

## COUNTY GOVERNMENT OF KISUMU



### COUNTY ASSEMBLY OF KISUMU

### **THE HANSARD**

#### *Official Report*

#### **THIRD ASSEMBLY – THIRD SESSION**

**Thursday 09<sup>th</sup> May, 2024**

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

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

#### **PRAYERS**

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Honourable Members, I direct and in line with the dictates of the Kisumu County Assembly Standing Order No. 32 (2) that the quorum bell be rung for five minutes.

*(Quorum bell rang for five minutes)*

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Yes Leader of Majority, can you please confirm if we have the quorum. Hon. Gard Olima are you representing the Leader of Majority?

*(Laughter)*

**Hon. Olima** (MCA, South West Nyakach): Yes. Thank you Madam Speaker. I am representing the Leader of Majority. I can confirm there is quorum in the House. Thank you.

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

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

## PAPER LAID

PIC/PAC REPORT ON AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS FOR AHERO COUNTY LEVEL IV FY ENDED 30<sup>TH</sup> JUNE, 2022

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU.

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

*(Laid by Hon. Okumu on behalf of Hon. Ouko)*

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta "B"): What is it Hon. Seth Okumu?

**Hon. Okumu** (MCA, East Seme): Thank you Madam Speaker. Allow me to lay a Paper on behalf of Hon. Ouko.

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

**Hon. Okumu** (MCA, East Seme): Thank you Madam Speaker. Pursuant to the provisions of Order No. 182 (6) of the Kisumu County Assembly Standing Orders, I wish to table today Thursday 09<sup>th</sup> May, 2024 the report of the Select Committee of PIC/PAC on their consideration of the Auditor General's Report on the Financial Statements for Ahero County Level IV FY ended 30<sup>th</sup> June, 2022. Thank you.

*(On behalf of Hon. Ouko, Hon. Okumu lays the report before the House for consideration)*

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, I confirm the receipt of the report of the Select Committee of PIC/PAC on their consideration of the Auditor General's report on the Financial Statements for Ahero County Level IV FY ended 30<sup>th</sup> June, 2022. Thank you.

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

## NOTICE OF MOTION

PIC/PAC REPORT ON AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS FOR AHERO COUNTY LEVEL IV FY ENDED 30<sup>TH</sup> JUNE, 2022

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

(Notice of Motion given by Hon. Okumu on behalf of Hon. Ouko)

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Hon. Seth Okumu.

**Hon. Okumu** (MCA, East Seme): Thank you Madam Speaker. Allow me to give a Notice of Motion on behalf of Hon. Ouko.

**The Deputy Speaker** (Hon. Okombo): Proceed.

**Hon. Okumu** (MCA, East Seme): Thank you Madam Speaker. Pursuant to the Order No. 45 (2) of the Kisumu County Assembly Standing Orders, that this House considers adopting the report of the Select committee of PIC/PAC on their consideration of the Auditor General’s report on the Financial Statements for Ahero County Level IV FY ended 30<sup>th</sup> June, 2022. Thank you.

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

## MOTION

ANNUAL REPORTS AND FINANCIAL STATEMENTS OF THE KUSUMU COUNTY  
EDUCATION FUND FOR FY ENDED 30<sup>TH</sup> JUNE, 2023

BY

HON. SETH OKUMU, MCA, EAST SEME.

CHAIRPERSON, EDUCATION, TECHNICAL TRAINING, INNOVATION AND SOCIAL  
SERVICES COMMITTEE

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Yes Hon. Seth Okumu.

**Hon. Okumu** (MCA, East Seme): Thank you Madam Speaker and fellow Honourable Members. 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 Annual Financial Statements of Kisumu County Education Fund for the Year Ended 30<sup>th</sup> June, 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 geared towards social welfare within the County and in particular, pursuant to the Kisumu County Education Fund Act, 2014 to be used to assist students in educational institutions to obtain education and for matters incidental thereto.

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 Annual Financial statement of the Education Fund. Based on the findings from the Annual Financial Statement, the Committee was able to come up with various recommendations for consideration by the House.

The Committee has held a total of fifteen meetings where it has received and considered various analysis of the Annual 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 constituted in June, 2023 and is currently composed of the following members:

- |                         |                  |
|-------------------------|------------------|
| 1. Hon Seth Okumu       | Chairperson      |
| 2. Hon. Vitalis Komudho | Vice Chairperson |
| 3. Hon Ken Ouko         | Member           |
| 4. Hon Henrietta Bodo   | Member           |
| 5. Hon James Omolo      | Member           |



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 116 (7) of the Public Finance Management Act, 2012 which provides for the procedures of accountability on County Public Funds. Section 116 (7) of the Public Finance Management Act, 2012 provides that:

*The administrator of a county public fund shall—*

- (a) prepare accounts for the fund for each financial year;*
- (b) not later than three months after the end of each financial year, submit financial statements relating to those accounts to the Auditor-General; and*
- (c) present the financial statements to the county assembly.*
- f) 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.

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

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

ANNALYSIS OF THE ANNUAL FINANCIAL STATEMENT FOR EDUCATION FUND FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 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 Annual Financial Statement has thus been submitted in accordance with Section 116 (7) of the Public Finance Management Act, 2012 which require that at the end of each financial year, 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 Annual 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.

The Table 1.1 indicates the issues raised on the Annual Financial Report based on the subject areas above and the Department's Response on the matters:

REF . NO	SUMMARY OF FINDINGS	MANAGEMENT RESPONSE
1.1	Explanation for Cash and Cash equivalents of Kshs.36,357,596	The Management of the Fund informed the Committee that Cash and Cash equivalents refer to cash held in the bank and hand at close of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term imprest and advances to authorized public officers and or institutions which were not surrendered or accounted for at the end of the financial year.
1.2	Analysis of Cash and Cash Equivalent	The Management of the Fund informed the Committee that the figure, of Kshs. 28,119,965 refers to entries which had been booked in the cashbook but not paid due to shortage of cash.  It is noted that the cash book is always credited with approved payment vouchers and imprest warrants awaiting when funds become available in the bank.
1.3	Fund Administration Cost	The Management of the Fund informed the Committee that the reported administration Cost of Kshs.3,091,211 has exceeded the threshold of 3% of Kshs.102,500,00 which is Kshs.3,075,000 by Kshs.16,211.00 only
1.6	Outstanding Imprest. The committee wanted to get a report on the Outstanding Imprest.	The Management has provided a schedule of Imprest outstanding as well as the current status of any balances as 30 <sup>th</sup> June 2023.
1.7	Trade Payables and pending Bills. The statement of financial position reflects trade of	Management General explains that these related to goods and services which had been delivered as at 30 <sup>th</sup> June 2023 but were not paid for as at close of that financial year.

	Kshs.4, 203,891.	
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OBSERVATIONS AND FINDINGS FROM THE MANAGEMENT RESPONSES ON ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023.

Following the consideration of the Annual Report and Financial Statements for the Year Ended 30<sup>th</sup> June, 2023, the Committee made the following observations and findings:

Explanation for Cash and Cash equivalents of Kshs. 36,357,596

The Committee observed that the Management response does not satisfactory address the issues raised by the committee. And given the explanation of the Management of what constitute cash and cash balances, means that expenses booked in a cash book for which cash was not available does not fall under the category.

Cash and Cash equivalent is essentially money which the Fund should be having either in its bank account or in form of imprest where monies have already moved from the bank account but not yet charged to a respective expenditure vote head due to non-surrender.

It is further observed that if the submissions of the Department is to go by then in accounting terms, the cashbook should have been overdrawn by Kshs. 19,882,334 which when properly reconciled by the submitted schedules would provide evidence for Cash as per bank statement of Kshs. 8,237,631.

Analysis of Cash and Cash Equivalent

In the financial statements, Cash and Cash Equivalent had the following two items:

1. Cash in the bank Kshs. 8,237,631.15
2. Others (Payments booked in the cashbook awaiting availability of funds Kshs. 28,119,965

The committee observed that while the cash balances in the bank of Kshs. 8,237,631.15 was indeed verifiable by way of a certificate of bank balances, the same could not be said of Kshs. 28,119,965 relating to bursaries booked in the cashbook, and Kshs. 3,098,500.

The Committee however queried the submissions in Page 2 of the financial statements for the year under review (that is, the section on Statement of Financial Position) supported by Note 11 of Notes to the financial statements which indicates that Cash and Cash Equivalent balances was Kshs.36,347,889 where the breakdown given to support the balance was as follows:

- a) Bank Balances Kshs.8,041,356.65
- b) Un surrendered Imprest Kshs.3,098,500
- c) Bursaries booked in the cash book awaiting payment Kshs.28,119,965

Based on the evidence examined from the supporting schedules, and the corresponding response from the Management with respect to Cash and Cash Equivalent of Kisumu County Education Fund for the year ended 30th June 2023, the Committee found that Kshs. 28,119,965 does not constitute cash at hand therefore, the Committee is unable to verify the expenditure of the money.

#### Fund Administration Cost

The Committee observed that the Fund Administration cost exceeded the set limit of Kshs.3% of total funds received.

The Committee further observed that the Management did not comply with the regulations governing the management of the Fund with respect to how much should be spent on administration of the Fund.

The Committee also found that the total expenditure on administration given in page 1 of the Financial Statements (Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023) was reported that the Fund Administrative Costs was Kshs. 4,228,507 yet from the analysis on the percentage and variance the amount used for the percentage calculation was Kshs. 3,091,211.

#### Outstanding Imprest.

The committee received a report on the Outstanding Imprest and observed instances where Imprests remained unaccounted for, for far too long contrary to the provision of PFM Act 2012 and the PFM Regulation 2015 such as an imprest for Kshs.1, 236,638 issued to Mr. Isaack Owich which remained outstanding for more than one year?

The Committee was also unable to establish why Kshs. 3,098,500 remained outstanding as at 30<sup>th</sup> June 2023 and why these funds were issued as imprest and for what purpose.

## CHAPTER THREE

## RECOMMENDATIONS.

Mr. Speaker and Hon. Members, following the Committee's Consideration of the Annual Financial Statement for Education Fund for the Year Ended 30<sup>th</sup> June, 2023, the Committee makes the following Recommendations:

- I. THAT the findings and observations of this Report be submitted to the Auditor General for consideration.
- II. THAT the Internal Controls, Risk Management and Governance of the Fund be strengthened to ensure prompt reporting and accounting on the expenditure of the Fund;
- III. THAT the utilization of the Fund Administration Cost should be in accordance to the law, and culpability should be found on any breach of the limits provided for in the PFM Act.

## CONCLUSION

In conclusion and based on the requirements of the provisions of the Public Finance Management Act, 2012 and the Public Finance Regulation, 2015 and having received and verified supporting schedules of the expenditure of the Fund, the Committee concludes:

- I. That the financial statements were fairly presented before this County Assembly in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- II. That based on the Lawfulness and Effectiveness in Use of Public Resources in compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals; the public resources were applied in a fairly prudent, efficient, economic, transparent and accountable manner save the utilization of the Fund Administrative cost which surpassed 3% as required by the law. The same is hereby forwarded to the Auditor General for detailed scrutiny upon the adoption of this Report.

- III. That the Effectiveness of Internal Controls, Risk Management and Governance which should consider how the Fund Management has instituted checks and balances to guide internal operations is still insufficient as evidenced by the late accounting of imprests issued to various persons.

It is therefore my honor and privilege, on behalf of the Committee on Education, Vocational Education Training and Social Services to move this Motion for consideration by the Hon. House. May I call upon Hon. Benson Ambuti Adega to second.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Hon. Adega.

**Hon. Adega** (MCA, Kajulu): Thank you Madam Speaker. I second the report.

**The Deputy Speaker** (Hon. Okombo): Honourable Members, now that the Annual Reports and Financial Statements of the Kisumu County Education Fund for the Financial Year ended 30<sup>th</sup> June, 2023 by Education, Technical Training, Innovation and Social Services Committee has been moved and seconded, I want to propose that the report is open for discussion.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Hon. Gard Olima.

**Hon. Olima** (MCA, South West Nyakach): Thank you Madam Speaker. Allow me to commend this House Committee for the job that is not fully done. The Bursary Fund in Kisumu County for the financial years dating back to 2020 has been having issues. You are aware that before the financial year 2020, we used to get cheques to our students to schools. The process was very transparent and almost all the students in the Wards who applied were getting the bursary. Madam Speaker, today the money is being wired directly to schools. I thought this House Committee could have done this House a better job by bringing us information on those schools that claims to date that they didn’t get the disbursements for the financial year 2022/2023 FY Budget.

Madam Speaker, if you look at the report, most of the schools and colleges we are dealing with have more than one account. You find that the county decides on which account they are going to wire the monies to without even inquiring from these institutions on which account should funds be transferred to. Today, I am here as the representative of South West Nyakach. I am aware that we have around Kshs. 134,000 in Nyakach Girls that cannot be disbursed because there is no document to show whom these funds were disbursed to and the source of these funds.

Madam speaker, I want this house Committee to go back to the Fund Administrators and give us more report on the same. When we send money to schools without documentation because they get bulk amount and they can subdivide it and that means that some money get unused without crediting specific amount to the beneficiaries. I urge this House Committee to implore the Fund Administrators to allow us go back to the old system of issuance of cheques.

Madam Speaker, if you look at the county, the seven sub-counties and you want to run a manifest to schools a case in point Kisumu Girls then, you will understand how big it is. This House Committee should help us in reducing the management of the fund even to the sub-county level. So that we can be made aware even the schools and institutions which are awarded but they are not within our county.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Hon. Gard, are supporting the report or you want to bring some amendments or you want the report to be taken back to include your proposals?

**Hon. Olima** (MCA, South West Nyakach): Madam Speaker, I began by commending this House Committee...

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): In other words, you are supporting?

**Hon. Olima** (MCA, South West Nyakach): Madam Speaker, I am supporting but there are gaps that I feel that this House Committee should go back and address for the House. I have said that if we can go back for the cheque system that will give us more transparency of these funds disbursed. You are all aware that you can send money from your account to somebody on the other side and may be because of technical hitch, the same amount will get back to your account. Nobody in that department will be able to know that the transaction was never successful. The school will not be aware they were sent money. The student will be sent home that the bursary was never paid. Madam Speaker, when you take a cheque and it bounces then you will have a copy of the bank slip but when you sent money to a specific institution and it bounces back then it is the Fund Administrator who knows the same. If they don't resend the money then that is why there are funds that could not be accounted for in this report.

So, I would urge this House Committee to implore on the Fund Administrators to ensure that these monies are disbursed in form of cheques, reduced to the sub-county level so that we can trace the transaction. It is very difficult to know who was awarded when all are done in group. It is even difficult for receipts be issued. I urge the Members or this House Committee to help us in that.

Secondly Madam Speaker, I have not heard from the report on how those who we work with at the ward level, the Bursary Committee. Ninety per cent of them do not get the management funds of what they are doing in the village or ward level. These people are entitled to a percentage of the money for the management of these funds. If you look at the manifest which the Chairperson alluded to, that it has not been returned, you ask most of the Ward Bursary Committees, none of them get this money. May be they reach the sub-county level but they don't go to the Ward level. I want each and every Member with the Bursary Committee to confirm with their respective committee members whether they were paid or not. Therefore I would wish

to ask the Chairperson to make a follow up on these issues if it is part of the Unsurrendered Imprest.

Madam Speaker, the Internal Control in terms of how we would want to manage the funds. I would request this House Committee that for transparency to be seen to be done, these monies and manifest should be accompanying the Audited Reports of this fund so that we go back to the ground to ask our people of its true that they received the bursaries. We cannot have a report with proper details of who sent the money, who received the money, on which dates the transactions were done?

Madam Speaker, you are aware that we are one month to end of the financial year, bursaries in Kisumu County has not been paid. They are going to be rushed and they are going to be staggered. It is very hectic and it is only this House Committee that can compile the total reports of all these and bring to us in this Assembly. The issue of staggering the bursaries is equally another issue where moneys are brought and you are told that its only form fours that they are paying for. Madam Speaker, even if the money was not enough, because bursary is the only budgeted scholarships, and the only money that get into each and every family directly. Let alone the roads, street lights, and the like. What the families feel when they get the bursary, the relief they get, is what gives them the morale to even support the Government and the leaders of the day. So, Madam Speaker, as I conclude...

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Honourable Member, I wanted to remind you of a Procedural Motion we pass in regards to time limits, and you have exhausted your time, kindly summarize.

**Hon. Olima** (MCA, South-West Nyakach): Madam Speaker, I am checking my time, I have 45 seconds, and I am the Majority Leader, mark you, so I need to...

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): (*Laughter*) Hon. Gard.

**Hon Olima** (MCA, South West Nyakach): Thank you Madam Speaker, as I finalize, the other issue that this House Committee did not bring up, is the issue of staggering of the bursaries? I believe that the Administrators of this Fund, and the County Government, however much there is scarcity of resources, we can forgo other things and ensure our kids are in school. Ksh. 4 million per Ward, times 35 Wards, is hardly Ksh. 140 million. Madam Speaker, we can go and pay that money at once, and allow our kids to be in school, because those are the future leaders of this County. There is no need of staggering the money because someone wants a kickback, somebody wants a road to be done. We can keep the roads behind, pay our school fees, and make sure our kids are in school to get education and become equal leaders as us, and even better leaders than us. So, Madam Speaker, with all those remarks, I request this House Committee to consider my input on the same, so that we can get transparency and equity in this County. Thank you.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Hon. Benny Oiko Pete.

**Hon. Oiko** (MCA, Kabonyo Kanyagwal, Nyando ward): Madam Speaker, you know at one time Hon. Olima was once the Chief Whip in this House, and you know today, the Member is the acting as the Leader of Majority with 15 minutes to talk in this House. That was a very good opportunity for him.

Madam Speaker, this is a Report on the Bursary of Kisumu County by the end of the Financial Year 2022/2023 30th June. What does it contain? It has not given us the full picture of the total amount for Bursary in our FY, which should be Kshs. 204 million, but it is not given here. This record is busy informing this House about the Kshs. 36 million, Kshs. 8 million, the cost of administration of the fund, and Kshs. 1 million Imprest given to a worker. Honourable Members, please remember that last year there was an outcry on bursary matters. That the bursary money had not been paid adequately to the students in school. This matter was raised on the Floor of this House by none other than Hon. Ken Ooko, the Leader of Majority of this House, and the Speaker ordered that the report was to be tabled by 06<sup>th</sup> December, which never happened. Today, the report we are given is not full-on bursary matters. This informs this house of how the matter of bursary is delicate in this County. We are also being informed that the Kshs. 28 million, which was posted in the Cashbook and not paid, and that is what we call window dressing in accounts. You paint a picture of what you have paid and yet they have not effected the payment.

So, Honourable Members, when the matter of bursary comes up, let us not be vague. If vague reports are being brought to this House, we simply pass and we start quarrelling at the end of it where the bursary is. The bursary is here of FY 2022/2023 and the record is informing us that it was not paid and yet money was factored.

Madam Speaker, an imprest of Kshs. 1 million was given but it was never accounted for, administration cost is high, and that is where we are. They are only keen to mention about Kshs. 102 million, which they are again not explaining what it did. Was it paid to our students or not? This is a report from the Department, and the picture given here, it should have been forwarded to the office of the Auditor General for auditing.

Madam Speaker, when we hear of Adverse Opinion reports of the Kisumu County Executive, this is where it starts from. The poor financial records from the department, the failure by the Assembly to listen to records which do not explain fully, what the financial position should be in the Department. Members, on the matter of bursaries here, the Department has failed our children. If by 30th June, 2023, this is the record being presented to this Assembly, then we have failed, and our oversight is in question. So, Honourable Members that is where we are as per this record. Madam Speaker, I so contribute. People always ask me; do you support or oppose? But my arguments explain the position I stand. Standing up to oppose or support should be formed from how the argument is tailored.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Hon. Pete, your submission and concerns are well noted.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Yes, Hon. Mildred Ajumbo.

**Hon. Ajumbo** (MCA, Central Seme): Thank you, Madam Speaker; I stand here on behalf of the people of Central Seme Ward. When I speak, my constituents are expecting that I speak sense in this Assembly. Madam Speaker, I have read this report, I have thoroughly gone through it, and I am almost confused about what the report is all about.

Madam Speaker, as we speak, we are coming to a close of this FY 2023/2024, and the bursary forms were given out in January. Many other Counties that we compare ourselves with, the students there got bursaries and they are all in school. Madam Speaker, let me emulate Hon. Oiko Pete, and when I look at the imprest that was not surrendered, it is Kshs. 3 million. When I look at Kshs. 3 million, the bursary that was given to day scholars is Kshs. 3000 per student. It means that, if you calculate Kshs. 3000 times 1000 students, it is Ksh. 3 million of bursary. Therefore, a thousand students would have benefitted from this imprest that was not surrendered. It shows how people do not take things seriously. Madam Speaker, I want to inform this House that the Members who are seated here, quite a number of us are not sitting pretty well because the issue of bursary is very serious in every ward that we come from. You cannot issue a bursary form in January, we are almost in the end of May, and there is no explanation given why people are not getting bursaries. You keep informing them that the money from the National Government has not arrived so that you can give bursaries, yet you are seeing other Counties giving bursaries. I chose not to talk about this report but decided to only talk about the Kshs. 3 million on imprest that was not surrendered comparing it to a thousand students that would have benefitted if this money was surrendered. Madam Speaker the issue of bursaries is very serious and many of us that are interested in the coming general election in the year 2027. If these bursaries cannot be disbursed on time, if these issues of bursaries to the students are not resolved, you will not have a choice of what to tell your electorates but to go home peacefully.

Madam Speaker, I am not able to support because I do not know whether to support this report or not. Again, if you say that you do not support this report, that is an issue, but also if you support, that is also another issue. Madam Speaker, thank you.

**The Deputy Speaker** (Hon. Okombo MCA, Manyatta “B”): Hon. Mildred, I want to assure you that your position in this House is constitutional and you are allowed to debate either in affirmative or in the negative. So, nobody will hold you responsible on your submission whichever way you chose to debate. So, Honourable Member, you have all the rights.

**The Deputy Speaker** (Hon. Okombo MCA, Manyatta “B”): Hon. Rev. Nyaoke.

**Hon. Nyaoke** (MCA, North Nyakach): Thank you, Madam Speaker. I believe that today I will have quite a different approach to this report that we have before us. I will start by saying that the provisions of the Public Finance Management (PFM) Act 2012 is very clear and we will not be tired of reminding these people that we give this responsibility to take care of the use of the funds that we have in the County Madam Speaker.

Madam Speaker, let me say from the onset that I do not support the adoption of this report simply because the way it has been done because the presentation and the report itself is not clear. Financial matters should be as clear as possible and should also be self-explanatory. If you look at page 14 of the same document on the analysis of Cash and Cash Equivalent. When the word analysis is put in place and is put forward, even the person with the smallest understanding should be able to understand what has been analyzed. Now, this House Committee is informing us that they have two items cash and cash equivalent as two items in the Financial Statements as follows; one, cash in the Bank Kshs 8.237. Two others payment booked in the Cash Book awaiting availability of funds of around Kshs 28 Million and above and they just leave it hanging like that Madam Speaker. Again, what they are saying does not even make sense even the first two items that have been mentioned.

Madam Speaker, these are some of the reports and if you look at it downwards, you see that it is being recommended to be forwarded to the Auditor General. Madam Speaker, this is a document that any person who is going to receive it will not believe the fact that it passed through this House. It is high time that my colleague who presented this document did say that we need to look at it critically before we make our submission. It is therefore my submission that I want to request my fellow colleague that this report as it is now should not be adopted and the relevant Standing Orders should be put in place so that we have a proper document that you are able to rely upon. Madam Speaker, I am 100% sure that nobody is going to understand this. Even the Auditors that are subsequently ready to receive this document are still not going to understand this document the way it is.

Madam Speaker, something of utmost important; I can mention about the Administration Cost. The way it has been given in this document shows that shows that the Fund Administrator uses the funds the way she/he wants. It is properly outlined the percentage at the ceiling that he/she is supposed to use Madam Speaker. But, here you find out that the Fund Administrator just takes this money, uses it the way he/she wants and they expect us to listen to this half-baked information. I beg to request my fellow colleagues that sometimes we really need to take some of these things seriously and when we start becoming serious Madam Speaker then it is my belief and I am sure that the next financial report that we are going to get before us will be sufficient and self-understanding that we are able to understand all of us and must be clear to the point. Thank you, Madam Speaker.

**The Deputy Speaker** (Hon. Okombo MCA, Manyatta “B”): The Honourable Member representing Kisumu North Ward.

**Hon. Dede** (MCA, Kisumu North): Thank you, Madam Speaker for according me the opportunity to also air my sentiments concerning the report which has just been read by the Early Childhood Education, Adult Education and Vocational Training Committee.

Foremost, you find that issues of bursary have been problematic within the areas that we represent. Madam Speaker, you will realize that the disbursement of the money to our schools take quite a long time. For instance, within this financial year, the applicants made their applications in January and up to date, funds have not been disbursed to these schools and that brings a lot of commotions from the electorates.

Secondly, on the Fund Administration Cost, there is Mr. Asewe Fredrick who seems to be overexcited with his work by paying in excess of Kshs 16, 211 for the administrative cost of which I am worried that our fund administrator can give exact amount on the administrative cost but not showing us the exact amount that has been transferred to our schools. It means therefore that he is only concerned with whatever goes into their pockets. My worry is that the Kshs 28 Million is being booked. Surely, it should have been already taken to the bank and the receipt kept. Booking for a money causes a lot of commotion.

Madam Speaker, on the issues of Bursaries, I believe that the timeframe which is being given is much longer that it is impossible to calculate. In addition, the amount being allocated per ward is usually around Kshs 4 Million and you will note that one just indicates the 3% which is being calculated for their administrative cost. Concerning that administrative cost, we also have a problem. By the time of that disbursement, and the time when the exercise is being undertaken, it gives a lot of problems to the elected leaders and by the time the exercise is being undertaken, no money has been disbursed and there are some paper work being done. It gives us a lot of problems whereby, a representative leader within the region takes his money from the pocket to go and facilitate the printing and later on getting back your money from the House Committee becomes a problem. At the time of reimbursement the officers equally takes much time to effect these refunds. With the few comments Madam Speaker, I rest my case. Thank you.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Honourable Members, I expect us to be debating and not discussing amongst ourselves.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Yes Hon. Warindu.

**Hon. Warindu** (MCA, Miwani): Thank you Madam Speaker. Let me also take this opportunity to thank this House Committee for the work done according to the documents that they were given. I want to believe that is the best they could have done from the statements from the documents they had. But, let me remind this House that includes this House Committee that

indeed we spent a lot of energy trying to explain to our electorate why bursary had delayed and we were expecting to get a very conclusive report that we can take to the electorates and explain to them how the money of the bursaries were used.

Madam Speaker, but again, even up to now, I want to believe that Honourable Members are still receiving calls concerning when we are going to get the bursaries for this financial year. My first concern will be on the Kshs 28 million that was booked and was not paid. What have they done concerning that? Further, I equally expected this, we wanted a list of the total amount that was appropriated for Bursaries and Scholarships and how that money was spent up to that conclusion.

Madam Speaker, if you follow what Hon. Oiko was saying, in the last report the total amount is nowhere to be seen in and we are only getting Kshs 28 million and to our utmost concern is that I want to believe it's just an African nature that if you're given amounts to spend, you only start with what you're going to get in your pocket. If you look at the administrative costs, they spend about approximately Kshs 16,000 over and above what they were supposed to spend. If you use the same calculation that Hon. Mildred was using, sixteen thousand if you divide it by three thousand that will still cater for five students.

Madam Speaker, this system being used to disburse bursary, so many students were awarded the bursary and they could not even trace or locate or know the amount that they were given and I went to believe that some amount were disbursed to school and they were not given to those students. Or even if they were given maybe, they were allocated to form fours and they didn't even know that the amount was given to them. I still want to propose that instead of using the same system that we are using let us revert back to the cheque system, where transparency and accountability was put above board.

Madam Speaker, if you compare and I don't know what is happening in all the projects, in all the departments, all the things that were set aside, that will be done, that were allocated money, there is none which has been done to completion and I don't know what as Kisumu County we can be branded with, that is where we are perfecting ourselves.

I want to believe and I request the Chairperson that we will be able to get a conclusive report from the department and we will still wait, if that was handled that way, what do you believe is going to happen bursary allocation this year? Madam Speaker, let us not create stories in the wards to explain and defend what the House itself cannot defend. Otherwise thank you for the time and I submit.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Yes Hon. Emily.

**Hon. Emily** (Nominated MCA): Thank you Madam Speaker, going by the by the mood of the House, may I please call the mover to reply.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta B): Hon. Seth Okumu.

**Hon. Okumu** (MCA, East Seme): Thank you so much, Madam Speaker and Honorable Members for the several attempts to make the analysis on the Financial Statements of the Education fund as at June 2023.

Mr. Speaker, as I hear Members struggle to really make sense of the document, I can see that this document was tabled in this House and it seems that as we were doing the analysis, very few Members were able to look at the document that we were analyzing so that they could also make sense. That is why it is impossible in this short time to make sense of the analysis that we have made.

Madam Speaker, in analysis of a financial statement, I believe that the document was like a seven page document and I have it here that is submitted by the department on how they have performed with the fund that they were appropriated. And, I talked about this, for example, comparing what was budgeted for and the actuals that they received in that financial year. Honourable Members, I know Hon. Oiko is aware that in this Assembly we budgeted for and it's in the report that was submitted to this Assembly, we budgeted for Kshs 205 million for Bursaries but in the financial statements that they brought us at the end of 30<sup>th</sup> June 2023. The Department was only allocated Kshs 102,500,000 as at 30<sup>th</sup> June 2023. I can see that all of us are really pushing for all the bursaries to be paid before the end of the financial year. But the statement is telling us that, as at the end of the financial year, only half of the money that we appropriated for the bursary was given to the department. Where do you expect them to pay school fees and what can we do to help Members?

Honourable Members, the Hon. Olima talked about money for Ward Committees, in the financial statement, we talk about Administration Costs, and I have said that it only exceeded by Kshs 16,211.00 which is a significant amount, but at least they tried, in my opinion, but the question is, did it really reached the wards? From the list that we were given, we could see that this money is being allocated to the Ward Committees as imprests. These imprests are given to the Sub-county Administrators, the Sub-county administrators further reallocates these funds to the Ward Administrators, then the Ward Administrators again reallocate these funds to the Committee Members. That is what happened. Yes, they spent Kshs 3 million is the question that, did this money really reach their recipients? You cannot know that from a Financial Statement. Madam Speaker, the question we are asking right now is whether we can conduct a further audit to confirm that the funds allocated for the administration of this Fund have indeed reached the intended audience. This can be analyzed through the Financial Statements. The statements show the amount spent on administration and indicate instances of Unsurrendered Imprest. We have discussed the issue of Unsurrendered Imprest, which means that funds were given to individuals but not properly accounted for. This information can be presented to the Floor of this House. The

decision on how to address those who have not surrendered imprest is either provided for by law or left for this Assembly to decide.

Madam Speaker, I understand that my Hon. colleague Madam Mildred has expressed confusion regarding this Report. It takes time to comprehend, and none of us are accountants by profession. However, with effort, one can understand the Report. The challenge we face is that while people want Bursaries paid, the Financial Statement raises the question: are we prudently managing funds correctly? If not, what actions should we take? The Report indicates excessive spending on administrative costs. So, what should we do about this? Additionally, it highlights that the budgeted funds were not allocated to the Department on time by the end of the year. As an Assembly, we need to determine our course of action. If you believe our conclusions from the Report analysis are incorrect, that decision lies with you.

Madam Speaker, there were equally questions regarding Cash and Cash Equivalents. I am not an accountant, but through considerable effort, I have come to understand some aspects of these issues.

When the fiscal year ends, you can either keep your funds in the bank or retain them as cash. It's essential to declare how much of your budgeted funds you received, how much you've spent, and how much you still have. The Department has informed us that they did not use all the funds; some were kept in the bank, amounting to Kshs 8 million, as mentioned by Hon. Nyaoke. They also claimed to have some funds as cash, but we question the validity of this claim, as merely recording it in a Cash Book does not suffice.

Madam Speaker, we have presented to this House that we are not convinced that the Kshs 28 million recorded in the Cash Book can be considered cash or cash equivalent. The only verifiable amount from the Financial Statement is the Kshs 8 million in the bank, confirmed by a bank certificate. However, the Kshs 28 million remains unverified; we don't know if it represents actual money. These are the analyses we are presenting, which Hon. Nyaoke criticized, suggesting we didn't do a thorough job and that they could do better. I am uncertain what more could have been done beyond this analysis.

Madam Speaker, Hon. Gard mentioned Manifest, but I only referred to Unsurrendered Imprest. I did not bring up Manifest. He seems to want to discuss manifest, but I was addressing my esteemed colleague, a Senior Member who often highlights his seniority. When the Member made his submission on the Annual Financial Statements, it felt like the Member was talking about something different.

**Hon. Olima** (MCA, South West Nyakach): Madam Speaker, point of information.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Order!! Honourable Member, the Chairperson is replying.

**Hon. Olima** (MCA, South West Nyakach): Yes, I just want to...

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Order! Hon. Olima, you are out of order.

**Hon. Okumu** (MCA, East Seme): Chairperson, I understand the confusion Hon. Gard faces in differentiating between manifest and imprest; the terms can be misleadingly similar. When it comes to manifest, I am aware of what the member implies, but that is not covered in the Annual Financial Statement. I have provided an analysis of what we examine in the Annual Financial Statement. Let me reiterate for the Honourable Members in this House: when reviewing the Annual Financial Statement, we look at

1. The statement of financial position of the Fund and the statement of cash flows to understand how money moved within the Fund, and;
2. The statement of comparison of budget and actual amounts, which addresses Hon. Ooko's query about what was budgeted versus what was received.
3. We examine the Financial Statements provided and the disbursements. If the budget was Kshs 28 million, we need to see how much was disbursed and to whom.

Honourable Members, I urge you to recognize that our best course of action is to concur with the Committee's analysis of this Financial Statement. It indicates the need for further scrutiny of the Bursary Account to ensure that the appropriated funds are indeed reaching the intended recipients. This is our goal, and that is why we are making these recommendations. Additionally, we are suggesting in the Report that moving forward; the Administrative Costs should not exceed 3 percent of the total budget. Currently, they have exceeded this by 16,000, and our analysis in the Report insists that they must adhere to the legal limit.

Madam Speaker and Honourable Members, we have discussed Internal Controls, which include measures like imprest controls. It is required that an imprest be surrendered within seven days of issuance. Therefore, it is concerning when an imprest remains unsurrendered until the end of the Financial Year. We are insisting that these procedures must be followed. If you believe our recommendations are unsound, I urge you to reconsider. Our Report includes detailed guidance on addressing these issues. Madam Speaker, Honourable Members, I urge you to support the adoption of this Report. Thank you.

**The Deputy Speaker** (Hon. Okombo, MCA, Manyatta “B”): Honourable Members, the Report on the Annual Financial Statements of Kisumu County Education Fund for the year ended 30<sup>th</sup> June, 2023, has been moved by the Chairperson, Committee on Education Vocational Education Training and Social Services, seconded and debated upon and finally replied 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 Annual Financial Statements of Kisumu County Education Fund for the year ended 30<sup>th</sup> June, 2023 has been adopted today Thursday 09<sup>th</sup> May, 2024 at 15:47 Hours.

**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, the House stands adjourned until Tuesday 14<sup>th</sup> May, 2024 at 2.30 p.m.

*(House rose at 03.48 p.m.)*

*Addendum*

**Hansard Team**

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