

COUNTY GOVERNMENT OF KISUMU



COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – THIRD SESSION

Tuesday 24th September, 2024

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

(The Temporary Speaker (Hon. Carren Ajwang') in the Chair)

PRAYER

The Temporary Speaker (Hon. Ajwang', MCA, Kaloleni/Shaurimoyo): Honourable Members, I refer you to the provisions on Orders No. 32 (2) of the Kisumu County Assembly Standing Orders and request the Serjeant-at-Arm to ring the quorum bell as per Standing Order No. 32 (2).

(Quorum bell rang for five minutes)

The Temporary Speaker (Hon. Ajwang', MCA, Kaloleni/Shaurimoyo): Honourable Leader of Majority, please confirm if we have attained quorum.

Leader of Majority (Hon. Ooko. MCA, Ahero): Thank you Madam Speaker. We have quorum.

The Temporary Speaker (Hon. Carren): Madam Clerk, take us through the Order Paper of today.

The Temporary Speaker (Hon. Ajwang', MCA, Kaloleni/Shaurimoyo): Next order!!

STATEMENT

The Temporary Speaker (Hon. Ajwang', MCA, Kaloleni/Shaurimoyo): Honourable Leader of Majority.

Leader of Majority (Hon. Ooko. MCA, Ahero): Thank you Madam Speaker. I rise under Standing Order No. 42 (2) (C) which mandates me in my capacity as the County Assembly Leader of Majority to present and lay on the table a report informing on the business that is coming before the House on the following week.

Madam Speaker, this is therefore to bring to the attention of the Members and the County Assembly that for the week commencing on Wednesday 25th September to Tuesday 1st October, 2024, the Select Committee on Assembly House Business in its last meeting approved the following tentative businesses to appear in the Order Paper as follows;

Wednesday 25th September 2024 at 09:00 am,

PAPERS TO BE LAID

1. The Chairperson of the Select Committee on PICPAC, Honourable Kennedy Ouko will table the Committee Report on the Examination of the Auditor-General's Report on the Financial Statements of Kisumu County Executive Car Loan and Mortgage Scheme Fund, financial year 2022-2023.
2. The Chairperson of the Select Committee on Infrastructure, Energy and Public Works, Honourable Reuben Rakwach will table the Committee Report on the Matter of Perennial Road Accidents at Nyamasaria Overpass and other Hotspot areas within the county.

NOTICES OF MOTION TO BE GIVEN

1. The Chairperson of the Select Committee on PICPAC, Honourable Kennedy Ouko will give a Notice of Motion for the Adoption of the Committee Report on the Examination of the Auditor-General's Report on the Financial Statements of Kisumu County Executive Car Loan and Mortgage Scheme Fund, Financial Year 2022-2023.
2. The Chairperson of the Standing Committee on Infrastructure, Energy and Public Works, Honourable Reuben Rakwach will give a Notice of Motion for the Adoption of the Committee Report on the Matter of Perennial Road Accidents at Nyamasaria Overpass and other hotspot areas within the County.
3. The MCA for Nyalenda "A" Honourable Ratib Boitone will give a Notice of Motion for the Approval of Semi-Autonomous Status of City of Kisumu.

Wednesday 25th September, 2024 at 02:30 p.m.

STATEMENT

MCA for Kolwa East Honourable Reuben Rakwach will rise pursuant to Order No. 41 (2) (b) to seek a Statement from the Chairperson of Medical Services, Public Health and Sanitation Committee regarding the ongoing Mosquito Invasion Affecting Koloa East and the surrounding Wards within Kisumu East Sub-County.

SUBSTANTIVE BUSINESS

The MCA for Nyalenda “A”, Honourable Ratib Boitone will move a motion for the Approval of Semi-Autonomous Status of the City of Kisumu.

Thursday, 26 September, 2024 at 02.30 p.m.

SUBSTANTIVE BUSINESS

The Chairperson of the Select Committee on PIC/PAC, will move a motion for the Adoption of the Committee Report on the of Kisumu County Executive Car Loan and Mortgage Scheme Fund, Financial Year 2022-2023.

Tuesday, 01st October, 2024 at 02.30 pm,

1. The Leader Majority will issue a Statement pursuant to Orders 41 (2) (c) on the business coming before the County Assembly for the week commencing Wednesday, 2nd October 2024.

SUBSTANTIVE BUSINESS

The Chairperson of the Standing Committee on Infrastructure, Energy and Public Works, Honourable Reuben Rakwach, will move a motion for the Adoption of the Committee Report on the matter of Perennial Road Accidents at Nyamasaria Overpass and other hotspot areas within the County. Thank you very much, Honourable Speaker.

The Temporary Speaker (Hon. Ajwang’, MCA, Kaloleni/Shaurimoyo): Next order!!

MOTION

REPORT OF THE AUDITOR-GENERAL'S ON THE FINANCIAL STATEMENTS OF
COUNTY EXECUTIVE OF KISUMU FOR THE FINANCIAL YEAR ENDED 30TH JUNE
2021

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU

(CHAIRPERSON, PUBLIC INVESTMENT AND ACCOUNTS COMMITTEE)

The Temporary Speaker (Hon. Ajwang', MCA, Kaloleni/Shaurimoyo): Yes, Honourable Ken Ouko.

Hon. Ouko. (MCA, West Kisumu): Thank you, Madam Speaker. I would like to move a motion of the Public Accounts and Investment Committee on the Examination of the Report of the Auditor-General's on the Financial Statement of the Kisumu County Executive for the year ended 30th June 2021.

Honourable Speaker, on behalf of the Public Accounts and Investment Committee, PICPAC, and pursuant to the Kisumu County Assembly Standing Orders 188, I wish to present to this House the report of the committee on the audited financial statement of Kisumu County Executive for the financial year 2020-2021. The County Assembly exercises oversight over County Government entities for investments and their expenditure pursuant to Article 185 (3) of the Constitution of Kenya 2010 through the Public Accounts and Investment 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 two sittings during which it received written and oral evidence from the Accounting Officer on audit queries raised by the Auditor-General on the Financial Statement of Kisumu County Executive for the financial year 2020-2021. Honourable Speaker, I wish to register my appreciation to fellow Honourable Members of the committee, the Office of the Speaker, the Clerk of the Assembly, the Committee Secretariat, and the Office of the Auditor General for the facilitation and technical support that made the production of this report possible.

Special appreciation goes to the Hansard Department for ensuring that all our meetings with accounting officers are broadcast live. Honourable Speaker, on behalf of the Public Accounts and Investment Committee, I now wish to table the report on the consideration of the Auditor General's report on the Financial Statement of Kisumu County Executive for the Financial Year 2020-2021 and urge this House to adopt it.

Honourable Speaker, Mr. George Okong'o, the County Executive Committee Member of Finance, Economic Planning, and ICT, appeared before the committee on 13 August 2024 to adduce evidence on the audited Financial Statement of Kisumu County Executive for the year ended 30 June 2021.

The following officers accompanied the CECM, Finance, Economic Planning and ICT;

1. CPA Martin Okode- Ag. Chief Officer, Finance
2. Elvis Omondi- Director, Budget
3. Maurice Awuor Onyango- Director, ICT

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- | | |
|-------------------|----------------------------------|
| 4. Caleb Opon- | Economic Advisor to the Governor |
| 5. Domnic Oluoch- | Internal Auditor |

The following officers represented the Office of the Auditor General in the Committee meeting;

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|---------------------|-------------------|
| 1. Dennis Kariuki- | Director of Audit |
| 2. Samuel Chege- | Principal Auditor |
| 3. Emmah Bogita- | Senior Auditor |
| 4. Deborah Okemnwa- | Senior Auditor |
| 5. Victor Maisiba- | Audit Associate |

Basis for Adverse Opinion.

The following issues form the basis of the Adverse Opinion in the Audited Financial Statements of Kisumu County, Executive for the period ending 30th June, 2024.

Unsupported Receipts; Unsupported Adjustment in the Financial Statement; Compensation of Employees; Unsupported Wages; Use of Goods and Services; Misclassification of Expenditure under Use of Goods and Services; Unsupported Expenditure; Other Operating Expenses; Legal Fee in Relation to Collection of Rates; Claim by Fabrication Company; Unsupported Expenditure on the Other Capital Grant and Transfers; Unremitted Employees' Pension Contribution; Cash and Cash Equivalent Inaccurate Bank Balances.

Other Matters: Budget Control and Performance; Late Exchequer Release; Non-Submission of Departmental Financial Statement; Non-Compliance with the Law of Budget Allocation to the County Assembly; Non-Compliance with the Law on Fiscal Responsibility Wage Bill; Non-Compliance with the Law on Ethnic Composition; Payment of Goods and Services to Unregistered Suppliers; Irregular Payments of Annual Submission of Council of Governors; Completion of Nyangore Dispensary; Failure to Establish County Emergency Fund; Summary of Non-Current Asset Register; Non-Remittance of Revenue to County Revenue Fund; Non-Compliance with the Law on Management of Imprest; Acquisition of Assets; Improvement of Holo-Huma Access Road; Improvement of Akado- Okiro- Ridore- Achola Junction Access Road; Supply of Security and Implementation of Vehicle Tracking Fleet Management System; Construction of Modern Retail Market at Kombewa; Pending Bills; Failure to Integrate Revenue Collection System; Integration of Payroll Data in IPPD.

Observation in Summaries.

Hon Speaker, you know I am dealing with the Moving Notes. Hon Speaker, the committee therefore summarized the following observations

1. That the Accounting officer failed to provide IFMIS ledger account to support receipt of Kshs. 10,176,279,170 during the time of the audit, contrary to the provisions Section 6 (2) (b) of the Public Audit Act, 2015, which requires timely provision of documents to the Auditor.
2. That the Accounting Officer failed to provide Revenue Statements from Safaricom to support its own source revenue of Kshs. 1,248,063,960, which was collected by the Safaricom through 65 Paybill account during the time of the audit. As at the time of committee deliberations, the same had been provided but not authenticated by Safaricom.
3. That by failing to provide evidence of complying with the provision of Section 47 (1) of Public Finance Management Regulations 205, the accounting officer also violated the provisions of Section 53 (1) of the same Act that prohibits the Accounting Officer from authorizing payment to be made out of fund earmarked for specific activities for purpose other than those activities.
4. That the County Government and *Ken Pundo & Co Advocates* entered into an agreement and from the agreement, the court ordered the outstanding decretal debt that stood at Kshs. 115, 000,000 in respect of the law firm be paid in three installments. The decree holder, *Ken Pundo & Co. Advocate*, has been moving to court for enforcement of the judgment.
5. A law firm sent a demand letter in November 2020 to the County Secretary in respect of Kisumu, HC MISC. No. 236 of 2012 Fabricating Company Ltd Vs. County Government of Kisumu indicating that the County owed it Kshs. 98,885,826. The County Government contested the claim alongside the attendant interests and penalties under Case No. KSM/HCC/MISC./APP No. 236/2012.
6. That contrary to the cash basis accounting principle that was in force, the Accounting Officer expensed Kshs. 816,696,249 to Country Projects at a point of transfer instead of treating it as inter-bank transfers and expense the same when actual expenditure is incurred and evidence of the same is presented.
7. That the Accounting Officer failed to provide expenditure returns in respect of Kshs. 414,502 transferred to Jaramogi Oginga Odinga Teaching and Referral Hospital during the time of audit. The same had been provided during the time of committee deliberations
8. That contrary to the requirement of Regulation 55 (1), Paragraph j (ii) of the Public Finance Management Regulations that requires an Accounting Officer not to wait for suppliers to submit invoices to clear the commitment but regularly have outstanding commitment checked and inquiries made from the supplies, the Accounting Officer gave submission of invoices and statement as the major reason for delay.
9. That contrary to well-established accounting principles, the Accounting Officer recorded the transfer of a total of Kshs 100,078,520 to the Country Education Fund---

Hon Oiko (MCA, Kabonyo Kanyagwal): Madam Speaker, Point of Order!!

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Yes, Honourable Oiko

Hon Oiko (MCA, Kabonyo Kanyagwal): Madam Speaker, I am begging for instruction from your Chair so that what is called the Moving Notes in this House are well explained and copies can be followed by the Members. Madam Speaker, I have a copy of what is deemed to be being read by the chair but it is very difficult to follow him unless the Chairperson informs us that his Moving Notes is on a particular page and number. Madam Speaker, if the moving notes are separate from what is detailed here, Madam Speaker, it will be very difficult for Members to follow.

So, let us be clear on the content of Moving Notes, where they are, by the pages and the numbers to make the report flow. Otherwise, Madam Speaker, if you are keen on the House, people are lost. So, let us get the page numbers and where the reports are being read from.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Honourable Ouko, I hope you have noted that.

Hon. Ouko (MCA, West Kisumu): Thank you Madam Speaker.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): please proceed.

Hon. Ouko (MCA, West Kisumu): Madam Speaker, I was going through the Summary of Observations. We have observations, we have Recommendations. Now when you go subtitle observations, you will notice that what I am presenting is Moving Note. We had already circulated the report with you and it is expected that you read through the reports in advance so that when we are presenting the Moving Notes, you go as per the required movement. Otherwise, most of you will be lagging behind. Secondly...

(Hon. Oiko Pete interjects)

Hon. Oiko (MCA, Kabonyo-Kanyagwal): Madam Speaker,

Hon. Ouko (MCA, West Kisumu): Madam Speaker, I am still responding to the issues raised by the Honourable Member.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Honourable Oiko, I have not given you permission, and I support the Honourable Chairperson on that. The report was

circulated earlier for the Members to read through it and then by the time the Chairperson is presenting the Moving Notes, we are all at par. Thank you.

Hon. Oiko (MCA, West Kisumu): Madam Speaker, if you may allow me. The content of the report that comes to this House should be clear and not ambiguous. When the Chairperson is talking of Moving Notes, that he is the only one who understands, and the general report had been circulated to the Members, Madam Speaker. If the Moving Note is citing a Member cannot clearly connect with the general report, it becomes difficult for the general report to be followed. Let that be noted, Madam Speaker.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Honourable Member, I understand your predicaments, but it is my belief that the Moving Notes are just a summary of the main report.

Hon. Ouko (MCA, West Kisumu): Madam Speaker, it would be quite hard for you to teach an older man new tricks of what is happening. This is the reason as to why the Member is still not using the IPads that were provided for ease of reference of documents posted in the Members' WhattsApp page.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Honourable Ouko, I do not believe that this is in order.

Hon. Ouko (MCA, West Kisumu): Madam Speaker, I believe that you understand the kind of challenges we go through which should not be the case since Members were all provided with these gadgets.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Use the right words to Honourable Member.

Hon. Ouko (MCA, West Kisumu): Madam Speaker, Honourable Oiko is an old Honourable Member, but he is old. Those are the facts.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Honourable Ouko, Honourable Oiko Pete is old, but not old to be here. So, allow him to present his case. You can proceed, Hon. Oiko.

Hon. Oiko (MCA, Kabonyo-Kanyagwal): Madam Speaker, the utterances being made by Honourable Ouko. What does it mean? Does it mean that the Member is much clever than me? Does it mean that the Member understands accounting much better than me? What is the Member portraying?

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Honourable Members, and that is the reason as to why I have intervened.

Hon. Oiko (MCA, Kabonyo-Kanyagwal): Madam Speaker, there are times when people feel big in this House and this is because they were favoured to be Committee Chairpersons. They were favoured with positions. Then someone can come up and utter anything he likes.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Honourable Oiko, your case is understood. Resume your seat, please, kindly. Honourable Ouko, use the right words, and in this case, apologize. Withdraw and apologize.

Hon. Ouko (MCA, West Kisumu): Madam Speaker, I apologize by stating that the Member is a young man and fit to be in the House. It is my belief that is the best word he is looking for. And he is also capable, he is also an Accountant. That is what he was looking for. I have said it.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Honourable Ouko...

(Hon. Oiko rises on his feet)

Hon. Oiko (MCA, Kabonyo-Kanyagwal): Madam Speaker, the extent to which Hon. Ouko is going is uncalled for

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Honourable Oiko, speak through the chair but, I have not given you permission to speak.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Okay. Honorable Ouko, just do the right thing.

Hon. Ouko (MCA, West Kisumu): Madam Speaker, for the sake of seniority and old age, I withdraw and apologize. Thank you, Madam Speaker.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Okay, proceed.

Hon. Odari (MCA, Chemelil-Tamu): No, Honorable Ouko should apologize.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Honourable Odari, but the Member has already apologized, let him continue.

Hon. Odari (MCA, Chemelil-Tamu): Madam Speaker, the Member did not.

(Loud consultations)

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Order!! Honourable Odari, please your seat. Just resume your seat, kindly.

The Temporary Speaker (Hon. Ajwang, MCA Kaloleni Shaurimoyo): Honorable Ouko, please proceed. .

Hon. Ouko (MCA, West Kisumu): Thank you, Madam Speaker. Just a minute, Madam Speaker. We are on a summary on Point 7.0. That is a Summary of Observations.

THAT, contrary to the requirement of Regulation 51 (1), Paragraph J (2) of the Public Finance Management Regulation that requires an Accounting officer not to wait for the supplier to submit invoices to clear the commitment, but regularly have outstanding commitment checked and inquiries made from the suppliers. The Accounting officer gave submissions of invoices and statements as the major reason for delay.

THAT, contrary to well-established accounting principles, the accounting officer required the transfer of a total of Ksh.100,078,520 to the County Education fund, constituency fund, city of Kisumu, Afro cities, Kisumu East District hospital, before receiving the fund from the National treasury.

THAT, there was late exchequer release that affected the ability of the County Government to meet its financial obligations in rendering services to the residents of Kisumu County.

THAT, the management contravened Regulation 25(1)(f) of the Public Finance Management Regulations 2015, which states that the approved expenditure of the County Assemblies shall not exceeded 7% of the total revenue of County Government, or twice the personal emolument of the County Assembly, which is lower.

THAT, the County Government is yet to meet the requirement of Section 25(1)(b) of the Public Finance Management Regulations 2015, which requires the limit of the County government expenditure on wages and benefit for the public officers at 35% of the County Government total revenue.

THAT, the County Government is yet to meet the requirement of Section 7(1) and 7(2) of the National Cohesion and Integration Act 2018, which requires the diversity of the people of Kenya in the employment of staff and prohibit public institutions from having more than one-third of the staff established from the same ethnic community.

THAT, contrary to the provisions of Regulation 81(2) of the Public Finance Management Regulations that requires the receiver of revenue to promptly pay the revenue received into the County Revenue Fund as soon as possible, and in any case not later than five days after receipt, therefore. Thereof, the Accounting officer failed to swipe Ksh. 72,224,115 collected through KCB by the close of the financial year, thus violated the Regulations. The same had been transferred to the County Revenue Fund at the time of committee deliberations.

THAT, the Accounting officer failed to enforce the requirement of Regulation 93(5) of the Public Finance Management Regulations 2015, which requires the holder of the temporary imprest to account or surrender the imprest within seven working days after returning to duty stations.

THAT, the Accounting officer also violated the provisions of Regulation 93(6) of the Public Finance Management Regulations, which requires the Accounting officer to take immediate actions and recover the full amount from the salary of the defaulting officers within an interest at the prevailing Central Bank rates. 17. THAT contract with the National Treasury Circular Number 10/2020 dated 16th June 2020 on prioritization of Pending Bills by accounting officer, the County Government had a Pending Bill dating back to 2013.

THAT, during the Financial Year in question, monthly payment data, bank remittance data, and master data revealed that in July 2020, eight employees shared bank account number, while in the month of March 2021, two employees shared bank accounts.

SUMMARY OF RECOMMENDATIONS.

Honorable Speaker, the following is a summary of the committee recommendations;

- a) THAT going forward, the management must adhere to Section 62 (b) of the Public Audit Act 2015, which provides for the timely submission of documents to the auditors.
- b) THAT in future, the management must ensure that all third-party documents are authenticated before being presented to the auditors and to the committee.
- c) THAT the County Executive Committee Member, Finance, Economic Planning, and ICT immediately constitute a task force to investigate and report on the matter relating to personal emolument of Kshs 378,550,552. The report on the task force be submitted to the Assembly within a period of 90 days upon adoption of this report.
- d) THAT the matter relating to unsupported expenditure amounting to Kshs 71,642,488 be referred to the Ethics and Anti-Corruption Commission for further investigation into the possible loss of public funds amounting to the same amount.

- e) THAT on the matter of legal fee in relation to the collection of rates, the management makes necessary arrangements to clear the outstanding legal fee in relation to this matter. A report on the status be submitted to the Assembly within a period of 90 days upon adoption of this report.
- f) THAT on the matter of the claim by the fabricating company, the accounting officer first track the conclusion of the case and the report on the same be submitted to the Assembly within a period of 60 days upon adoption of this report.
- g) THAT in future, the Accounting Officer must ensure that the expenditure returned to all transferred to the County Government Entities are provided during the time of audit.
- h) THAT to reduce further interest on the matter of unremitted employee's pension contribution, the Accounting Officer is to make arrangements to clear the principal amount of Kshs 134,698,892 and first track approval of waiver of interest. A report on the same be submitted to the Assembly within a period of 90 days upon adoption of this report.
- i) THAT the management undertake appropriate measures to enhance the collection of Own Source Revenue to avoid over-reliance on the disbursement from the National Treasury.
- j) THAT going forward, the County Government of Kisumu must progressively ensure compliance with Sections 7(1) and (2) of the National Coercion and Integration Act, 2018.
- k) THAT in future, the Accounting Officer must ensure compliance with Regulation 44 (1) of Public Procurement and Asset Disposal Regulation 2020, which requires an update of the supplier's list at least every six months as a requirement under Section 57 (2) of the Act and in accordance with Section 71 of the Act.
- l) THAT the Accounting Officer to first track the approval of draft Asset Management Policy and ensure that the approval is done within a period of 90 days upon adoption of the report.
- m) THAT the Accounting Officer first track the integration of the County Revenue Management System and ensure that the same is done within a period of 90 days upon adoption of this report.
- n) THAT the term of reference for the taskforce constituted in 3.3.1 unsupported wages include an investigation into the issue of the sharing of bank account numbers, which is yet to be addressed.

In conclusion, Madam Speaker, I hereby request that this House adopts this report of the Public Accounts and Investment Committee (PIC/PAC) on the consideration of Auditor General's report on the Financial Statement of the Kisumu County Executive for the year ended 30th June 2021. May I call Honourable Warindu to second. Thank you.

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Yes, Honourable Warindu.

Hon. Warindu (MCA, Miwani): Thank you, Madam Speaker, for giving me this opportunity. From the onset, let me take the opportunity to appreciate the Committee Members for the work that they have done.

Madam Speaker and Honourable Members, Indeed, the report is very voluminous, and if you go through it one by one, there are so many issues that have been flagged off by the Office of the Auditor General. Again, I repeat that, there are so many issues, and each and every issue has been discussed.

Madam, Speaker, If you had an opportunity to go through the report, I want to believe the report was sent by yesterday. Madam Speaker, each and every issue, there was the issue that was flagged, the Management Response, and The Committee Observations and Recommendations. Then, towards the end, there are a Summary of Observations, where we have almost Thirty-eight observations that were made from the old report, and more than Twenty recommendations that have been made. I therefore want to believe that, if you really mean well to the Kisumu County, this was a report that was worth going through, because it shows this House how the County coffers are being used in Kisumu County.

Madam Speaker, most of the issues that have been raised, that were flagged off, if you have been keen, we have been going through these reports from the Executive. Most of the issues are just recurring, and sometimes I really wonder whether the County Executive usually takes time to respond to these issues that were initially flagged, so that when we are dealing with the next report, we do not find the repeated issues being flagged off again. Madam Speaker, if you go through this report, the major concern has been Non-disclosure of Full Information, whereby you will find most of the expenses were done, but there were no Supporting Schedules, Supporting the Expenses that were made.

Madam Speaker, in addition, that is why we as a County keep on receiving these Adverse Opinions. It is my belief that this is now the Third Year running with the same Opinions being issued from the Office of the Auditor General. There was a recommendation which was saying that the management must ensure that all Third Party Documents are authenticated before presentation to this House Committee, during the Committee deliberations. They should also be, when they are being presented to the Office of the Auditor General for auditing purposes, all Third Party Documents must be authenticated and that one has been lacking in our reports. I also believe that we will have a recommendation that will be giving a very stern warning on these.

Secondly, there is a Lack of Full Disclosure of Transactions. Most of the transactions that were made have no supporting documents. Then, there is also Lack of Timely Submission of Documents to the Audit, and during the committee deliberations.

Again, I want to believe that if the report is adopted, the County Executive will take this report seriously, with the observations and the recommendations that have been given, so that going forward, we do not have an Adverse Opinion. I therefore second. Thank you, Madam Speaker.

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Honourable Members, now that a motion on adoption of the report of the PIC/PAC Committee on the Examination of the Auditor General's Report on the Financial Statements of the County Executive of Kisumu for the Year Ended 30th June 2021 has been presented and seconded, I want to propose a question. I therefore propose that the motion on adoption of the report of the PIC/PAC Committee on the Examination of the Auditor General's Report on the Financial Statements of the County Executive of Kisumu for the Year Ended 30th June 2021 is open for debate.

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Yes, Honourable Rakwach.

Hon. Rakwach (MCA, Kolwa Central Ward): Thank you Honourable Speaker. I rise to support the Report that has been presented by the Chairperson, Select Committee on PICPAC, Honourable Kennedy Ouko.

First, I wish to appreciate the Membership of the Select Committee of PIC/PAC Committee, of which I am part. Madam Speaker, I want to really appeal to the Select committee on Implementation that we have lined up, or the Chairperson has read a lot of recommendations in this report that if implemented, then it will go a long way improving the Opinions issued by the Office of the Auditor General.

Madam Speaker, you get that, as per the report, there are some questions which are arising as a result of Disclosure of the Information. And especially the first case in the report is the Unsupported Failure to Provide the Supporting Documents. There was a receipt of around 10 billion. But there was no infamous ledger provided to the Office of the Auditor General, Honourable Speaker. If I can refer the Members to the Public Audit Act 2015, if you read section 62 (1), then it talks about the Non-disclosure of Information to the Office of the Auditor General. And the disclosure must be prompt, it must be timely. So failure to do so in itself a contravention of this Act (*Laughs*) that one is going against that law. It is in contravention of that section of the law.

Madam Speaker, in addition, if you go to Part 2 of it, that is Section 62, then it is well explained there that if any public officer will contravene the provisions of this Subsection 1 of that section,

then that officer is liable to be convicted, to be sentenced for a term not exceeding 5 years, or to a fine of not exceeding, I think, 1 million. So, it is time we should start invoking the provisions of these Sections of the Law, so that these public officers can take their work seriously. Otherwise, I support. Thank you.

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Honorable Members let me consider seniority age wise and give Hon. K'omudho.

Hon. K'Omudho (MCA, Muhoroni Koru): Many thanks, Honourable Speaker. Again, I do highly appreciate the cognizance of the matter, age wise, having allowed my son to sit down as I contribute to this debate. Thank you so much, my son and my fellow Hon. Member, as you take your seat back.

Madam Speaker, I want to contribute very briefly on the very good report presented by the very capable Select Committee on PIC/PAC, very good recommendations, a wide variety covered. My simple contribution is to make the relevant bodies follow up on the recommendations. They are indeed vital. The seconder really expounded, and even the contributor, my fellow engineer, has expounded much on the recommendations. A number of us, we may not be the accountants, but we have heard the recommendations. May the relevant House Committee follow up appropriately, and the House leadership also takes it upon themselves so that these recommendations are done, considering the fact that this matter lies broadly on financial issues affecting day-to-day operations. Once more, many thanks.

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Yes, Honourable Obaso, the floor is yours.

Hon. Obaso (Nominated Member): Thank you Madam Speaker. Let me start by commending the Committee for a job well done. This is a good report, very well elaborated and I managed to go through it a bit earlier and I must admit that this House Committee has done a very commendable job.

Madam Speaker, from this report, it is quite obvious that the County Government failed the Auditors. They did not provide adequate documents to support their finances, their financial status. And through this, this is what necessitated the Office of the Auditor General to slap us with an Adverse Opinion. The Adverse Opinion just means that they failed to comply with financial regulations, and that is why the County Government did not receive positive response.

Madam Speaker, again, I want to commend this House Committee for a recommendation that captured my eye. There was a difference, a variance that could not be explained, of about Kshs 71 million, and this House Committee has recommended that the issue be taken over by the

investigative bodies the EACC for further interrogation and investigation. So, I want to commend this House Committee for that. It is my belief that is the direction we as a House need to take. Whenever there are amounts that cannot be accounted for, then action must be taken, and whoever is responsible must be liable for that. Thank you, Madam Speaker. I beg to support.

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Yes Honourable Were.

Hon. Were (MCA, Nyalenda "B"): Thank you, Madam Speaker. I also rise to add my voice and support to this House Committee for a job well done. Madam Speaker, there are several recommendations that have been put forward. And I only want to react on Recommendation 1 and Recommendation 2.

Madam Speaker, you have seen that Recommendation 1 which states that that moving forward, the management must adhere to Section 62 (b) of the Public Audit Act 2015, which provides that a timely submission of documents to the Office of the Auditors. Madam Speaker, our officers are just ignoring to do the right thing. Many a times, when audit mentions are carried out, you find that there is failure to submit the required documentary evidence. Not that those documents are not there. They may be there, they may not be there. But it is their sole responsibility to ensure that such documents, if need be, are submitted timely so that those audit mentions, whether adverse or qualified.

Madam Speaker, if we put strict measures, that will never be repeated. And Kisumu County will improve so that we have good Audit Reports, so that we can have confidence within our County Government. Madam Speaker, I want to thank my Chairperson for having steered this Committee so well, for having made sure that we have teamwork and having ensured that good report is brought forward, which can make or ensure that our responsible persons, who have been tasked with different responsibilities, have done the correct job, have given us a good name, and have ensured that public money is safeguarded. This is because, when you are given a responsibility, it means that we are adhering to Public Finance Management Act of 2012 which stipulates the prudent management and use of finances. But that can only be done when we take our job seriously and we do the right thing. Otherwise, Madam Speaker, I beg to support. Thank you.

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Yes, our Whip, Honourable Seth Kanga.

The Chief Whip (Hon. Kanga, MCA, Market/Milimani): Thank you Madam Speaker. I arise to oppose this report.

Madam Speaker, this report, first of all, is painting Kisumu County in a bad picture, as far as usage of public resources is concerned. Madam Speaker, you are aware that Kisumu County, under the stewardship of Hon (Prof.) Peter Anyang' Nyong'o, is one of the first rising counties going by the infrastructure development, going around this county, Madam Speaker. That's why Kisumu is called Europe.

So this report is totally contradicting what is witnessed as a result of development going on in Kisumu County. Madam Speaker, I want to concur with the Honourable Oiko Pete that this is a liberal report which could have been read to this House, one by one, point by point, so that the House can dispense with this matter, one by one, going by the nature of this report. Madam Speaker, there is no hurry, even adjourning, to resume tomorrow to deal with this matter, because the Standing Orders provide for that, Madam Speaker. So sometimes, Madam Speaker, you need to advise the House or the mover of the report accordingly, so that we don't hurry in passing such audit reports for the betterment of our county.

Madam Speaker, again, I want to ask this House Committee. These officers coming from the Auditor General's office, they are coming from two communities? I don't know why. The officers just coming to do audit in Kisumu are coming from two communities. While the Chairperson of this House Committee is informing us in his observations that Kisumu County is yet to meet the requirements of Section 7, Part 1 and 2 of the National Coordination and Integration Act 2008, which requires some element of diversity. While the Chairperson did not ask this Auditor General's office why they are just coming from the two communities, and yet they are always giving the Kisumu County adverse report.

Madam Speaker, if you look at some observations, the office of the Auditor General is doing an indication that the office of the Treasury failed to avail printouts of the IFMIS reports. Madam Speaker, I don't think it is the duty of the county government to avail printouts of the IFMIS as per the ledgers which are required. The office of the Auditor General can even write to the Director of IFMIS so that they avail the documents. Madam Speaker, this is because the IFMIS is not domiciled under the county government. IFMIS is a Directory under the National Government. Madam Speaker, that's an observation which I believe the Auditor General is trying to fix Kisumu County, yet that directory is not directly under Kisumu County.

Madam Speaker, the report has got 36 observations and the recommendations are summarized as 23. Madam Speaker, the reason why I am concurring with the Honourable Oiko Pete is that the Assembly is rushing. The Assembly is in a hurry through the report read by the Chairperson, which I believe some recommendations are good, but others are not, Madam Speaker. So if the Assembly could be taken through these recommendations and observations one by one, and, remedies are provided to this Assembly, then we will be doing the right thing to the people of Kisumu, and at Assembly we will be doing oversight comprehensively. Otherwise, Madam

Speaker, by rushing to pass this report for the sake of passing it, Madam Speaker, I think it is very dangerous for Kisumu County.

Madam Speaker, we will be indicating to the Office of the Auditor General, that as an Assembly we do not understand our work. Because the report is very voluminous, Madam Speaker, and I don't know why we are rushing as an Assembly. Madam Speaker, on behalf of the Government and as the Chief Whip, I urge the House to reject this report in total. Thank you, Madam Speaker.

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Yes Honourable Samuel Onyango.

Hon. Onyango` (MCA, Railways): Thank you, Madam Speaker. Madam Speaker, I rise to support this report and I want to thank the Committee for a job well done, Madam Speaker. That's the reality on the ground. Whatever they have done, that's the reality in Kisumu County. No matter how much the Whip want to try to paint Kisumu County to resemble Europe, Kisumu is not Europe. Kisumu is a 'bonoko' Europe. Madam Speaker, the Committee has done a good job, but my worry is, are the recommendations provided in this report going to be implemented? That's another thing.

Mr. Chair and the team that was very brave enough to bring that kind of report. You have done a good job. Even Whip, when we will be doing the Committee reorganization, just maintain the chair there. He has done a good job. And I support it. Thank you.

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Honourable Members, I cannot see any Member standing to debate. somebody to call the mover to reply? Any Hon Member?

Hon. Matara (Nominated Member): Yes, Madam Speaker. Going by the mood of the House, may I call the mover to reply?

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Yes, Honourable Ken Ouko, Chairperson, PIC/PAC.

Hon. Ouko (MCA, West Kisumu): Thank you so much, Madam Speaker. For one...

The Temporary Speaker (Hon. Carren (MCA, Kaloleni Shaurimoyo): Order!! Members.

Hon. Ouko (MCA, West Kisumu): Thank you Madam Speaker. Madam Speaker, we have Honourable Warindu, who was actually trying to explain more on recurrent issues, which always

recur. Madam Speaker, this issue is not limited to the County Executive; it affects all sectors, which is why this House Committee came up with these recommendations. These recommendations are well-guided in terms of what needs to be addressed, and I appreciate the member for emphasizing that point.

Additionally, Madam Speaker, Honourable Rakwach mentioned the importance of implementing these recommendations. It's true that we can provide very good recommendations, but if they are not implemented, then our efforts will amount to nothing. Therefore, Madam Speaker, in your role as chairperson, we need to emphasize the role of the Implementation Committee to ensure they follow up on these matters.

Thank you, Honourable Vitalis, for acknowledging in your opening statement that you are an elder. There's absolutely nothing wrong with embracing your age—when you're old, you're old; when you're young, you're young. As for me, I'm in middle age, already 49, and I accept that. I can't claim to be part of Gen Z! Thank you, Honourable Vitalis, for encouraging us to work hard. This is not just for the PIC/PAC Committee or the Chairperson; it's for the entire County Assembly of Kisumu. What we are doing here is not for ourselves, and we are not competing with anyone.

Madam Speaker, as Hon. Ouko, I had no way of knowing that I would become Chairpersons of PIC/PAC or Agriculture, but now that we've been given this responsibility, we are here to serve the people. There's no need to feel upset to the point of leaving the House because you can't express yourself. We are all brothers here. Let's approach issues with sobriety so that we can work together to develop our county. That is what truly matters.

Honourable Obaso, we acknowledge that we've consistently received Adverse Opinions from the Office of the Auditor General, which is quite discouraging. It raises the question of whether the Auditors are issuing these Opinions or if the audited entity is failing to provide the necessary documentation. However, from what we've presented, it is clear that the responsibility lies with the audited entity to provide the required supporting documents. This would allow us to receive a qualified report, which is what we consider to be the best outcome.

Honourable Were, thank you for acknowledging our presence and commitment. We must be judged by our actions, not just by what we say we are doing. If you compare the Third Assembly with the Second Assembly, you'll see that we've produced a significant number of reports. It's not that we are claiming to be better than others, but it's a reflection of the dedication we've shown as a House Committee, the teamwork we've fostered, and the strong support we've received from you as representatives. Thank you all. And Madam Speaker, thank you for your leadership.

Thank you so much for the continued support you have provided all along. While today's approach may be different, you have consistently supported this House Committee, and we have always referred to the moving notes during our proceedings. It's only today that you've pointed out an issue with the moving notes that you feel contradicts what is appropriate. However, we must remember that it was agreed upon in this House that, for the sake of time, we would use the moving notes as a guide.

While things are not always cut in stone and can be flexible, we can make adjustments, especially when dealing with a substantial report of nearly 200 pages. If we can accommodate such changes, there's no issue, as laws are made for the people, and it's the people who have the power to amend and adapt them. We are always guided by the rule of law and the principles that serve as our foundation.

When it comes to the PIC/PAC Committee, it's not possible to engage in witch-hunting because we are strictly guided by the provisions of the PFM Act, which clearly outlines the requirements and the types of recommendations we can make. We don't simply make recommendations arbitrarily; we must follow established principles and the rule of law. As you are all aware that, this House Committee is crucial, just like other Select and Standing Committees, and plays a significant role in overseeing public expenditure and management. Therefore, we must adhere to the law when formulating our recommendations, ensuring they are well-supported.

Our recommendations can be subjected to legal challenges, even in court, so we make every effort to involve legal experts, researchers, and other professionals in the process. Additionally, this House Committee is composed of four Certified Public Accountants with a strong background in accounting, who provide valuable advice and guidance on these matters. When we present a report, we always ask for your support because it's not just for the PIC/PAC Committee, the Chairperson, or any individual. This is for the entire House. When we do well, the positive impact extends to the citizens we serve.

In conclusion, I would like to offer my sincere apologies. I felt truly bad when I saw a fellow member leave the House due to a slip of the tongue. Madam Speaker, and to the House, it's never my intention to offend any of my colleagues, whether I'm the Chairperson or not. Sometimes, people make light-hearted remarks, and if my words went too far and caused any hurt, I ask for forgiveness. Thank you.

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Honourable Members, now that the motion on adoption of the report of the Select Committee of PIC/PAC on the Examination of Auditor's General Report on the Financial Statement of the County Executive of Kisumu for the year ended 30th June 2021 has been presented, seconded, and debated, I want to put a question on the adoption of the same.

(Question put and agreed to)

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Honourable Members, the motion on adoption of the report of the Report of the PIC/PAC Committee on the Examination of Auditor's General Report on the Financial Statement of the County Executive of Kisumu for the year ended 30th June 2021 has been adopted today Tuesday 24th September 2024 at 15:48 hours. I direct that the recommendations of this report and of the House debate be forwarded to the relevant departments and agencies for implementation. I also direct that the Implementation committee to follow up on the implementation of the same. Thank you.

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Next order!

ADJOURNMENT

The Temporary Speaker (Hon. Ajwang' MCA, Kaloleni/Shaurimoyo): Honourable Members, there being no any other business before this Honourable House, this House stands adjourned to Wednesday 25th September, 2024 at 09.00 a.m.

(House rose at 15:49 p.m.)

Addendum

Hansard Team

<i>Zablon Otiende</i>	-	<i>Senior Hansard Reporter (Acting Editor)</i>
<i>Edward Odanga</i>	-	<i>Hansard Reporter</i>
<i>Fanuel Okode</i>	-	<i>Hansard Reporter</i>
<i>Patrick Okoyo</i>	-	<i>Hansard Reporter</i>
<i>Jesca Otieno</i>	-	<i>Hansard Reporter</i>
<i>Jacklyne Otieno</i>	-	<i>Hansard Reporter</i>
<i>Valery Achieng'</i>	-	<i>Hansard Reporter</i>
<i>Jactone Obonyo</i>	-	<i>Attache'</i>