COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – FOURTH SESSION

Wednesday, 07th May, 2025

House met in the Main Chamber at 02:30 p.m.

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

PRAYERS

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Clerk, please take us through the order of the day.

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

PAPER LAID

PROPOSED KISUMU COUNTY ANNUAL BUDGET ESTIMATE FOR THE FINANCIAL YEAR 2025-2026

BY

HON. JOACHIM OKETCH, MCA, KONDELE

(Report tabled by Hon. Vincent Jagongo on behalf of the Chairperson, Hon. Joachim Oketch)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): What is it Honourable Jagongo?

Hon. Jagongo (MCA, North West Kisumu): Thank you Madam Speaker. Allow me to lay this Paper on behalf of the Chairperson, Select Committee on Budget and Appropriations, Honourable Joachim Oketch.

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

Hon. Jagongo (MCA, North West Kisumu): Thank you Madam Speaker. Pursuant to the provision of Orders No. 222 of the Kisumu County Assembly Standing Orders, I wish to table today, Wednesday, 07th May, 2025, the Proposed Kisumu County Annual Budget Estimate for the Financial Year 2025-2026. Thank you.

(Hon. Jagongo lays the Estimates of expenditure before the House for consideration)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, I confirm receipts of the Proposed Kisumu County Budget Estimate for the Financial Year 2025-2026. I therefore, commit it to Select Committee on County Budget and Appropriations for action.

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

STATEMENT HOUR

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Yes, Honorable Bill Oliver.

Hon. Bill (MCA, Kobura): Madam Speaker, I rise to request for a Statement on the manner of Payment and Deductions of statements of Community Health Promoters.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Bill, that doesn't sound like a Personal Statement, but I don't have your Statement. Had you requested for a statement before?

Hon. Bill (MCA, Kobura): Yes, Madam Speaker.

(The Deputy Speaker consulting with the Clerk-at-the Table)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Bill, I haven't received your Statement. I'm meeting it on the Floor for the first time. I will allow you to proceed.

Hon. Bill (MCA, Kobura): Thank you, Madam Speaker. I rise pursuant to Standing Order No. 41 (b), to seek a comprehensive Statement from the Chairperson of the Committee on Labour regarding the manner in which stipends for Community Health Promoters, the CHPs, are disbursed and the reasons for deductions applied thereto.

Honourable Speaker, it has come to the attention of this House that a number of Community Health Promoters operating within Kisumu County have raised concerns about unexplained or

irregular deductions from their quarterly stipends. These concerns have triggered public dissatisfaction and confusion about the financial mechanisms underpinning the community health strategy implementation in the county. In view of the above, I request that the Chairperson furnishes this House with the following information.

a) Clarification on the legal policy and administrative framework governing the payment of stipends to Community Health Promoters in Kisumu County.
b) Detailed breakdown of the monthly stipend amount allocated to CHPs and the agency or department responsible for its disbursement.
c) Explanation of the nature, percentage, and legal basis of all deductions made from CHP stipends, including whether such deductions are statutory, policy-driven, or administrative in nature.
d) Information as to whether the payment of stipends has been consistent across all wards and sub-counties, and if not, the reasons for their disparities.
e) Evidence of whether CHPs were adequately informed or consulted before the deductions were effected, and whether consent was obtained where required.
f) Measures being undertaken to resolve the concern raised, ensure timely and full payment of stipends, and improve the transparency and fairness of the payment process.
g) Steps taken by the County Department of Health to monitor and audit the payments and deductions to ensure accountability and compliance with public finance laws.

Madam Speaker, this matter bears significant weight on the morale and welfare of Community Health Promoters who play a vital role in grassroots health delivery and Universal Health Coverage. A clear and transparent response will ensure accountability and foster trust in the County Government health programs. Thank you Madam Speaker.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, the Member for Kobura Ward is seeking a Statement from the Chairperson, Labour Committee. A Statement on the matter of payment and deduction of stipends of Community Health Work Promoters. I believe this Statement ought to have been directed to the Departmental Committee of Health and Sanitation.

A matter of Community Health Workers lies squarely in the Health Department. And that Data lies with the Department of Health. So, I don't believe that the Departmental Committee on Labour and Social Welfare is well suited to handle this Statement.

Honourable Members, the issue of stipends lies in the docket of Health and Sanitation. So, I want to direct that this Statement be referred to the Departmental Committee on Health and Sanitation because this is a matter that touches on wages.

(Hon. Oiko rises on a Point of Order)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Yes, Honourable Oiko.

Hon. Oiko (MCA, Kabonyo Kanyagwal): Thank you madam Speaker. If that is what the Statement refers to majorly, then the presenter of the motion is right to have referred it to the Departmental Committee on Labour and Social Welfare. This is not the first time the matter of Community Health Workers has come up in this House in regard to their wages.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honorable Benny Oiko Pete, the prayers of the statement seeker are four, and not four actually they are seven, and is seeking legal policy and administrative framework governing payment of stipends to the Community Health Workers. That is a mandate of the Departmental Committee on Health and Sanitation. The breakdown of monthly stipend amounts to CHVs. An explanation of the nature, percentage, and legal basis that could lie in the committee of labour.

Whether they were consulted, that health alone could tell. So, evidence of whether the CHVs, Community Health Workers, or Promoters were adequately informed or consulted. That Honourable Okoyo order! And measures raised to resolve concerns of the Community Health Promoters. Majorly, most of these concerns are well dealt with in the Departmental Committee on Health and Sanitation. However, since some of the prayers, Order! Order! Order! Most of these prayers touch on the Departmental Committee on Health and Sanitation, but a few, three or so, also involves the Departmental Committee on Labour. I want to direct that this matter be Joint Departmental Committees on Health and Sanitation and that of Labour and Social Welfare.

Honourable Chairpersons, I can see the Honourable Chairperson for the Committee of Labour and Honourable Chairperson of the Committee Health are here. This matter should be resolved within three weeks. So, you bring back a report to the House in a period of 21 days.

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

MOTION

ADOPTION OF THE REPORT BY THE SELECT COMMITTEE ON PUBLIC INVESTMENTS AND ACCOUNTS ON THE EXAMINATION OF THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KISUMU WATER AND SEWERAGE COMPANY (KIWASCO), FINANCIAL YEAR 2023-2024

PRESENTED BY:

HON. KENNEDY OUKO, MCA, WEST KISUMU

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

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

Hon. Ouko (MCA, West Kisumu): Thank you, Madam Speaker. 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 Water and Sanitation Company Limited for the financial year 2023/2024.

Kisumu Water and Sanitation Company Limited (KIWASCO) is a County Government entity mandated to provide adequate and safe water, as well as to collect, treat, and dispose of wastewater within the jurisdiction of Kisumu City. As a public entity under the Kisumu County Government, KIWASCO is subject to audit by the Office of the Auditor General, pursuant to Article 229(4)(b) of the Constitution of Kenya, 2010.

The Public Accounts and Investments Committee is the watchdog committee that examines Auditor General's reports laid before this House to ensure probity, efficiency, and effectiveness in the use of public resources. The Committee is established pursuant to Standing Orders 188 to examine the accounts showing appropriations of sums voted by this House to meet public expenditure and of such other accounts laid before the House as the committee may think fit. This ensures implementation of Article 229(8) of the Constitution of Kenya, 2010 on reports submitted to this House by the Auditor General.

The opinion of the Auditor General was qualified, implying that except for a few issues, the financial statements presented a true and fair view of the financial position of the entity.

One key observation is that the financial statements did not include a provision for bad and doubtful debts, despite the fact that customer debts totaling Kshs. 137,575,618 representing 47% of total receivables had remained uncollected for over 180 days. Although the company has made efforts to recover these long-outstanding debts, particularly from the National and County Government institutions, and has provided sample follow-up correspondence as evidence, the debts remain unpaid as at the time of audit. The Committee has recommended for development and implementation of a robust debt collection policy incorporating regular reviews, structured follow-ups, and clear escalation procedures for long-outstanding debts.

The Committee also noted that payables amounting to Kshs. 37,522,288 were over one year old, contrary to National Treasury Circular No. 10/2020 on the prioritization of pending bills. These payables mainly relate to accrued payments to the Water Services Regulatory Board and Lake Victoria South Water Works Development Agency during the COVID-19 period. The Committee has recommended to the management to come up with a clear strategy to settle the long-outstanding payables within the stipulated timelines to prevent future accumulation.

During the FY 2023/2024, non-revenue water stood at 37% of total production, exceeding the 25% threshold set by the Water Services Regulatory Board. The management attributed this to a number of factors; vandalism and breakages of pipe networks due to ongoing construction projects, theft of water meters and widespread tampering/mishandling of meters, illegal connections, under-registration by faulty meters, and non-compliant consumer practices, dilapidated infrastructure leading to major bursts and leaks and Wayleaves challenges and a high incidence of breaks on last-mile connections.

The Auditor General also reported that out of 298 employees, 252 (85%) were from the dominant ethnic community, contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which limits representation from one ethnic group to one-third in public institutions. Additionally, the workforce was gender imbalanced, with 226 (76%) male and 72 (24%) female employees, breaching the two-thirds gender rule outlined in the Public Service Commission Human Resource Policies and Procedures Manual, 2015. The Committee has recommended that future recruitment must be conducted with a deliberate effort to enhance ethnic diversity and reflect the national values of inclusivity and cohesion.

The Committee has thoroughly examined the above issues and has put forward a series of well-considered recommendations aimed at enabling KIWASCO to address the identified challenges and enhance its capacity to effectively fulfill its mandate.

Honorable Speaker, I now 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 present the report on the consideration of the Auditor General's report on the Financial Statements of KIWASCO for the financial year 2023/2024.

Establishment and Mandate of the Public Accounts and Investments Committee

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

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;

Examination of the working of the Public Investments

Examine the reports and accounts of the Public Investments and,

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 the following Honorable Members,

Table 1: Committee Membership as of March 2025

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

Legal Framework & Guiding Principles

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

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;

a) The accounts of the National and County governments,
b) The accounts of all funds and authorities of the National and County governments,
c) Accounts of all courts,
d) The accounts of every commission and independent office established by this constitution,
e) The accounts of National Assembly, the Senate and the county assemblies,
f) The accounts of the political parties funded from the public funds,
g) The public debt and
h) The accounts of any other entity that legislation requires the Auditor General to Audit
i) 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".
j) The Committee also relied on Article 226(5) of the Constitution of Kenya, 2010 which provides that if the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not.
k) Public Audit Act 2015; Section 7 of Public Audit Act 2015 mandates the Auditor General to (i) Give assurance on the effectiveness of internal controls, risk management, and overall governance at National and County Governments; (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
l) 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 –

Lawful and authorized; and

Effective, efficient, economical, and transparent"

Guiding Principles

Honourable Speaker, in the execution of its mandate, the Committee was guided by core 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;

Openness and Accountability including public participation in financial matters;

Public money shall be used in a prudent and responsible way; and

Financial management shall be responsible and fiscal reporting shall be clear.

Obligations of the Accounting officer;

Article 262(2) of the Constitution of Kenya 2010 which provides that; The Accounting officer of a national public entity is accountable to the national assembly for its financial management, and the accounting officer of a county public entity is accountable to the county assembly for its financial management.

Section 149(1) of the Public Finance Management Act 2012 provides 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; (i) Lawful and authorized and; and (ii) Effective, efficient and transparent

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. In the same spirit,

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

The Committee considered these legal provisions as the basis for holding accounting and public officers directly and personally liable for any loss of Public Funds that may have occurred under their watch.

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KISUMU WATER AND SANITATION COMPANY LTD FOR THE YEAR ENDED 30, JUNE 2024

Honourable Speaker, Mr. Thomas Odongo, the managing director, and the Accounting Officer appeared before the Committee on 11th March 2024 at 0800hrs to adduce evidence on the

Audited Financial Statements of the Kisumu Water and Sanitation Company Limited for the year ended 30, June 2024. The following also appeared before the committee together with the Project Manager;

1. Nicholas Moseti- Accountant
2. Maureen Ondeng'

The following officer represented the Office of the Auditor General in the meeting on 11th March 2024 at 0800hrs;

1. Mr. Fanuel Otiende Oloko– Office of the Auditor General

BASIS FOR QUALIFIED OPINION

3.1 Trade and Other receivables

The statement of financial position and as indicated in Note 28 (a) to the financial statement reflects Kshs.292,857,253 in respect to total trade receivables, which includes Kshs.137,575,618 (or 47%) in respect to customers debts which have remained uncollected for a period of over 180 days. Management did not provide evidence on follow up on the outstanding debtors, casting doubt on the ability of the company to recover all the outstanding debts. The recoverability of the long outstanding debts is therefore doubtful. Further, no provision for bad and doubtful debts were made in preparation of the financial statements.

In the circumstances, the accuracy and recoverability of the Kshs.137,575,618 reported as debts could not be confirmed

Management Response

The company is making efforts to collect the long outstanding debts with bulk of the debt balance coming from the National Government and County Government Institutions. Follow-ups are being made to collect this while those not recoverable are handled on a case-by-case basis to ensure we only provide for Specific Bad and Doubtful debts to reflect a more accurate position of the Trade receivables. Sample Follow-up letters are hereby attached for your confirmation.

Committee Observations

a) That, there was no provision for bad and doubtful debts in the preparation of the financial statements, despite customer debts amounting to Kshs. 137,575,618 (47%) remaining uncollected for over 180 days.
b) That, the company is making efforts to collect the long outstanding debts with bulk of the debt balance coming from the National Government and County Government Institutions. The management provided sample follow-up letters in this regard
c) That, despite the efforts made by the management, the debts are still outstanding

Committee Recommendations

a) That, the management should consider developing and implementing a robust debt collection policy, including periodic reviews, structured follow-ups, and escalation procedures for prolonged outstanding debts
b) That, engagements with National and County Government Institutions should be enhanced through formalized repayment agreements to ensure timely settlement of outstanding amounts.
c) That in future, the management must comply with financial reporting standards by making appropriate provisions for bad and doubtful debts to accurately reflect the financial position of the company.

That, the matter is unresolved

3.2 Long Outstanding payables

The statement of financial position and as disclosed in Note 40 to the financial statement reflects trade and other payables - current liabilities balance of Kshs.211,010,640. However, an ageing analysis of the payables revealed that payables totaling to Kshs.37,522,288 were more than one year old. Management did not explain why the pending amounts were not treated as first charge during the 2023/2024 financial year. This was contrary to National Treasury circular No.10/2020 dated 16th June 2020 on prioritization of pending bills.

Further, note 40 to the revised financial statements reflect a balance of Kshs.54,172,464 in respect of accrued expenses under current liabilities. However, this balance was revised from a figure of Kshs.51,800,636 in the previous financial statements submitted for audit resulting to a difference of Kshs.2,371,828 which has not been supported by a journal. No prior adjustments have been made or disclosed in the financial statements. In the circumstances, the accuracy and completeness of the outstanding payables could not be confirmed.

Management Response

The company has a policy of paying for the goods and services offered within the agreed timelines or as per the different contracts. The long outstanding payable of Kshs.37,522,288 that is more than 1 year was as a result of accrued payments to the regulator, Water Services Regulatory Board and Lake Victoria South Water Works Development Agency during Covid-19 pandemic. However, we have agreed on a repayment schedule agreed upon with them to clear the payables.

Committee Observations

a) That, an ageing analysis of the payables carried out by the Auditors, revealed that payables totaling to Kshs.37,522,288 were more than one year old. The management

therefore failed to adhere to National Treasury circular No.10/2020 dated 16th June 2020 on prioritization of pending bills.

b) That, information provided by the management indicated that long outstanding payables of Kshs.37,522,288 is as a result of accrued payments to the regulator, Water Services Regulatory Board and Lake Victoria South Water Works Development Agency during Covid-19 pandemic.
c) That, the revision of accrued expenses under current liabilities from Kshs.51,800,636 to Kshs.54,172,464 resulted in an unexplained variance of Kshs.2,371,828, which was not supported by a journal entry.

Committee Recommendations

a) That the management immediately develop a clear strategy to settle the long-outstanding payables within the stipulated timelines to prevent future accumulation. Additionally, the Office of the Auditor-General should monitor the implementation of this strategy and report on the progress of settlement in the subsequent audit.
b) That management should ensure all financial adjustments, including revisions to accrued expenses, are properly documented and supported by journals in compliance with accounting standards.

That the matter is unresolved

3.3 Unresolved prior year issues

In the audit report of the previous year, several issues were raised under the Report on the on the Financial Statement and Report on Lawfulness and Effectiveness in the Use of Public Resources. However, the Management had not resolved the issues as at 30 June, 2024.

Management Response

N/B. Below is appendix 1 of the financial statements (Pg.50) showing status on progress prior year matters

Committee Observations

In the audit report of the previous year, several issues were raised under the Report on the on the Financial Statement and Report on Lawfulness and Effectiveness in the Use of Public Resources. However, the Management had not resolved some of the issues like Non-revenue water issues as at 30 June, 2024.

Committee Recommendations

That the management Fast-Track the implementation of resolutions of the Assembly and the Auditor General on the prior year audit report

That the matter is not resolved

3.4 Non-Revenue Water

The statement of profit or loss and other comprehensive income and Note 6 to the financial statements reflects Kshs.1,069,994,580 in respect to operating revenue which includes Kshs.822,476,586 in respect to revenue from the sale of water.

Review of water production and consumption records revealed that the Company produced 11,918,711 cubic meters of water approximately valued at Kshs.1,668,619,540 but only billed 7,504,621 cubic meters approximately valued at Kshs.1,050,646,940. However, the balance of 4,414,090 cubic meters or 37% of the total volume of water produced which represents non-revenue water (NRW) which is 12% above the allowable threshold of 25% set by the Water Service Regulatory Board (WASREB. The significant level of Non-Revenue Water could be an indication of inefficiency and ineffectiveness in the use of public and water resources, which may negatively impact on the Company's profitability and its ability to sustain services.

In the circumstances, Management was in breach of the WASREB guidelines

Management Response

The Company acknowledges the observations in the audit report where we lost approximately 37% of the water produced due to various challenges. Of these challenges, the following are the prominent and most challenging:

Vandalism and rampant breakage of our pipe networks especially during roads and other construction works (in the FY under review, we have KISSIP, County (especially feeder roads) and other contractors)

High theft of meters at customer points (in the FY, we have closed cumulatively 456 accounts due to cases of stolen with June 2023 alone having 112 fresh cases)

Consumer compliance challenges including pumps installed in line with meters (25 direct cases so far in process), and mishandling of meters (>600 cases identified and in process)

Major Bursts and leaks due to dilapidated networks, from which the company loses water in addition to revenue loss due to lost supply hours and high costs of O&M

Illegal consumptions and a general under-registration of meters especially due to manufacture errors (allowed 5%), and other externalities out of our control. One of the causes of meters under-registration includes static meters caused by ingress of silt when pipelines are vandalized and broken

High rate of breaks on last mile connections which have been subjected to erosion (most prominent), broken by the public etc.

Wayleaves challenges especially roads where conflicts are still a challenge. These renders KIWASCO pipe networks vulnerable to external damages due to disregard for their importance within Wayleaves and easements

KIWASCO has been on the frontline to carry out mitigation through a number of interventions, of which are guided and align with the WASREB guidelines. Of these interventions, the following stand out among others:

Formation of a fully functional NRW Management department

Outlined and implementing NRW management as a strategic result under strategic priority of improve operational efficiency in KIWASCO's strategic plan (refer to strategic plan)

Developed and operationalized the NRW policy and other aligned policies

Engaged the water police to support with compliance and asset challenges with the public

Adopted digitalization including in metering, operational efficiency monitoring, customer relations and cases management, real-time reservoir level monitoring and alarms, network maintenance monitoring, GIS-based operations data management

DMA and caretaker approach to NRW

Acquired a state-of-the-art meter test bench that is accredited by KENAS (ISO/IEC 17025:2017)

Standardization of all processes (QMS ISO 9001:2015), and reviewed all the company processes and materials standards in line with WASREB and international standards

Supported in the ongoing review of the county by-laws to curb legal challenges we face

Implemented high-impact activities towards NRW management

Committee Observations

a) That during the FY 2023/2024, non-revenue water amounted to 37% of total production which was above the 25% allowable loss by the Water Service Regulatory Board
b) That among other efforts to reduce the non-revenue water to accepted levels, the Management had established a fully-fledged NRW department in order to help reduce the loss attributable to Non-Revenue Water to acceptable levels.

Committee Recommendations

That the management of KIWASCO fast-track the full implementation of its NRW reduction strategy, ensuring measurable outcomes are monitored and evaluated regularly against WASREB benchmarks.

a) That the Management prioritizes investment in rehabilitation of aging infrastructure and enforces safeguards during external construction works to protect existing water networks.
b) That the management intensifies legal enforcement and public awareness to curb illegal connections, meter tampering, and vandalism
c) That the matter is unresolved

3.5 Non-Compliance with Law on Ethnic and Gender Composition

Review of payroll records revealed that the Company had a staff establishment of two hundred and ninety- eight (298) employees out of which two hundred and fifty-two (252) or 85% were from the dominant ethnic community in the County contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community. In addition, two hundred and twenty-six (226) or 76 % employees were male while seventy-two (72) or 24 % were female. This was contrary to paragraph B.22 (2) of the Public Service Commission Human Resource Policies and Procedures Manual, 2015 which states that the Government will endeavor to have gender balanced Civil Service by ensuring that not more than two-thirds (2/3) of positions in its establishment are filled by either gender. In the circumstances, Management was in breach of the law.

Management Response

This is majorly attributed to the fact that Key Services like Meter Reading and Plumbing works which contribute above 50% of the headcount within the region would require staff who are able to communicate to the customers in a language they understand clearly, which is the dominant community. Further, all additions to the staff headcount have purely been based on merit after a competitive recruitment process and not based on their ethnic or gender background. The company will however strive to achieve the ethic and gender equation in future

Committee Observations

a) That, Review of payroll records revealed that the Company had a staff establishment of two hundred and ninety- eight (298) employees out of which two hundred and fifty-two (252) or 85% were from the dominant ethnic community in the County contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no

public establishment shall have more than one third of its staff from the same ethnic community.

b) Those, two hundred and twenty-six (226) or 76 % employee were male while seventy-two (72) or 24 % were female. This was contrary to paragraph B.22 (2) of the Public Service Commission Human Resource Policies and Procedures Manual, 2015 which states that the Government will endeavor to have gender balanced Civil Service by ensuring that not more than two-thirds (2/3) of positions in its establishment are filled by either gender

Committee Recommendations

a) That future recruitment must be conducted with a deliberate effort to enhance ethnic diversity and reflect the national values of inclusivity and cohesion.
b) That the company should develop and implement a clear affirmative action plan to promote gender balance in line with paragraph B.22 (2) of the Public Service Commission Human Resource Policies and Procedures Manual, 2015.
c) That the matter is unresolved

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 Kisumu Water and Sanitation Company Limited for the year ended 30, June 2024. May I call upon Honourable Nyaoke to second.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Yes, Honourable Nyaoke.

Hon. Nyaoke (MCA, North Nyakach): Thank you Madam Speaker. Madam Speaker, I wish to first thank this House Committee for a good and insightful report that they have given to us. Madam Speaker...

(Hon. Dede rises on a Point of Order)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): What is your point of order, Honourable Samuel Dede?

Hon. Dede (MCA, Kisumu North): Thank you madam Speaker. During debates in this House, Madam Speaker, we found that yesterday, you did not allow other Members to second the...

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Order! Order! You are rising on a Point of order. Which Standing Order are you rising on Honourable Dede?

Hon. Dede (MCA, Kisumu North): Madam Speaker, under Standing Order No. 89, Statement of facts.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): What is the relevance between Statement of Facts and the statement and the order you are rising on?

Hon. Dede (MCA, Kisumu North): Yes, Madam Speaker.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): What is the correlation?

Hon. Dede (MCA, Kisumu North): Madam Speaker, in the Standing Orders...

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Order! Order! Order! Honourable Samuel Dede. Honourable Nyaoke has been asked to second the motion. What facts do you want Honourable Nyaoke to state in this matter?

Hon. Dede (MCA, Kisumu North): Thank you Madam Speaker. I wanted the member to state that if he is really a member of this House Committee, if he appended his signature in the report of this House Committee.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Samuel Dede, this is a document of the House. It is not a document of this House Committee. Continue, Honourable Nyaoke.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Order! Honourable Benny Oiko Pete.

Hon. Nyaoke (MCA, North Nyakach): Thank you, Madam Speaker.

Hon. Oiko (MCA, Kabonyo-Kanyagwal): I wish to...

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Order! Honourable. Benny Oiko Pete.

Hon. Nyaoke (MCA, North Nyakach): Thank you, Madam Speaker, for your firm control of the House. Madam Speaker, let me proceed by saying...

Hon. Dede (MCA, Kisumu North): Madam Speaker, you are disobeying procedures of the House. Since the day you...

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Dede you are becoming disorderly. Sergeants-at-Arms...

Hon. Dede (MCA, Kisumu North): No, Madam Speaker, you are mis...

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Sergeants-at-Arms can you escort Honourable Dede outside of the chambers! Escort Honourable Samwel Dede outside the chamber.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Dede, can you get out of the chamber! Hon. Nyaoke, can you continue.

Hon. Nyaoke (MCA, North Nyakach): Thank you Madam Speaker, for being firm on these matters. This is a House of rules and procedures. Madam Speaker, I was just putting across my point that, this report is having a lot of insight, and I was already giving my appreciation to this House Committee on the job well done.

Madam Speaker, there are issues that have been given and have been recommended on in this report, which I believe the Select Committee on Implementation is going to take up with a lot of seriousness. Particularly, there is one issue that this House Committee noted some observations in the report. That in the audit reports of the previous year, several issues were raised under the report on the financial statement and report of lawfulness and effectiveness in the use of public resources. However, the management had not resolved some of these issues like the Non-revenue water issues as at 30th June, 2024. Madam Speaker, these are very vital information that are contained in this report, that if adopted, we will be able to ensure that all those issues that have been contained in this report will have taken care of.

Madam Speaker, there is another important point that has also been noted by this House Committee, and that is the Non-compliance with the law, ethics and gender composition. Madam Speaker, in as much as they have tried to comply with the standard as required by law, but there are certain issues that still remain unresolved. If you look at the gender balance, particularly in terms of recruitment, this House Committee has elaborated here in this particular report, and this one will actually inform future employment by this entity to ensure that the gender balance is considered. As such, Madam Speaker, I stand to second. Thank you, Madam Speaker.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, a motion of adoption of the report by the Select committee on Public Investments and Accounts (PIC/PAC) on the Examination on the report of the Auditor General on the Financial Statements of Kisumu Water and Sewerage Company Limited (KIWASCO) for the year ended 30th, June, 2024 has been moved and seconded. I therefore want to propose that the motion be open for discussion.

Honourable members, when a document has been laid and adopted by the House, it becomes a document of the House. Issues that were raised yesterday were raised because Honourable James Omollo is a member of this House Committee and did not append his signature to the report. So, the question was whether the Member did not sign because he was not agreeing with the report. However, it is not that he was being denied a chance to second because he was not there. So kindly get a clear picture of the two. This report is a document of the House and has been properly seconded. Honourable members, the floor is open for debate.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Yes, Honourable Member representing Central Seme Ward.

Hon. Ajumbo (MCA, Central Seme): Thank you Madam Speaker. I rise to support the motion on the floor of the House on the audited reports of KIWASCO. My attention is drawn to the long outstanding debt, that was observed by the Auditor General. I look at the observation on the outstanding debts of under note No.3.1 of Ksh. 137,575,618.00 in respect to Customer Debts. When I look at it going down, it says that the long outstanding debts coming from the National government and the County government, Madam Speaker, this company, we have seen that it is performing very well, but this long outstanding debts is going to cripple the company because if you look at their debt strategy, the Auditor General and the Committee's recommendations and the observations, they are saying that there is no provision for preparation of debt collections. So my worry is that yes, the company is doing all that it can, but the matter of resolving this debt amounting Kshs 137 million can in future cripple the company.

Nevertheless, I stand to support the recommendations and the observation of this House Committee, and I would support that this motion is adopted. Thank you, Madam Speaker.

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

Hon. Omollo (MCA, West Nyakach): Thank you, Madam Speaker. Please allow me to equally commend this House Committee for the work they have done. The Auditor General highlighted some of the issues which this House Committee recommended to be perfected in the near future.

And Madam Speaker, consistently, KIWASCO has been trying on these audit queries. It is my belief that for the last few years, and they are of course on course, but they are still not yet there, especially in matters of gender balancing on the recruitment and also in terms of those who are non-natives. That is one of the things which have been highlighted all the time, even this time around it has been flagged out.

But overall, in terms of Non-revenue water, that is still a big challenge for KIWASCO. And it is my opinion that, this House Committee highlighted the same on this document. I believe that, it is something they should really now take care of, because as they have Non-metered waters or Non-revenue water, it will cripple the company in the near future. So, this is one of the incidents that really need to be taken care of with the company and gotten rid of.

Madam Speaker, overall, in this county, in terms of water provision, I believe that everyone can attest to it. Some few years back, like 10 years ago, it was not really where it should be. But right now, at least they have tried. Thank you, Madam Speaker.

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

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Yes, Honourable Warindu.

Hon. Warindu (MCA, Miwani): Thank you so much, Madam Speaker, for the opportunity. Let me first congratulate this House Committee and also to commend the management of the KIWASCO for the good work that they have been doing as an entity of the county government. I believe that of course it is one of the entities of the county governments that have been giving us a Qualified Opinion when it comes to audit issues. How I wish that other entities can also learn from the management of KIWASCO on how to run their institutions.
Madam Speaker, there are only some few gaps that I would want to dwell on. The first one is the ethnic imbalance when it comes to employment opportunities. And for this, we've been having issues with the audits because you cannot force other people outside the dominant ethnic group to apply for the job opportunities that are being offered by the KIWASCO and it's my plea that when the opportunities avail themselves in the institutions, we can also encourage people from other ethnic communities to apply. And I want to believe that it is always on a quality basis where someone who is qualified, is the person who will be given the opportunity to serve.

Madam Speaker, on Non-revenue water, the rates are too high compared to the standard rate that is expected and we believe and expect the institution to really deal with this so that we avoid the losses that are arising from non-revenue water. And I was also surprised with as to why the institution failed to give the provision for Bad Debts in their books of accounts. I believe there are qualified accountants that are able to handle this effectively and we expect that come next year or in the next audits process, all of these gaps that have been identified will be rectified. Thank you, Madam Speaker and I support the motion.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Thank you, Honourable Warindu.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Benny Oiko Pete, member representing Kabonyo-Kanyagwal Ward.

Hon. Oiko (MCA, Kabonyo Kanyagwal): Thank you Madam Speaker. When I wanted to stand up at first, I was not getting what Honourable Dede was saying but I had a matter to share with the Chairperson. Madam Speaker, when a Member wants to air a matter in this House, let him be accorded the opportunity to do so…

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Order!! Honourable Benny Oiko Pete.

Hon. Oiko (MCA, Kabonyo/Kanyagwal): The order is taken. Madam Speaker.

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

Hon. Oiko (MCA, Kabonyo/Kanyagwal): I am going on. What I wanted to raise, the chairperson only read the Chairperson's foreword and then he finished. I was keenly following him. I thought that the Chairperson wanted to go into details on the report and inform us why the report is a qualified one. The Chairperson never mentioned that. He never interrogated the report the way a Chairperson would have been expected to do before the House. That is what I wanted to raise. And if I'm lying, go to the Hansard report. You will find the Chairperson's foreword, which he read from page four to page five. Madam Speaker, a Chairperson should interrogate the report and tell the House that he's in agreement with the report or otherwise. But that one being said, Madam Speaker.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Oiko Pete. That is why the report is shared much earlier than the time of the debate so that it is not the duty of the Chairperson to interrogate the report. It is his report. So, it is the duty of the Honourable Members to interrogate the report and see as to whether what the Chairperson is reporting has value.

It was an agreement that the reports be shared, you interrogate, the Chairperson reads the foreword, and it has been done here over and over. I don't know why you are complaining today. However, I believe Honourable Ouko has taken note of your concern. Kindly continue.

Hon. Oiko (MCA, Kabonyo/Kanyagwal): Madam Speaker, this is because I have been following him keenly all along. It is only today that he did not do what I am raising.

Madam Speaker, this is a report of Kisumu Water Sanitation Company, a Kisumu County government parastatal. Several reports have been brought in this House, Madam Speaker. And

when we reflect on the reports that have been tabled in this House, this is a company that is doing business. Though it is being said that it is a non-profit making company, it is expected to make some surplus or to have deficit by the end of the financial year. And on the records that have been presented in this House, Madam Speaker, the surplus, which is the deficit, presented by this company in this House is very minimal. One question, when there will be a major breakdown, how will this company survive? Because I remember the previous records, you will find a surplus of Kshs 5 million or Kshs 8 million and this is a company that deals with heavy machines, that needs good money to sustain itself.

Madam Speaker, KIWASCO needs to be investigated further on its finances. We also know that it gets a lot of donor funding to improve its services to the people. But when it comes to the financial record, we don't see the surplus. Like when we go to page 12, on Non-revenue water, we are being informed that the total production of water is 11,918,711 cubic metres of water. When if at all this water was sold, KIWASCO was supposed to get 1, 668,615,540 billion. About 4.4 billion cubic meters of water was Non-revenue water that is water that went to waste. And we are being informed here that water that went to waste is 37%.

Madam Speaker, this issue has been raised in the Auditor General's reports year after year, and the underlying reasons for it have also been clearly documented—repeatedly. Yet, KIWASCO has failed to take corrective action. The question remains: why is KIWASCO unable—or unwilling—to resolve this persistent problem, despite being fully aware of its causes?

That, Madam Speaker, is a major concern. Another critical issue is the presentation of KIWASCO's financial information. While we are informed about the company's income, there is no mention of its expenditure. This omission makes it impossible to determine whether the organization realized a surplus or operated at a deficit. The expenditure figures are simply not presented. We must ask:

a) Is this omission intentional?
b) What position did the Auditor General take on this matter?
c) Did the Auditor's report address the absence of expenditure figures, or was this issue overlooked entirely?

Madam Speaker, if this is the kind of incomplete financial report being tabled before this House, how are we expected to assess whether KIWASCO is performing well? We cannot make a meaningful evaluation without both income and expenditure data. This raises a serious concern: was this information deliberately left out of the Audit Report, or was it an oversight on the part of this House Committee charged with reviewing the report?

A credible financial report must clearly indicate whether the organization made a profit—or in public terms, a surplus—or experienced a deficit. The absence of this critical information undermines the entire report.

Therefore, Madam Speaker, I submit that KIWASCO should undertake a more thorough audit. The company's management must be made aware that there are significant gaps in their financial records. Likewise, the Office of the Auditor General must recognize that if such incomplete reports are being presented for approval by this Assembly, then the integrity of our oversight work is at risk.

We must demand a full and accurate financial account—one that clearly outlines total income, total expenditure, and whether there was a surplus or deficit. Only then can we understand the true financial standing of KIWASCO. I so submit.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Thank you Honourable Members. Indeed, Honourable Pete is absolutely right, and I concur with his sentiments. The recommendations should have carried the full weight and gravity of the observations made. However, it appears that the report leaned toward a more cautious or subdued tone in its conclusions.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Order! Order! Order! I'm allowed to give guidance.

Hon. Olima (MCA, South West Nyakach): Honourable Speaker, with all due respect, may I seek clarification—are you guiding the House, or engaging in debate? It would be helpful if you could kindly indicate when you are offering guidance, rather than appearing to participate in the debate.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): I'm guiding the House, Honourable Gard, do you want to go out of this House?

Hon. Olima (MCA, South West Nyakach): Madam Speaker, you can only guide us, but you can't dictate to us.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Gard, I'm giving guidance to the House.

Hon. Olima (MCA, South West Nyakach): Madam Speaker, I don't think you should be debating as a speaker.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Sergeant-At-Arms, kindly escort Honourable Gard out of the chamber. Honourable Members, I urge your cooperation in ensuring that Honourable Gard is escorted out respectfully.

(Serjeant-at-Arms escort Hon. Olima out of the Debating Chambers)

Now, Honourable Members, the guidance I wish to provide is this: our report must include both administrative and political recommendations, so that it carries sufficient weight and has the necessary impact on the matters at hand.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Yes, Honourable Vitalis.

Hon. K'Omudho (MCA, Muhoroni Koru): Many, many thanks, Madam Speaker. I wish to call the mover to reply.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Yes, Honourable Chairperson, Public Investments and Accounts Committee.

Hon. Ouko (MCA, West Kisumu): Thank you Madam Speaker. Madam Speaker, I wish to take this opportunity to reply, and in doing so, I would like to highlight a specific section of the report. The opinion issued by the Auditor General was *qualified*, meaning that except for a few noted issues, the financial statements fairly present the financial position of the entity.

Madam Speaker, our work is grounded in the rule of law. Article 229 of the Constitution of Kenya, 2010, requires that the Office of the Auditor General audit and report on the financial statements of each entity within six months after the end of every financial year. As the Select Committee on Public Investments and Accounts, our mandate is to review these annual reports.

Madam Speaker, if any Member wishes to explore quarterly reports or gain further insight into those reports, I would advise them to attend the sittings of the Departmental Committee on Finance and ICT, where such matters are typically handled.

Madam Speaker, it is worth noting that, when we began our term in this Assembly, the Auditor General's opinion on KIWASCO was Adverse. That opinion has since improved to Qualified. While this does not mean the financial statements are flawless, it does reflect progress. A Qualified Opinion indicates that, although there are still issues, the overall financial position is more credible than before—and that is a step forward.

Let it be clear, Madam Speaker: financial statements are submitted to this Assembly by the Office of the Auditor General. Our role as a House Committee is to examine them, deliberate, and make recommendations—we do not control the content of the Auditor General's report.

Moreover, if any Member feels that the recommendations provided are insufficient or lacking in depth, the Standing Orders of this House permit them to propose amendments. It is not enough to criticize without action. Failing to bring forward an amendment, yet blaming the House Committee, amounts to abdicating one's own responsibility. Thank you, Madam Speaker. I beg to reply.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, A motion on adoption of the report by the Select committee on Public Investments and Accounts on the Examination of the report of the Auditor General on the Financial Statements of Kisumu Water and Sanitation Company Limited (KIWASCO) for the year ended 30th June 2024 was moved, seconded and has been sufficiently debated upon. I therefore want to put a question on the adoption of the same.

(Question put and agreed to)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, the motion for the adoption of the report of the Select Committee on Public Investments and Accounts on the Examination of the report of the Auditor General on the Financial Statements of Kisumu Water and Sanitation Company Limited (KIWASCO) for the year ended 30th June 2024 is hereby adopted today, Wednesday, 07th May 2025 at 1525 hours.

Consequently, I direct that the report together with the Hansard be prepared and forward to the relevant authorities for necessary action.

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

ADJOURNMENT

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Members, there being no other business to transact, the House stands adjourned until tomorrow, Thursday, 08th May 2025 at 02.30pm.

(House rose at 03.26 p.m.)

Addendum

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