COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – THIRD SESSION

Tuesday, 11th March, 2025

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

(The Speaker (Hon. Elisha Oraro) in the Chair)

PRAYERS

The Speaker (Hon. Oraro): Clerk, take us through the order of the day.

The Speaker (Hon. Oraro): Next order!!

PAPER LAID

REPORT OF THE SELECT COMMITTEE ON APPOINTMENTS ON THE SUITABILITY OF DR. K'ONYANGO CHARLES, NOMINEE TO THE POSITION OF COUNTY EXECUTIVE COMMITTEE MEMBER FOR LANDS AND PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT

BY

HON. KENNEDY OOKO, MCA, AHERO

(LEADER OF MAJORITY)

(Paper laid by Hon. Kanga on behalf of the Leader of Majority, Hon. Ooko)

The Speaker (Hon. Oraro): What is it Honourable Chief Whip?

Chief Whip (Hon. Kanga, MCA, Market/Milimani): Thank you Mr. Speaker. Allow me to lay this Paper on behalf of the Leader of Majority. Pursuant to the provisions of Section 9, Part 1 of the Public Appointments, County Assembly Approval Act No. 9 of 2017 read together with Orders No. 182 (6) of the Kisumu County Standing Orders. I wish to table today, Tuesday, 11th of March 2025, a report of the Select Committee Appointments on the suitability of Dr. K'Onyango Charles, nominee to the position of County Executive Committee Member of Lands, Housing and Physical Planning and Urban Development. Thank you, Mr. Speaker.

(Hon. Chief Whip lays the report before the House for consideration)

The Speaker (Hon. Oraro): Honourable Members, I confirm receipt of the report of the Select Committee of Appointments a report on the suitability of Dr. K'Onyango Charles, for the appointment to the position of County Executive Committee Member for Lands, Physical Planning, Housing and Urban Development, as presented by the Honourable Whip on behalf of the Majority. And I want to direct that the House Business Committee considers this report for purposes of trading for debate.

The Speaker (Hon. Oraro): Next order!!

NOTICE OF MOTION

REPORT OF THE SELECT COMMITTEE ON APPOINTMENTS ON THE SUITABILITY OF DR. K'ONYANGO CHARLES, NOMINEE TO THE POSITION OF COUNTY EXECUTIVE COMMITTEE MEMBER FOR LANDS AND PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT

BY

HON. KENNEDY OOKO, MCA, AHERO

(LEADER OF MAJORITY)

(Notice of Motion by Hon. Kanga on behalf of the Leader of Majority, Hon. Ooko)

The Speaker (Hon. Oraro): Honourable Chief Whip.

Chief Whip (Hon. Kanga, MCA, Market/Milimani): Thank you, Mr. Speaker. I once again rise on behalf of the Majority Leader, the Honourable Kennedy Ooko, Mr. Speaker, pursuant to the provision of Standing Order No. 45 (1) of the Kisumu County Assembly Standing Orders, this House adopts the report of the Select Committee on Appointment on the suitability of Dr. K'Onyango Charles, nominee to the position of County Executive Committee Member of Lands, Housing, Physical Planning, Housing and Urban Development. Thank you.

The Speaker (Hon. Oraro): Next order!!

STATEMENTS

The Speaker (Hon. Oraro): It is Statement time, Honourable Majority Whip.

Chief Whip (Hon. Kanga): Thank you, Mr. Speaker. I similarly and once again rise on behalf of the Majority Leader, Mr. Speaker, I rise pursuant to Standing Order No. 42 (2) (c) which mandates the Majority Leader of the County Assembly to present and lay on the table of the County Assembly a statement informing the Assembly of the business coming before the House on the following week.

Honourable Speaker, this is therefore to bring the attention of Members and the County Assembly that for the week commencing Wednesday 12th March to Tuesday 25th March 2025, the Select Committee of the Assembly Business Committee, in its last meeting, approved the following tentative business to appear in the Order Paper as follows;

Wednesday 11th March, 2025 at 9:00 a.m.

PAPAERS TO BE LAID

1. The Leader of the Majority, on his behalf, the Honourable Kennedy Ooko, we lay on the table of the County Assembly the Kisumu County Proposed Supplementary Budget Estimates for the Financial Year 2024-2025 in the third week, that's week 3 of 2025.
2. The Chairperson of the Select Committee on Liaison, the Honourable Nereah Okombo, will table the Committee Reports on its Consideration of Half-Yearly Progress Reports of Committees for the period ended 31st December 2024.
3. The Chairperson of the Select committee on Public Investments and Accounts, the Honourable Kennedy Ouko, will table the Committee Reports on the following:
   a) The Examination of Reports of the Auditor General on the Financial Statements of Rabuor Sub-County Hospital for the 2021-2022 and 2022-2023,
   b) Miranga Sub-County Hospital for the Financial Year 2021-2022 and 2022-2023
   c) Sondu Sub-County Hospital for the Financial Year 2021-2022 and 2022-2023.

NOTICES OF MOTION

1. The Chairperson of the Select Committee on Liaison, the Honourable Nereah Okombo, will give a Notice of Motion for the Adoption of Committee Reports on its Consideration of Half-Yearly Progress Reports of Committees for the period ended 31st December 2024.
2. The Chairperson of the Select Committee on Public Investments and Accounts the Honourable Kennedy Ouko, will give a Notice of Motion for the Adoption of Committee Reports of the following;
   a) Examination of Reports of the Auditor General on the Financial Statements of Rabuor Sub-County Hospital for the Financial Year 2021-2022 and 2022-2023,

b) Miranga Sub-County Hospital for the Financial Year 2021-2022 and 2022-2023 and
c) Sondu Sub-County Hospital for the Financial Year 2021-2022 and 2022-2023.

SUBSTANTIVE BUSINESS

The Chairperson of the Select Committee on Public Investments and Accounts will move a Motion for the Adoption of the Committee Report on the Examination of Reports of the Auditor General on the Financial Statement of Kisumu County Referral Hospital for the Financial Year 2022-2023.

Wednesday 11th March 2025 at 02.30p.m.

SUBSTANTIVE BUSINESS

The Leader of the Majority will move a Motion for the Adoption of the report of the select committee on Appointments Committee on the suitability of Dr. K'Onyango Charles, nominee to the position of County Executive Committee Member of Lands, Physical Planning, Housing and Urban Development. Mr. Speaker, which I believe I have done on behalf of the Leader of Majority.

Thursday, 12th March, 2025 at 2.30 p.m.,

SUBSTANTIVE BUSINESS

The lead Chairperson of the Joint Departmental Committee on Education, Technical Training, Innovation and Social Services and the Departmental Committee on Social, Culture, Gender and Youth Affairs, Honourable Seth Okumu will move a Motion for adoption of the report on the Kisumu County Child Protection Policy 2024.

Similarly, the Leader of Majority will move a Motion of Adjournment of the County Assembly on Tuesday 25, March 2025

The Speaker (Hon Oraro): Honourable Kanga.

Chief Whip (Hon Kanga, Market/Milimani): Mr. Speaker, I believe there is a printing error here.

The Speaker (Hon Oraro): Honourable Whip, it is my belief that, you are already on Thursday.

Chief Whip (Hon Kanga, Market/Milimani): Yes, we are on Thursday. The Leader of Majority will move a Motion for Adjournment of the County Assembly Sittings until Tuesday, 25, March 2025 at 2.30 p.m. to facilitate attendance to the Legislative Summit.

Tuesday, 25th March 2025 at 02.30 p.m.

STATEMENT

Mr. Speaker, the Leader of Majority will issue a statement pursuant to Standing Order No. 42 (2) (c) of the Kisumu county Assembly Standing Orders on the Business coming before the House.

SUBSTANTIVE BUSINESS

Mr. Speaker, the Chairperson of the Select Committee on Public Investments and Accounts, the Honourable Kennedy Ouko, will move a Motion for the adoption of the committee report on the Examination of the reports of the Auditor General on the financial statements of Nyahera Sub-County Hospital for the financial year 2021/2022, and 2022/2023. Thank you, Mr. Speaker.

The Speaker (Hon Oraro): Next order!!

MOTION

ADOPTION OF REPORT OF THE SELECT COMMITTEE ON PUBLIC INVESTMENTS AND ACCOUNTS ON THE EXAMINATION OF THE AUDITOR GENERALS' REPORT ON THE FINANCIAL STATEMENTS OF KISUMU URBAN PROJECTS CASH EXPENDITURE ACCOUNTS FOR THE FINANCIAL YEAR 2022/2023 AND KIKSUMU URBAN PROJECT ADVANCE ACCOUNT FOR THE FINANCIAL YEAR 2022/2023

BY

HON. KEN OUKO, MCA, WEST KISUMU

(CHAIRPERSON, SELECT COMMITTEE – PIC/PAC)

The Speaker (Hon Oraro): Honourable Kennedy Ouko.

Hon. Ouko (West Kisumu): Thank you, Mr. Speaker. Honourable Speaker, on behalf of the Public Accounts and Investment Committee (PICPAC) Assembly Standing Orders No. 188, I wish to present to this House the report of the Select Committee on the Audited Financial Statement of Kisumu Urban Project, Cash Expenditure Account for the Financial Year 2022/2023 and Project Advance Account for the Financial Year 2022/2023.

Honourable Speaker, on behalf of the Public Accounts and Investments Committee (PICPAC), and Pursuant to Kisumu County Assembly Standing Orders 188, I wish to present to this House

the report of the Committee on the audited financial statements of Kisumu Urban Project (Cash Expenditure account FY 2022/2023 and Project Advance Account FY 2022/2023)

The County Assembly exercises oversight over County Government entities/investments and their expenditure Pursuant to Article 185(3) of the Constitution of Kenya 2010.

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

The Committee held 2 sittings during which it received both written and oral evidence from the Accounting Officer on audit queries raised by the Auditor-General on the financial statements of the two accounts of the Kisumu Urban Project FY 2022/2023.

Hon. Speaker, Kisumu Urban Project was designed to promote inclusive and sustainable development in Kisumu by modernizing municipal management systems, enhancing public policies, improving land management and urban planning, and rehabilitating as well as developing public facilities and infrastructure.

Initially set for a ten-year duration from 2012 to 2022, the project underwent an audit for the Financial Year 2022/2023, as its accounts had not yet been closed despite the official project timeline having ended.

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

Honorable Speaker, on behalf of the Public Accounts and Investments Committee, I now wish to table the report on the consideration of the Auditor General's reports on the Financial Statements of Kisumu Urban Project (Cash Expenditure account FY 2022/2023 and Project Advance Account FY 2022/2023) and urge this House to adopt it.

Establishment and Mandate of the Public Accounts and Investments Committee
The Public Accounts and Investments Committee is established under Standing Order No. 188 of the Kisumu County Assembly Standing Orders and is mandated to undertake the following functions;

i. Examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the House as the committee may think fit;
ii. Examination of the working of the Public Investments
iii. Examine the reports and accounts of the Public Investments and,
iv. Examine in the context of the autonomy and efficiency of the public investments,

whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

Composition of the Public Accounts and Investments Committee

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

Table 1: Committee Membership as at May 2024

	NAME	POSITION
	MEMBERS	
1.	Hon. Ken Ouko	Chairperson
2.	Hon. Tom Onditi	Vice Chairperson
3.	Hon. Seth Okumu	Member
4.	Hon. Habil Nyasuna	Member
5.	Hon. Nancy Matara	Member
6.	Hon. Rueben Rakwach	Member
7.	Hon. James Were	Member
8.	Hon. Mickey Ochieng	Member
9.	Hon. James Omollo	Member
	SECRETARIAT	
1.	Austine Ochieng'	Committee Clerk
2.	Chrispine Oguta	Clerk Assistant
3.	Patrick Okoyo	Hansard Officer
4.	Faith Judith	Sargent-at-arm
5.	Wycliffe Owade	Researcher
6.	CPA Naboth Odero	Internal Auditor
7.	CPA Mollen Achayo	Fiscal Analyst
8.	CPA Charles Ageng'o	Internal Auditor

LEGAL FRAMEWORK & GUIDING PRINCIPLES

Honourable Speaker, the Committee was guided by the following legal instruments;

1. Constitution of Kenya 2010: Article 229 (4) of the Constitution of Kenya, 2010 requires the Auditor General, within a period of six months after the end of each financial year, to audit and report, in respect of that financial year, on;
    i. The accounts of the National and County governments,
    ii. The accounts of all funds and authorities of the National and County governments,
    iii. Accounts of all courts,
    iv. The accounts of every commission and independent office established by

this constitution,

v. The accounts of National Assembly, the Senate and the county assemblies,
vi. The accounts of the political parties funded from the public funds,
vii. The public debt and
viii. The accounts of any other entity that legislation requires the Auditor General to Audit

Article 229(8) further states that "*within three months after receiving an audit report, parliament or county assembly shall debate and consider the report and take appropriate action".*

1. Direct Personal Liability: Article 226(5) of the Constitution is unequivocal that, if the holder of a Public Office or a political office, directs or approves the use of Public Funds contrary to the law or instruction, the person is liable for any loss arising from that use and shall make good, the loss, whether the person remains the office holder or not.

2. Public Audit Act 2015; Section 7 mandates the Auditor General to: (i) Give assurance on the effectiveness of internal controls, risk management and overall governance at National and County Government; (ii) Undertake audit activities in state organs and public entities to confirm whether or not public money has been applied lawfully and in an effective way

3. Section 203(1) of the Public Finance Management Act, 2012 enacts that; a public officer is personally liable for any loss sustained by a County Government and is attributed to; (i) The fraudulent or corrupt conduct, or negligence of the officer or, (ii) The officer's having done any act prohibited by Sections 196, 197, and 198

4. Public Finance Management Act, 2012: Section 149 (1) of the Public Finance Management Act, 2012 which states that "*An accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is –*

a) Lawful and authorized; and
b) Effective, efficient, economical and transparent"

Guiding Principles

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

These principles include the following;

Constitutional Principles on Public Finance: Article 201 of the Constitution of Kenya 2010 provides for fundamental principles aimed at guiding all aspects of Public Finance. It states that the principles are; inter alia;

i). Openness and Accountability including public participation in financial matters;
ii). Public money shall be used in a prudent and responsible way; and
iii). Financial management shall be responsible and fiscal reporting shall be clear.

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

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KISUMU URBAN PROJECT (CASH EXPENDITURE ACCOUNT FY 2022/2023)

Honourable Speaker, the Deputy City Manager, Mr. Charles Omollo appeared before the Committee on 4th February 2025 to adduce evidence on the Audited Financial Statements of the Kisumu Urban Project (Cash Expenditure Account) for the financial year 2022/2023.

The deputy City Manager was accompanied by the following Officers;

CPA Evans Otieno – Finance Officer
CPA Lennox Jalango – Project Accountant

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

Daisy Mokaya – Office of the Auditor General

BASIS FOR OPINION FY 2022/2023

Honourable Speaker, the opinion of the Auditor General on the financial statements of the Cash Expenditure Account was a clean opinion. However, the Auditor raised a paragraph on Emphasis of matter and an issue on unresolved prior year issues

3.1 Emphasis of Matter

According to the Financing Agreement No. CKE 1035.01.G Addendum No.4 dated 19th February, 2020 between the Republic of Kenya and AFD, the Project's technical completion date was 31st January, 2022 while the deadline for use of funds was to be 30th June, 2022.

During the year, no funds were received into the Project and no expenditure was made from the bank account which had a balance of Kshs.6,772. No handover of Project's assets or records were made to the parent entity.

The Project Management should commence the closure procedure and issue the report for audit.

Management Response.

The Management of City of Kisumu noted the advice and is in the process of closing all the said bank accounts. It anticipates full response and guidance from the Ministry of Lands, Housing and Urban Development based on its earlier letters and a subsequent reminder on the same by the Kisumu County Governor as per the attached correspondences in Annex 1.0

Committee Observations

1. That according to the Financing Agreement No. CKE 1035.01.G Addendum No.4 dated 19th February, 2020 between the Republic of Kenya and AFD, the Project's technical completion date was 31st January, 2022 while the deadline for use of funds was to be 30th June, 2022.
2. That during the FY 2022/2023, no funds were received into the Project and no expenditure was made from the bank account which had a balance of Kshs.6,772. Moreover, no handover of Project's assets or records were made to the parent entity.
3. That both the committee and the Office of the Auditor General confirmed that through letters to the ministry of Finance and Economic Planning, the management has made efforts to have the account closed. However, the account is yet to be closed.

Committee Recommendations

1. That the Accounting Officer immediately expedite the closure of the Project account and provide a report to this Assembly within 60 days upon the adoption of this report.
2. That the matter is unresolved

3.2 Unresolved prior year issues

In the audit report of the previous year, several issues were raised. However, the Management has not resolved some of the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury and Planning Circular reference No. AG.4/16/3 Vol.11(66) dated 6 July, 2022.

Management Response:

No response

Committee Observations

That the Management has not resolved some of the prior year issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates

and The National Treasury and Planning Circular reference No. AG.4/16/3 Vol.11(66) dated 6 July, 2022 on the same

Committee Recommendations

1. That the management promptly implement the Auditor General's prior year recommendations and submit a comprehensive report to both the Office of the Auditor General and the County Assembly within 21 days upon adoption of this report. Progress on the implementation be demonstrated during the interrogation of the next audit report.
2. That the matter is unresolved

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KISUMU URBAN PROJECT (PROJECT ADVANCE ACCOUNT FY 2022/2023)

Honourable Speaker, during the FY 2022/2023, the opinion of the Auditor General on the financial statements of the Project Advance Account was Unqualified/Clean report. However, the Auditor General raised paragraphs on Emphasis of Matter and Unresolved prior year issues.

1. Emphasis of matter

According to the Financing Agreement No. CKE 1035.01.G Addendum No.4 dated 19th February, 2020 between the Republic of Kenya and AFD, the Project's technical completion date was 31st January, 2022 while the deadline for use of funds was to be 30th June, 2022.

During the year, no funds were received into the Project and no expenditure was made from the bank account which had a balance of Kshs.2,200,309. No handover of Project's assets or records were made to the parent entity.

The Project Management should commence the closure procedure and submit the report for audit.

Management Response

The Project was officially handed over to the City of Kisumu in September 2022. The Management of City of Kisumu is in the process of closing all the said accounts. The Management anticipates full response and guidance from the Ministry of Lands, Housing and Urban Development based on its earlier letters and a subsequent reminder on the same by the Governor of the great of County of Kisumu. The Handover Report and follow up letters are hereby attached as per Annex 1.0

Committee Observations

4. That according to the Financing Agreement No. CKE 1035.01.G Addendum No.4 dated 19th February, 2020 between the Republic of Kenya and AFD, the Project's technical completion date was 31st January, 2022 while the deadline for use of funds was to be 30th June, 2022.
5. That during the FY 2022/2023, no funds were received into the Project and no expenditure was made from the bank account which had a balance of Kshs.6,772. Moreover, no handover of Project's assets or records were made to the parent entity.
6. That both the committee and the Office of the Auditor General confirmed that through letters to the ministry of Finance and Economic Planning, the management has made efforts to have the account closed. However, the account is yet to be closed.

Committee recommendations

1. That the Accounting Officer immediately expedite the closure of the account and provide a report to this Assembly within 60 days upon the adoption of this report.
2. That the matter is unresolved

2. Unresolved prior year issues

In the audit report of the previous year, several issues were raised. However, the Management has not resolved some of the issues or given any explanation for failure to address them.

Management Response

No response

Committee Observations

That in the audit report of the previous year, several issues were raised. However, the Management has not resolved some of the issues or given any explanation for failure to address them

Committee Recommendations

1. That the management promptly implement the Auditor General's prior year recommendations and submit a comprehensive report to both the Office of the Auditor General and the County Assembly within 21 days upon adoption of this report. Progress on the implementation be demonstrated during the interrogation of the next audit report.
2. That the matter is unresolved

Summary of Observations

Honourable Speaker, Having interrogated the audit reports of the Kisumu Urban Project Accounts, the Committee makes the following observations;

1. Kisumu Urban Project was designed to promote inclusive and sustainable development in Kisumu by modernizing municipal management systems, enhancing public policies, improving land management and urban planning, and rehabilitating as well as developing public facilities and infrastructure.
2. That the project was sponsored by the French Development Agency
3. That initially set for a ten-year duration from 2012 to 2022, the project underwent an audit for the Financial Year 2022/2023, as its accounts had not yet been closed despite the official project timeline having ended.
4. That according to the Financing Agreement No. CKE 1035.01.G Addendum No.4 dated 19th February, 2020 between the Republic of Kenya and AFD, the Project's technical completion date was 31st January, 2022 while the deadline for use of funds was to be 30th June, 2022.
5. That during the FY 2022/2023, no funds were received into the Project and no expenditure was made from the bank accounts which had a balance of Kshs.6,772 each. Moreover, no handover of Project's assets or records were made to the parent entity.
6. That both the committee and the Office of the Auditor General confirmed that through letters to the ministry of Finance and Economic Planning, the management has made efforts to have the account closed. However, the account is yet to be closed

Summary of Recommendations

The Committee makes the following recommendations;

1. That the Accounting Officer immediately expedites the closure of the two accounts and provide a report to this Assembly within 60 days upon the adoption of this report.

2. That the management promptly implement the Auditor General's prior year recommendations and submit a comprehensive report to both the Office of the Auditor General and the County Assembly within 21 days upon adoption of this report. Progress on the implementation be demonstrated during the interrogation of the next audit report

In Conclusion

Honourable Speaker, I hereby request that this House adopts this report of the Public Accounts and Investments Committee on the consideration of the Auditor General's Report on the

Financial Statements of the of Kisumu Urban Project (Cash Expenditure account FY 2022/2023 and Project Advance Account FY 2022/2023). May I call upon Honourable James Were to second. Thank you, Mr. Speaker.

The Speaker (Hon Oraro): Honourable Were.

Hon. Were (Nyalenda "B"): Thank you, Mr. Speaker. Before I second, I would like to make a few remarks. Mr. Speaker, the Auditor-General's Report for the Financial Year 2022/2023 highlighted several financial management issues. Mr. Speaker, this report shows that the Auditor General had issued an Adverse Report. Mr. Speaker, these are things that when we do things in accordance to the Financial Management Act, if we streamline our financial records the way they are supposed to be done, we can ensure that we have a positive record without challenges.

Mr. Speaker, we have a few things, the observations that were made by this House Committee and the recommendations that were put forward. Mr. Speaker, there are things that we need to put right, like if we establish robust internal controls; if implemented so well, will ensure that we have accurate record keeping which will in turn prevent unauthorized or irregular payments.

Mr. Speaker, there are things, especially when we undertake regular audits; we can recommend such regular audits be undertaken to ensure that we identify any discrepancies that may exist to ensure that we correct them in good time.

Mr. Speaker, there is another issue of Adherence to Procurement Laws, which if maintained; we will ensure that we do not violate any regulation. Mr. Speaker, our mandate is to ensure that prudent management of resources is done so that we build confidence in our people and inspire trust and belief. This will also build on donor confidence. Otherwise, I beg to second. Thank you.

The Speaker (Hon Oraro): Honourable Members, now that the Motion on Adoption of the report of the Select committee on Public Investments an Accounts on the Examination of the Auditor General reports on the Financial Statements of Kisumu Urban Project Cash Expenditure Account for the FY 2022/2023 and Kisumu Urban Project Advance Account for the FY 2022/2023 has been moved and seconded. I want to propose a question that the Motion is open for debate.

The Speaker (Hon Oraro): Yes, Honourable Boitone.

Hon Boitone (Nyalenda "A"): Thank you Mr. Speaker. I was still reading the mood of the House. I am still not ready to contribute.

The Speaker (Hon. Oraro): Honorable Seth Kanga.

Chief Whip (Hon. Kanga, MCA, Market/Milimani): Thank you, Mr. Speaker. Mr. Speaker, I rise to debate on the report of the Auditor General for the financial year 2022/2023.

Mr. Speaker, as read to us by the Chairperson and seconded by the Honorable James Were, in that financial year, the report of the Auditor General, as far as that financial year is concerned, was Unqualified, which means it was a clean report. It is time to be corrected, because what I have in my document here is that in that financial year, it was Unqualified. It is true, and clean report, unless I am reading a different report. I believe I am on the right track.

Mr. Speaker, I am a representative of Market Milimani Ward, and the city in general, whereby some of these projects, as far as AFD is concerned, were implemented. The report is vague, Mr. Speaker, because the report is not indicative of and to which and where these projects were undertaken, because we have several projects here. We have Kibuye Market, we have several markets, several roads, and we have paved a cabros. So, it is not indicated, Mr. Speaker, where these projects were undertaken for us to be able to oversight and authenticate that the Auditor General was talking about which projects. According to the financial agreement and the addendum between the Republic of Kenya and AFD for the completion of a project on 31st January 2022, while the deadline for the use of fund was to be on 30th June 2022. Mr. Speaker, which project is this? You know, these people are giving us very vague and blanket information, and it does not indicate where these projects were done or implemented. Was it in Market Milimani? Was it in Kaloleni Shaurimoyo? Was it in Kondele Ward? Was it in Railway Ward? Was it in Migosi Ward? Or which ward was it? Or Kolwa Central Ward or for example. It is not indicative, Mr. Speaker, and the report is very clear, and a lot of emphasis is done on fiscal matters rather than the actual matters on where the projects were undertaken.

So, Mr. Speaker, the Chairperson should next time I will urge this House Committee to be very particular about where these projects were undertaken rather than giving us a blanket report. This House Committee could have further inquired from the City Manager through the Deputy City Manager who represented the city, where these projects were undertaken and which projects in particular. So that we are able to explain to the people of Kisumu City that this project was undertaken and the Auditor General approved it, it was clean. Otherwise, Mr. Speaker, the report is good, I support it, but next time they should be particular. Thank you, Mr. Speaker.

The Speaker (Hon. Oraro): Honourable Joachim Oketch.

Hon. Oketch (MCA, Kondele): Thank you very much, Mr. Speaker. I want to first support the report being that this House Committee has done a commendable job that is given by what is stipulated in the Standing Orders and also the PFM Act, 2012.

Mr. Speaker, of course, it is a very short and precise report. If you hear when the Chairperson was moving the report, and also if you look at the mother report which has been shared on the wall. So, Mr. Speaker, it is an account that I will call an inactive account, that probably there were no movements in that particular account. The Chairperson has stated very clearly that the balance had remained the same. What was the Opening Balance is equally the Closing Balance. Then, this implies that there was very little movement or even none in the cash expenditure account. So, meaning this is an account that probably the County or the relevant department is not using, and this House Committee is also proposing that this account be close, Mr. Speaker. Mr. Speaker, what is of concern, which I do not know whether it has slipped my mind because I have been trying to remember it, is that this House Committee is mentioning that the Auditor General is proposing that they do implement the recommendations in the previous year, which I believe that this house Committee ought to have included here so that we are able to join and understand what the Auditor General was trying to propose. If you look at the report, it would have been as clear as just saying that they closed the account because there is very little movement.

So, it is my request to this House Committee that they ought to have come out very clearly and informed this House what were the specific recommendations in the previous year that the Auditor General was trying to probably advise that they implement. Otherwise, it is my belief that it will be very inappropriate for us not to support the report because this House Committee did their work and they looked at the report, though it is an account, that probably they would have just written one line saying that the account is inactive and the County ought to have closed the account. Otherwise, I want to thank the committee for giving us the recommendations. Thank you.

The Speaker (Hon. Oraro): Yes the Honourable Tom Nyaoke.

Hon. Nyaoke (MCA, North Nyakach): Thank you Mr. Speaker. I rise to support the adoption of this report. However, I wanted to also point out some few areas that I believe the Chairperson and this House Committee, in future will handle the way, they are promised here, then they probably can take that into consideration. Mr. Speaker, Honorable Seth Kanga, the incoming Member of Parliament has just talked about one very fundamental point. Mr. Speaker, if you look at the title of that report of the Auditor General on the financial statements of the Kisumu Urban Project, we are all aware that this project may not have been only one. Normally, when the projects are more than one, the starting period and the completion period might be a bit different and not necessarily be the same. The management of these individual programs or projects cannot be the same in most cases.

Mr. Speaker, it would have been ideal for this House Committee to also list down these projects, so that we are aware and these things go on record, particularly with the knowledge that what are

the actual projects we are talking about. Mr. Speaker, it may be that even some of them may not have been completed or abandoned, but it would have been important for them to be listed down.

Mr. Speaker, on their own admission, if you look at the management response part two, it says that during the financial year 2022/2023, no funds were received for the project and no expenditure was made from the bank account, which had a balance of shillings 6,772. Moreover, no handover of project assets or records were made to the parent entity. Mr. Speaker, we do agree that money did not come in, so basically the account was not in use. That is why we are given the balance to be the same and that the balance has not been touched.

Mr. Speaker, that is well and good, because the management is promising to follow up the closure of this account so that they even see what to do with this balance of shilling 6,000. Mr. Speaker, that last line is equally very important. If you look at the project assets, it may be true that there could have been some assets which were allocated to these projects. Mr. Speaker, the assets which are normally allocated to these projects, some of them range from motor vehicles or certain movable machines and so on and so forth. Mr. Speaker, if they were not recorded and if the returns of these assets were not done, I believe that it could be important at the very time. This is because, if you look at the House Committee recommendations, they have also touched on that, but apparently they have forgotten to touch on the very fundamental part that what they are going to do with the assets which were not mentioned.

Mr. Speaker, as I support the adoption of this Motion, because actually it is because of the adoption that we are able to move ahead and find a closure to this, they should also take into consideration the assets which were tied to these projects and the returns and the reports done. Thank you, Mr. Speaker. I beg to support.

The Speaker (Hon. Oraro): Honourable Maurice Ngeta.

Hon. Ngeta (MCA, Awasi/Onjiko): Thank you, Mr. Speaker. I rise to join my colleagues in supporting the report, Mr. Speaker.

Mr. Speaker, this House Committee has done a commendable job and I want to acknowledge that. Mr. Speaker, although there are some reservations which I must put across. This House Committee could have itemized the functions of the funds, Mr. Speaker, so that we could have known which activity each fund has done.

Mr. Speaker, I can applaud this House Committee because there was a time when there was a Facility Improvement Fund. The report was on this floor, Mr. Speaker, and the committee did a good job and we can see what FIF is doing in our facilities.

Mr. Speaker, moving forward, I would like to request the able Chairperson of this House Committee, to itemize the activities of the fund so that we can know or our community can know what has been done by the funds. This is a donor funded project and we need to differentiate what the donor fund has done, what the CRF has done, and others, Mr. Speaker. Otherwise, I support and I applaud my brother Hon Ken Ouko. Thank you.

The Speaker (Hon. Oraro): Honourable Oiko.

Hon. Oiko (MCA, Kabonyo Kanyagwal): Thank you, Mr. Speaker; I also want to make a little contribution on this report. This report is somehow being reported and being challenged, which is in order when you look at it. But there is a previous report in this House. We should have guided the House. And this report was committed to the Departmental Committee on Finance and ICT. However, what I cannot remember is whether this Departmental Committee has tabled its report in this House.

Mr. Speaker, when we talk of 2012/2022 that is on page 12, number 3, that the funding was done from 2012-2022. Which funding was this? And it was done by who? This was the French Development Agency that did this funding from the time of municipal. And the total funding was about Kshs 4 billion. And when it was converted into Kenya shillings, it was Kshs 3.9 billion. Just listen Hon Kanga.

Mr. Speaker, the French Development Agency funding started during the time of the municipal. And it was from 2012 to 2022. The total funding was about Kshs 4 billion. And when it was converted into Kenya shillings, it came to about Kshs 3.9 billion. There is that record in this Assembly and members are asking which projects were these. The Departmental Committee on Finance and ICT went for fact-finding mission and the projects that were done with this fund were Lumumba Phase 1 and Phase 2, Royal Primary School, Kakoth Bridge, and another one is the low bitumen Kodiaga Road. That was the report that was presented in this House. Those were some of the projects that were done by this money from the French government.

Mr. Speaker, when we were handling this, we met the City Manager and the briefing we got tallies with the report, the Auditor Generals' Report is Unqualified. That means the money was properly used. The same way when the Departmental Committee on Finance and ICT went round, we were impressed with the work done. When you look at Kakoth Bridge, which I believe is in Kolwa East next to Tuge's home. The bridge is classic. When we also went to Lumumba Sub-county hospital, we were almost suggesting that Lumumba now becomes Women's, Children's Hospital because of the good work that was done there. This was made of this money only that, with the elapse of the 10 years, the accounts had not been closed. The audit had not been conducted, and Kisumu County was advised to request the Treasury to release the remaining balance so that the account could be closed. This would also enable the county to seek

additional funding from the French Development Agency, which had already given Kisumu County a clean bill of health regarding the utilization of the previous funds. That is the essence of this report, Mr. Speaker.

While there are some unresolved issues—common in any audit—the overall assessment indicates that the funds were used appropriately. The completed projects are tangible, operational, and benefiting the people of Kisumu County. Moving forward, the Assembly should focus on ensuring that the county takes the necessary steps to secure further funding from the French Development Agency to continue developing more facilities.

Mr. Speaker, I fully support this report, as it provides valuable insights and context. It is a well-prepared report that deserves due consideration. Thank you, Mr. Speaker.

The Speaker (Hon. Oraro): Yes, Honourable Pamela Oyoo.

Hon. Oyoo (MCA, Migosi): Thank you, Mr. Speaker, I wish to call the mover to reply.

The Speaker (Hon. Oraro): Honourable Ouko.

Hon. Ouko (MCA, West Kisumu): Thank you, Mr. Speaker. I would like to take this opportunity to commend the members of the County Assembly for facilitating the smooth transaction of House business and for their valuable contributions.

Mr. Speaker, the matter at hand was not about lost funds—this was not flagged by the Auditor. The issue instead pertained to two accounts that should have been closed at the end of the agreement period. It is important to note that, any account operated by a county entity must be audited by the Auditor General. Since these accounts were managed by the county government, they naturally fell under the Auditor General's jurisdiction, as required by law.

Upon inquiry into why these accounts remained open beyond the agreement period, we were informed that the county government had sought clarification from the National Treasury in Nairobi. Furthermore, just as they needed Treasury's approval to open the accounts, they also required guidance on their closure. This is not solely a county matter but one that involves both the national and county governments.

Mr. Speaker, that is the core of the issue. As Honourable Pete rightly pointed out, similar reports have previously come before this House. However, some members may not recall all the details. Nonetheless, as per legal requirements, auditing must be conducted, which is why this audit query has been brought before the House.

We had recommended that the city department close these accounts as required. If they fail to do so, the matter will continue to appear in subsequent audit reports. To ensure compliance with financial standards and the Public Finance Management (PFM) Act, it is imperative that this issue is addressed. Thank you, Mr. Speaker. I beg to reply.

The Speaker (Hon. Oraro): Honourable Members, now that Honourable Kennedy, who is the Chairperson of the Select Committee on Public Investments and Accounts, had moved a motion, adoption of the report of the Select Committee on Public Investments and Accounts, on the Examination of the Reports of the Auditor General, the Financial Statement of the Kisumu Urban Project Cash Expenditure Account for the year ended 2022/2023, and that of the Kisumu Urban Project Advance Account for the year 2022/2023, the motion was seconded and debated upon. As per our Standing Order, I want to put a question on the adoption of the same.

(Question put and agreed to)

The Speaker (Hon. Oraro): Honourable Members, the motion, adoption of the report of the Select Committee on Public Investments and Accounts, on the Examination of the Reports of the Auditor General, on the Financial Statements of the Kisumu Urban Project Cash Expenditure Account, and the Kisumu Urban Project Advance Account for the year 2022/2023, have been adopted today, Tuesday, 11th of March, 2025, at 15.21 hours. I direct that the recommendations of the report, be communicated to the right department for action.

The Speaker (Hon. Oraro): Next order!

ADJOURNMENT

The Speaker (Hon. Oraro): Honourable Members, there being no other business in the order paper, the House stands adjourned until tomorrow, Wednesday, 12th of March, 2025, at 09.00 a.m. Thank you.

(House rose at 03.22 p.m.)

Addendum

The Hansard Team

Senior Hansard Reporter (Acting Editor)

Zablon Otiende

Hansard Reporters

Edward Odanga

Fanuel Okode

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