

ii. THAT the Fund Administrator did not provide a breakdown of how the Fund Administration expenditure has been spent so far.

iii. THAT the Fund Administrator is currently implementing the Kisumu County Education Fund (Amendment) Act, 2016 without a Regulation providing procedures for the management and administration of the Fund. However, a draft copy of the Regulation was adduced before the Committee.

RECOMMENDATIONS.
Mr. Speaker and Hon. Members, the Committee therefore recommends:

i. THAT the Fund Management should forward an implementation matrix for the Fund indicating the number of beneficiaries of the fund and the institutions within 21 days of the adoption of this Report for further scrutiny.

ii. THAT the Fund Administrator should provide Comparative Data of the Fund for the period ended 30th September, 2023 during the FY 2022/2023 for future comparative analysis for the Fund.

iii. THAT the Fund Administrator should submit to this Hon. House an Implementation Status of recommendations of previous Audited Reports within 21 days of the adoption of this Report for consideration.

CONCLUSION

It is therefore my honor and privilege, on behalf of the Committee on Early Childhood Development Education, Adult Education and Vocational Training to move this Motion for Adoption of the Report of Education, Technical Training, Innovation and Social Services Committee on its consideration of the Quarterly report and Financial Statement of the Kisumu County Education Fund for the period ended 30th September, 2023. Hon. Members, with so many words that we have used; I want to ask the Vice Chairperson the Hon. Vitalis K'Omudho to second.

Hon. K'Omudho (MCA, Muhoroni/Koru): Many thanks Hon. Madam Speaker, many thanks to Honourable Members and by extension with due respect to the Chairperson of the of Education, Technical Training Innovation and Social Services Committee. The wonderful report captures, with detailed annexures and I rise to second the adoption of the in the House. Once more, many thanks.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, a report on the First Quarterly reports and Financial Statements of Kisumu County Education Fund for the Period Ended 30th September, 2023 has been moved and seconded by the Deputy Chairperson of that House Committee. I want to propose a question of debate and so I declare the report open for discussion.

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

Hon. Omollo (MCA, West Nyakach): Thank you Madam Speaker, I have checked the mood of the House and I want to call the mover to reply. Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Hon. Seth Okumu, you are being called upon to reply. But, before you reply, these Honourable Members have had very many questions about the Bursary Allocation Financial Statement and now that the report is tabled here, we have nothing to say so Hon. Chair kindly go ahead and reply.

(Hon. Oiko Pete rises on his feet)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Hon. Pete you are out of order. Hon. Seth please take your seat Hon. Oiko Pete, I gave a chance for discussion, no Member rose to his or her feet and the mover was called upon to reply. You cannot stand to debate after the mover has been called to upon to reply. So, with all due respect my senior Hon. Colleague I request that you resume your seat and let the mover reply.

Hon. Oiko (MCA, Kabonyo/Kanyagwal): Madam Speaker you are right.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Order!! Hon. Oiko Pete You are a respected Member of this House. Thank you.

Hon. Okumu (MCA, East Seme): Thank you Madam Speaker; it is my trust that you should use the name Pete. When you give it a different pronunciation it confuses. He is used to Oiko Pete. Thank you so much.

Madam Speaker, this is the advantage of having committed Members of these House Committees who are very bright and have gone places and can interrogate and analyze a report that comes in the House and it is so clear that Members have no questions and agreed with all the recommendations. Madam Speaker, now what is remaining in this financial report is to go and see the implementation of the recommendations that we have made. I will keep emphasizing that the quarterly report that come to this Assembly are very important. They provide guidance to enable us as a House know and monitor whether we are achieving our objectives either in the

budget or in the implementation of all the funds that we appropriate in this House. Let us take them seriously. All the committee Members of different Sectoral Committees, kindly Quarterly Financial Statements, and Annual Financial Statement should be looked into keenly and seriously so that we don't wait for the Audited Reports that usually come after so many other things have gone wrong. Thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, now that the report on the First Quarterly Report and Financial Statement of Kisumu County Education Fund for the period ended 30th September, 2023 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)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, the report on the First Quarterly Report and Financial Statement of Kisumu County Education Fund for the period ended 30th September, 2023 is hereby adopted today Thursday, 02nd May 2024 at 15:09 hours.

Honourable Members, I direct that this report together with the Hansard report be prepared and forwarded to the relevant sector for implementation. Consequently, I recommend that the Select committee on Implementation to follow up and ensure that the recommendations therein are implemented. Thank you.

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

ADJOURNMENT

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, there being no any other business to transact, the House stands adjourned until Tuesday, 07th May, 2024 at 2.30 p.m.

(House rose at 03.11 p.m.)

Addendum

Hansard Team

Zablon Otiende	-	*Senior Hansard Reporter (Acting Editor)*
Edward Odanga	-	*Hansard Reporter*
Fanuel Okode	-	*Hansard Reporter*
Patrick Okoyo	-	*Hansard Reporter*
Jesca Otieno	-	*Hansard Reporter*
Jacklyne Otieno	-	*Hansard Reporter*
Valery Achieng'	-	*Hansard Reporter*