COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – FOURTH SESSION

Tuesday, 10th June, 2025

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

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

PRAYER

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

PAPER LAID

PROPOSED SUB-LEASE OF LAND TO MED ADITAS FOR ESTABLISHING A PHARMACEUTICAL MANUFACTURING PLANT IN KISUMU AND TO SUPPORT FOR ITS CONVERSION TO A SPECIAL ECONOMIC ZONE.

BY

HON. RATIB BOITONE. MCA, NYLENDA "A"

(CHAIRPERSON, LANDS, PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT COMMITTEE)

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

Hon. Boitone (MCA, Nyalenda "A"): Thank you Mr. Speaker, I rise to lay the Paper. Pursuant to the provisions of Order No. 182 (6) of the Kisumu County Assembly Standing Orders, I wish to table today Tuesday 10th June 2025 report of the Departmental Committee on Land, Physical

Planning, Housing and Urban Development on the proposed Sub-lease of Land to Med Aditas for Establishing a Pharmaceutical Manufacturing Plant in Kisumu and to support for its conversion to a Special Economic Zone. Thank you, Honourable Speaker.

(Hon. Boitone lays the report before the House for consideration)

The Speaker (Hon. Oraro): Honourable Members, the report by the Departmental Committee on Land, Physical planning, Housing and Urban Development report on the proposed Sub-lease of LR NO. Miwani Block 12/2 to Med Aditas for Establishment of a Pharmaceutical Manufacturing Plant and conversion to Special Economic Zone is properly laid before the House. Therefore, I direct that, the House Business Committee considers sharing this report for debate and also to request that the report be shared with the Members early enough.

Honourable Members, you are all aware that, this report is coming after we did a Motion to rescind the decision of the House, sometimes earlier. I therefore, believe that, the matters that led to the reason on rescinding the decision is properly addressed and it is my belief that, we should dispense of it as appropriate.

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

NOTICES OF MOTION.

PROPOSED SUB-LEASE OF LAND TO MED ADITAS FOR ESTABLISHING A PHARMACEUTICAL MANUFACTURING PLANT IN KISUMU AND TO SUPPORT FOR ITS CONVERSION TO A SPECIAL ECONOMIC ZONE.

BY

HON. RATIB BOITONE. MCA, NYLENDA "A"

(CHAIRPERSON, LANDS, PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT COMMITTEE)

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

Hon. Boitone (MCA, Nyalenda "A"): Thank you once again, Mr. Speaker, I rise pursuant to the provision of Orders No. 45. (1) of the Kisumu County Assembly Standing Orders. That, this House adopts a report of the departmental committee on Land, Physical Planning, Housing and Urban Development on the proposed Sub-lease of Land to Med Aditas for Establishing a Pharmaceutical Manufacturing Plant in Kisumu and support for its conversion to Special Economic Zone. Thank you, Mr. Speaker.

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

STATEMENTS

The Speaker (Hon. Oraro): Honourable Members it is Statement time.

The Speaker (Hon. Oraro): Yes, Honourable Caren Ajwang'. I believe you want to give a statement on behalf of the Leader Majority.

Hon. Caren (MCA, Kaloleni Shaurimoyo): Yes. Mr. Speaker.

The Speaker (Hon. Oraro): Please proceed.

Hon. Carren (MCA, Kaloleni/Shaurimoyo): Thank you, Mr. Speaker. I rise pursuant to Orders No. 41. (2) (c) of the Kisumu County Assembly Standing Orders. As a member of the Select Committee on House Business and on behalf of our Majority Leader, Honourable Ken Ooko to present and lay before this House a statement informing the County Assembly of the business coming before the House on the following week.

Honourable Speaker, this is therefore to bring to the attention of Members and the County Assembly that for the week commencing Wednesday 11th June 2025 to Tuesday 17th June 2025, the Select Committee on Assembly House Business at its last meeting approved the following tentative business to appear in the Order of Papers as follows:

Wednesday, 11th June, 2025 at 09.00 a.m.

PAPERS TO BE LAID

The Leader Majority will table a request for approval to transfer Ondiek Estate on the Land Registration Number Kisumu/Municipality/Block 929 and 915 to National Housing Corporation (NHC).

Wednesday, 11th June, 2025 at 02.30 p.m.

SUBSTANTIVE BUSINESS

Chairperson, Departmental Committee on Lands, Physical Planning, Housing and Urban Development, Honourable Ratib Boitone, will move a Motion for adoption of the report on the Proposed Sub-lease of Land to make adjustments for establishing a Pharmaceutical Manufacturing Plant in Kisumu and support for its Conversion to a Special Economic Zone.

Thursday, 12th June, 2025 at 02.30pm

SUBSTANTIVE BUSINESS

The Chairperson, Select Committee on Public Investments and Accounts, Honourable Kennedy Ouko, will move a Motion for the adoption of the report on the Examination of Report of the

Auditor General on the Financial Statement of Kisumu County Urban Project (Cash Expenditure) Account for the Financial Year 2023-2024 and Kisumu Urban Project Financial Year 2023-2024.

Tuesday, 17th June, 2025 at 02.30 p.m.

STATEMENTS TO BE RAISED

The Leader of Majority will issue a statement pursuant to Order Number 41 (2) (c) of the Kisumu County Assembly Standing Orders on the Business coming before the County Assembly for the week commencing Wednesday 18th June 2025.

SUBSTANTIVE BUSINESS

The Chairperson, Select Committee on Public Accounts and Investment Committee, Honourable Kennedy Ouko, will move a Motion for the adoption of the Report on the Examination of the report of the Auditor General on the Financial Statement of Kisumu County Referral Hospital for the Financial Year 2023-2024. Thank you.

The Speaker (Hon. Oraro): Yes Honourable Were. It is still statement time.

(Hon. Were crossed over to resume his seat)

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

MOTION

THE AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS OF KISUMU COUNTY EDUCATION FUND FOR THE PERIOD ENDED 30TH JUNE 2024.

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

The Speaker (Hon. Oraro): Yes Honourable Ouko. However, before you proceed, this to inform the Honourable Members. I want to bring your attention to the Notices on Limitation of Debates on page 602 of the Order Paper.

Honourable members, the House resolved on 25th February 2025 as follows;

1. THAT, pursuant to the provisions of Order No. 95 (1) of the Kisumu County Assembly Standing Orders, this Assembly orders each speech in a debate on a report of a Committee, Sessional Paper or any other Report submitted to the Assembly will be limited as follows:-

a) A maximum of three (3) hours with not more than twenty (20) minutes for the Mover in moving, ten minutes in replying, and a maximum of five minutes for any other Member speaking except the Leader of the Majority Party shall be limited to a maximum of fifteen (15) minutes, and that priority be accorded to the Leader of the Majority party in that order.

Please proceed, Honourable Ouko.

Hon. Ouko (MCA, West Kisumu): Thank you Honourable Speaker, on behalf of the Select Committee on Public Investments and Accounts (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 County Education Fund for the financial year 2023/2024.

Kisumu County Education Fund was established vide Kisumu County Education Fund Act of 2016 with the primary objectives of providing financial assistance through bursaries and scholarships to needy and deserving students, enhancing access to education across all levels, promoting equity by targeting vulnerable and marginalized groups, reducing school dropout rates due to lack of fees, and empowering communities through increased educational attainment. As such, it is one of the County Public Funds subjects to audit by the Office of the Auditor-General, in line with Article 229(4)(b) of the Constitution of Kenya, 2010.

Honourable Speaker, 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 Committee held three sittings during which it received both written and oral evidence from the Accounting Officer/Fund Administrator on audit queries raised by the Auditor-General on the financial statements of Kisumu County Education Fund for the financial year 2023/2024.

Honourable Speaker, the Committee in its scrutiny of the report of the Auditor General, noted improvement in the financial management in the fund as compared to the previous financial years although the opinion of the Auditor General was adverse.

The Auditor General raised six paragraphs (audit queries) including Unaccounted cash, inaccuracies in the financial statements, budgetary control and performance, poor record keeping, unsupported disbursements and unresolved prior year matters.

In its consideration, the committee noted that the matter of unaccounted cash was as a result of failure by the management to update its cash book during the financial year under review. Observations from the Auditor General noted that as at the time of committee deliberations, the management was updating its cashbook as required.

Honourable Speaker, 0n the matter of unsupported disbursements, it was observed that the management failed to provide to the Office of the Auditor General, all the acknowledgement letters from schools to which funds were disbursed during the time of audit. As at the time of committee deliberations, the same had been provided both to the committee and the Office of the Auditor General.

Inaccuracies in the financial statements had been addressed at the time of committee deliberations except for the issue of page numbering.

The Auditor General also raised an issue on underfunding and underutilization which the management attributed to late, irregular and unpredictable disbursement from the County Treasury. The Committee has recommended to the County Treasury to always ensure timely and full disbursement of budgeted funds to the fund account to facilitate the complete execution of planned programs and activities

Honourable Speaker, on the matter of poor record keeping, the Auditor General noted that the management had consistently maintained a poor record of transactions of the Fund. This meant that an audit trail of the transactions was always difficult to follow. The committee has recommended that the management improve in its record management by maintaining a properly written cash book and reconciliations prepared on a monthly basis, acknowledgement receipts obtained from the recipients of bursary and scholarship funds, ledgers to support disclosures in the financial statements prepared and updated and that surrender of imprest is done as required. The Office of the Auditor General to report on the progress on this in the subsequent audit.
On the matter of unresolved prior year issues, the management had implemented the resolutions of this Assembly in the prior year report.

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 examination of the Auditor General's report on the Financial Statements of Kisumu County Education Fund 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;

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 the following Honorable Members,

Table 1: Committee Membership as at March 2025

	Name	Position
1.	Hon. Ken Ouko	Chairperson
2.	Hon. Tom Onditi	Vice Chairperson
3.	Hon. Habil Nyasuna	Member
4.	Hon. Nancy Matara	Member
5.	Hon. Rueben Rakwach	Member
6.	Hon. James Were	Member
7.	Hon. James Omollo	Member
8.	Hon Mickey Ochieng	Member
9.	Hon. Seth Okumu	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	Accountant
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 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
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 COUNTY EDUCATION FUND FOR THE YEAR ENDED 30TH JUNE 2024.

Honourable Speaker, Mr. Bovince Ochieng appeared before the Committee on 28th March 2025 to adduce evidence on the Audited Financial Statements of Kisumu County Education Fund for the year ended 30th June 2024.

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

1. Mr. Gilbert Omogi-OAG
2. Ms. Catherine Mokeira- OAG

Basis for Adverse Opinion

3.1 Unaccounted for Cash

The statement of financial position reflects an amount of Kshs. 235,488 in respect of cash and equivalents, while the previous year's amount was Kshs. 36,347,889. As reported in the previous year, the opening cash balance had been overstated with an amount of Kshs. 27,892,682. To restate the cash book balance to the actual available balance, Management has made a prior year adjustment of Kshs. 27,892,682 as reflected in the statement of net assets. However, no disclosure notes were provided to support the adjustment. Further, Management provided a bank statement showing that the bursary fund withdrew an amount of Kshs. 27,660,780 in July 2023 to pay for Bursaries, and indicated the amount of Kshs. 231,902 was paid for administration

costs. Examination of the bank statement shows that the amount was paid on 28 July 2023, which is the year under review. It, therefore, could not have been a prior year adjustment.

In the circumstances, the cash and cash equivalents balance of Kshs. 235,488 is understated with an amount of Kshs. 27, 892,682 that could not be accounted for.

Management Response

Honourable Speaker, in the financial year 2021/2022, the Fund's cash book was not updated up to 30th June, 2022. Scholarship payments covering the period 10/03/2022 to 30/06/2022, totaling Kshs. 27,892,682 were not captured in the cash book. The reported expenditure was therefore understated by the same amount, and the surplus was overstated by the same amount. The management has taken the following corrective actions;

1. Recorded all the payment vouchers totaling Kshs. 27,892,682 in a supplementary cash book. (Annex i)

2. Passed journal entries to correct the understatement in the reported expenditure and the overstatement in the surplus. (Annex ii)

Committee Observations

1. That the management of the fund was not updating its cash book during the year under review
2. As at the time of committee deliberations, the management was updating the cashbook

Committee Recommendations

The matter is resolved

3.2 Unsupported Disbursement of Bursaries

The statement of financial performance reflects an amount of Kshs. 113,299,430 in respect of bursary transfers. Review of bursary disbursement records maintained by the Fund revealed that nineteen (19) secondary schools and thirteen (13) colleges and universities were issued with bursary disbursements of Kshs. 7,366,247 and Kshs. 3,753,000 respectively. However, out of these disbursements, only an amount of Kshs. 4,668,847 was acknowledged as received, where an amount of Kshs. 1,734,000 was from (2) TVETS and three universities, while the balance 2,934,847 was from seven (7) secondary schools.

In the circumstances, the disbursements of Kshs. 8,094,547 to secondary schools, colleges, and universities could not be confirmed.

Management Response

The bursary disbursement of Kshs 11,119,247 made to Secondary schools, Universities, and Colleges has been accounted for by the attached acknowledgement receipts from the following institutions (Annex III).

1. Masinde Muliro University of Science and Technology, Kshs. 538,000

2. Technical University of Mombasa Kshs 369,000

3. Sigalagala National Polytechnic Kshs 317,000

4. Egerton University Kshs 310,000

5. Seme Technical and Vocational College Kshs 200,000

6. Achego Girls High School Kshs. 604,900

7. Sigoti Complex Girls Secondary School Kshs. 557,000

8. Bar Union Secondary School Kshs. 541,500

9. Reru AIC Mixed Secondary School Kshs. 386,000

10. Ngere High School KShs 380,000

11. Ombeyi Secondary School Kshs 336,647

12. Magunga Mixed Secondary School Kshs 334,800

13. Nyalunya Mixed Secondary School Kshs 334,500

14. Ahero Girls Secondary School Kshs 314,000

15. Siaya Institute of Technology Kshs 176,000

16.ArchBishop Okoth Ojola Girls Secondary School Kshs 363,100

17. Ridore Mixed Secondary School Kshs 402,000

18. Otieno Oyoo High School Kshs 341,800

19. Kochogo Secondary School Kshs 303,000

20. Okok Mixed Secondary School Kshs 387,000

21. Nyabera Vocational Training Centre Kshs 250,000

22. St Joseph Nyabondo High School Kshs 311,000

23. St Peter's Kajulu Secondary School Kshs 318,000

24. Orando Mixed Secondary School Kshs 311,000

25. Masogo Mixed Secondary School Kshs 509,000

26. The Mawego National Polytechnic Kshs 316,000

27. Rongo University Kshs 244,000

28. KCA University Kshs 228,000

29. Thika School of Medical and Health Sciences Kshs 185,000

30. Obwolo Mixed Secondary School Kshs 331,000

Totals Kshs 10,499,247

We have sent letters to the following 2 institutions requesting the acknowledgement receipts;

1. University of Nairobi Kshs 410,000

2. Moi University Kshs 210,000

Committee Observation

As at the time of committee deliberations, out of the sampled disbursements of Kshs.11,119,247, the management was able to provide acknowledgement receipts of Kshs.10,499,247 translating to 94% of the total disbursements.

Committee Recommendation

That the matter is addressed

3.3 Inaccuracies in the Financial Statements
Review of the financial statements reflects several inaccuracies as disclosed below

i. The statement of financial performance and as disclosed in Note 12, reflects the use of goods and services amount of Kshs. 6,995,117, while the statement cash flows reflect an amount of Kshs. 3,680,239 resulting to unreconciled variance of Kshs. 3,314,878.
ii. The statement of financial performance reflects an amount of Kshs. 205,000,000 in respect of transfers from the County Government, while the statement of comparison of budget and actual amounts reflects an amount of Kshs. 71,750,000 resulting to unreconciled variance of Kshs. 133,250,000.
iii. Page numbering is incorrect as it starts from number 16 without any clear basis

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Management Response

The variance of Kshs 3,314,878 represents imprest issued in prior years but surrendered/accounted for in the year under review. These surrenders do not involve actual movement of cash in the year under review, thus they were not included in the statement of cash flow.

The statement of cash flows recognizes actual cash inflows and outflows.

ii. The variance of Kshs 133,250,000 represents the amount of exchequer not received by the Fund as at 30th June, 2024. The Fund had an approved revenue budget of Kshs 250,000,000 while the actual exchequer receipts to 30th June,2024 was Kshs 71,750,000, leading to the variance of Kshs 133,250,000. The statement of financial performance is prepared on accrual basis, where the approved revenue budget is recognized as a whole, while the statement of comparison of budget and actual is prepared on a cash basis, in which the actual exchequer received of Kshs 71,750,00 is recognized.

The balance of Kshs 133,250,000 was accrued as non-exchange receivable in the statement of financial position as at 30th June, 2024. We confirm that the Fund subsequently received this outstanding balance in full. (Annex IV)

iii. We regret this omission on the part of management. In the future will ensure that page numbering is correctly done.

Committee Observations

1. That as at the time of committee deliberations, the two issues on inaccuracies in the financial statements had been addressed
2. That the issue of page numbering was not addressed.

Committee Recommendations

1. That in future, the Management must ensure adherence to the requirements of Section 164(1) of the Public Finance Management Act 2012.
2. That the matter is resolved

3.4 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget and actual receipts of Kshs. 205,000,000 and Kshs. 71,750,000 respectively, resulting to underfunding of Kshs. 133,250,000 or approximately 65% of the budget. Similarly, the Fund spent Kshs.

182,469,719 against an approved expenditure budget of Kshs. 205,000,000 resulting to under-performance of Kshs. 22,530,281 or approximately 11% of the budget.

The underfunding and underperformance affected the planned activities and may have negatively impacted service delivery to the public

Management Response

The Fund Administrator has previously reported to the County Assembly the difficulty we face in accessing the exchequer releases to the Fund in time. The Assembly had written to the CECM-Finance to ensure that the Fund is adequately funded to cushion the students from dropping from schools due to fee challenges.

The underfunding and underperformance are due to the late, irregular, and unpredictable disbursement from the County Treasury.

Committee Observations

That the underfunding and under performance were due to late, irregular and unpredictable disbursement from the County Treasury

Committee Recommendations

1. That in future, the County Treasury should ensure timely and full disbursement of budgeted funds to the fund account to facilitate the complete execution of planned programs and activities.
2. That the matter is resolved.

3.5 Unresolved Prior Year Matters

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

Management Response

In the resolution issued by the County Assembly of Kisumu Ref: CAK/EDUFUND/03/2025 dated March 5th,2025 on the report of the Auditor General on the financial statements of Kisumu County Education Fund for the year ended 30th June,2023, the following prior year matters were resolved;(Annex v)

1. Unsupported cash and cash equivalents

2. Unsupported Disbursements

3. Budgetary Control and Performance

4. Unsupported Equitable distribution of Bursaries

One issue, "Long Outstanding Imprests' remained unresolved at the time the Fund Administrator appeared before the Public Accounts and Investments Committee. This matter was subsequently resolved after the audit of the financial statements for the year ended 30th June,2024. (Annex VI).

Committee Observation

Honourable Speaker, as at the time of committee deliberations, the management had implemented the resolutions of the Assembly in the prior year report.

Committee Recommendation

That the matter is resolved

3.6 Poor Record Keeping

Honourable Speaker, the Fund's Management has consistently maintained a poor record of transactions of the Fund. This has consistently meant that an audit trail of the transactions is difficult to follow. Poor record-keeping could easily lead to errors of commission and omission. Failure to maintain a complete and proper record of transactions is illegal as it is against 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 for the officer is designated are used in a way that is lawful and authorized and shall ensure that the entity keeps financial and accounting records that comply with this Act.

In addition, Regulation 100 of the Public Finance Management (County Governments) Regulation, 2015 states that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments, and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible.

In the circumstances, Management is in breach of the law

Management Response

The management will in future improve in its record management by maintaining a properly written cash book and reconciliations prepared on a monthly basis, acknowledgement receipts obtained from the recipients of bursary and scholarship funds, ledgers to support disclosures in the financial statements prepared and updated and that surrender of imprest is done as required by regulations.

Committee Observations

1. That the management failed to maintain a complete and proper record of transactions contrary to 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 for the officer is designated are used in a way that is lawful and authorized and shall ensure that the entity keeps financial and accounting records that comply with this Act.
2. That the Management contravened Regulation 100 of the Public Finance Management (County Governments) Regulation, 2015 states that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments, and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible.

Committee Recommendations

1. That going forward the Management must endeavor to improve in its record management by maintaining a properly written cash book and reconciliations prepared on a monthly basis, acknowledgement receipts obtained from the recipients of bursary and scholarship funds, ledgers to support disclosures in the financial statements prepared and updated and that surrender of imprest is done as required by regulations. The office of the Auditor General to report on the progress on the same in the subsequent audit
2. That in future, Management must adhere to the provisions of Section 149(1) of the Public Finance Management Act, 2012 and Regulation 100 of the Public Finance Management (County Governments) Regulation, 2015.
3. That the matter is resolved

Conclusion

Honourable Speaker, I hereby request that this House adopt this report of the Public Accounts and Investments Committee on the consideration of the Auditor General's Report on the Financial Statements of Kisumu County Education Fund for the year ended 30 June 2024. May I call Honourable Warindu to second. Thank you, Mr. Speaker.

The Speaker (Hon. Oraro): Yes, Honourable Geoffrey Warindu.

Hon. Warindu (MCA, Miwani): Thank you, Mr. Speaker, Sir, for granting me this opportunity to second the report of the Select Committee on Public Investments and Accounts on the Examination of the Report of the Auditor-General on the Financial Statement of Kisumu County Education Fund for the year ended 30th June, 2024.

Mr. Speaker, it is my belief that, this is a Fund that is only given once in a year and it is expected from the Fund Managers to at least have their records and their books clean. It is very unfortunate that a Fund that is only given once in a year, you can still find that the management of this Fund getting an Adverse Opinion Report from the office of the Auditor General, because of reasons they can easily work on.

Mr. Speaker, how I wish that going forward, as a House Committee, we should be very keen on what we are dealing with. One of the reasons they are receiving an Adverse Opinion is failure to resolve Prior Year's Matters. This has been an issue in every Financial Year that we are engaging. The issues that have been identified, and the gaps identified in their books of accounts, is that, they usually fail to work on those issues. This is one of the reasons why they are getting an Adverse Opinion.

Mr. Speaker, there is also the matter of Poor Record Keeping, which is illegal and against the dictates of Section 149 (1) of the Public Finance Management Act of 2012.

Mr. Speaker, keeping the records of the students and the schools that have benefited from this fund is becoming a tall order to the Management Committee. This indicates that they have taken this matter for granted. Poor record keeping could easily lead to errors of commission and omission. We are being informed that, they have consistently maintained a poor record of transactions for the Fund, since this fund was established. I call upon the Fund Managers to take their work seriously.

Mr. Speaker, Sir, similarly, there is the issue of Unsupported Disbursement of Bursaries. Even though some of them have been addressed, they are giving this House Committee a hard time just to find the documents acknowledging that these amounts were received in various schools. I want to tie this matter to poor record keeping. If these records were clean, this should not be a gap in their operations.

Mr. Speaker, the other issue that has been flagged is Unaccounted Cash. This is where you will find that the cash book they are using is not updated. They cannot even balance their cash book which I believe is a simple basic accounting standard that whoever is in that office can easily handle that.

Mr. Speaker, this House Committee has always been giving us a true picture of what is happening in this management of fund. And we still expect the account managers in that department to at least give us the records so that we can be sure that the amounts that have been given, the funds that have been directed in that account is prudently used. May I thank this House Committee for the good work that they have done. I believe that the findings of this report will be taken seriously and the issues that have been raised do not arise again when they will be having their engagement with this House Committee again. I second the report. Thank you.

The Speaker (Hon. Oraro): Honourable members, now that the Select Committee on Public Investments and Accounts has moved their report on the Examination of the report of the Auditor General on Financial Statements of the Kisumu County Education Fund for the year ended 30th June 2024, seconded, I want to propose a question that the report is open for debate.

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

Hon. Okoyo (MCA, Central Kisumu): Thank you Mr. Speaker. Mr. Please allow me to rise to support the report which has been presented by the Select Committee on Public Investments and Accounts. And as usual, Mr. Speaker, allow me also to applaud this House Committee of the good work they have done. They have been doing a commendable job, and Mr. Speaker, this brings us to where we are now. This is not the first time we are getting this report this House Committee. However, going by provisions of the PFM Act 2012, Mr. Speaker, I wonder why this team which handles this office has always been getting this report. Maybe we need to have something or put something for this office so that they can know that they are working in a public office.

Additionally, they need to go, sorry Mr. Speaker, I wanted to quote something here. They need to adhere to the provisions of the PFM Act 2012 to the latter. Mr. Speaker, allow me to read, I am sorry I cannot read it here well, and as you know, because of my poor eyesight. Nonetheless what I wanted to mention, Mr. Speaker, to this Assembly, is that we need to make this office, which holds these finances for the Education Fund, to know that they are holding this office on behalf of the public, and they need to adhere to the Constitution and the PFM Act to the latter. Thank you, Mr. Speaker.

(*Silence*)

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

Hon. Oyoo (MCA, Migosi): Thank you, Mr. Speaker. Looking at the mood of the House, I wanted to call upon the mover to reply.

The Speaker (Hon. Oraro): Honourable Pamela, you are misusing that power because I am seeing two members on their feet.

The Speaker (Hon. Oraro): Honourable Deputy Speaker.

Hon. Okombo (MCA, Manyatta "B"): Thank you Mr. Speaker. Please allow me to rise to also air my voice on the motion before the House. That is a motion that is proposing the adoption of the Kisumu County Education Fund for the year ended 30th June 2024.

Mr. Speaker, again, allow me to take the House back to the origin or the birth of this particular fund. Mr. Speaker, in 2014, that is during the term of First Assembly, a motion was raised on the floor of this House by Honourable James Omollo. A motion that saw the formulation of Kisumu

County Education Fund Bill 2014. This Bill, after deliberations, was enacted into an Act and it gave birth to this particular Fund, Honourable Speaker. Honourable Speaker, when this fund was established, the County started off through the cheque system. A system that was, in our view, very transparent as it could be followed from the point of issuance to the other side of the user's end.

Mr. Speaker, somewhere along the line, the department decided to resort to Pesa-Link that is e-Banking, where monies are transferred directly to schools without involving the beneficiaries. Mr. Speaker, many cases have been reported where lists of beneficiaries have been circulated, but then you go to schools and most bursars refuse to acknowledge receipt of such monies. It has taken a number of MCAs here to accompany parents to schools to follow up these monies with the schools. Mr. Speaker, there was a proposal made that, the department reverts back to the cheque system, which was easier to track and manage. Mr. Speaker, we can see a report of mismanagement. Mr. Speaker, a report of poor record keeping. A testimony that the e-System has failed. Even as we talk about this fund, we know that it is a fund that is usually, I can say, executed at the second quarter of each financial year, that is around December, January.

Mr. Speaker, disbursements like the one for last year was done around June, July, almost at the tail end of the financial year. Mr. Speaker, at times funds are disbursed when the form fours have already left the school, resulting in lack of accountability. This financial year, the funds are yet to be disbursed, owing to the fact that we had issues with the Controller of Budget (COB) of the same fund. The clearance had been done, and maybe going forward, we may revert to our role as counties on education, which is early childhood and TVETs. So, we may not be talking about secondary schools and universities from the next financial year, but if these funds are still going to be disbursed to develop ECDs and TVETs, then, Mr. Speaker, I want to ask the department to use a system that can be tracked for easier record keeping. We know the world is going digital, but can they present a transparent way of following these funds up to the last user or the beneficiary of this fund?

Otherwise, Mr. Speaker, I want to say that this House Committee has done a good job in coming up with this report and I want to say that the report is worth adopting and that the department needs to readjust to implement the recommendations as outlined by the committee. Otherwise, Mr. Speaker, I support.

The Speaker (Hon. Oraro): Yes, Honourable James Omollo.

Hon. Omollo (MCA, West Nyakach): Thank you, Mr. Speaker. I would equally like to express my gratitude to the Select Committee on Public Investments and Accounts (PIC/PAC) for their diligent work in scrutinizing the Audit Report of the Education Fund. This is a critically important fund that supports our children in high schools and colleges.

Mr. Speaker, although this year we had a favourable allocation, we are aware that such support may not be available in the next financial year. However, according to the audited records, the fund continues to receive recurring Adverse Opinions year after year. It is imperative that the Department of Education takes deliberate steps to improve the management of this fund.

Mr. Speaker, as my colleague, Honourable Okombo, rightly pointed out, the e-Banking System that was adopted should, in theory, have ensured greater transparency. Unfortunately, it appears that this has not been the case. In fact, there are situations where even the beneficiaries are unaware that funds have been disbursed to their respective schools.

Mr. Speaker, as a member of this House Committee, I witnessed first-hand the challenges we faced in tracing vouchers and receipts from the beneficiary schools. In many cases, even those documents flagged by the Auditor General were either incomplete or entirely missing. This highlights a serious gap in record-keeping within the department.

Mr. Speaker, although the courts have now granted us the go-ahead for disbursement in the 2024/2025 financial year, the department remains reluctant to release the Scholarship Funds to the intended beneficiaries. I believe the Assembly must now assert its authority to ensure that these funds are disbursed without further delay.

Mr. Speaker, as if this is to be the final disbursement under the current arrangement, we must ensure that, it is done properly. Going forward, we should focus on supporting Early Childhood Development (ECD) programs and Vocational Training Canters within our county, ensuring bursaries benefit our own students.

Finally, I urge the Departmental Committee on Education, Technical training, Innovation and Social Services along with all Honourable Members of this Assembly, to strengthen our oversight role. We must ensure that all funds appropriated for this financial year are fully disbursed to the schools and students before the 30th of June deadline. Thank you, Mr. Speaker. I fully support the report.

The Speaker (Hon. Oraro): Honourable members, since no other member appears to be seeking the floor, and Honourable Pamela had already called on the mover to reply, the mover may now proceed with his reply. Yes, Honourable Kennedy Ouko.

Hon. Ouko (MCA, West Kisumu): Thank you very much, Mr. Speaker. Let me begin by congratulating all the members who have contributed to this discussion. Mr. Speaker, as we are all aware that, once a document is tabled before the House, it becomes the property of the House—not just the responsibility of the House Committee that prepared it. As the relevant

House Committee, we are now fully taking charge to ensure its implementation and accountability.

Mr. Speaker, we have experienced several challenges with the management of the Bursary Fund. This fund has faced persistent issues. When we first joined the Assembly, the Auditor General issued a Disclaimer Opinion, indicating that the financial statements were not traceable, lacked clarity, and did not reflect an entity managed professionally.

Mr. Speaker, in the second year, there were some improvement, and the opinion progressed to "Adverse." However, an Adverse Opinion is still deeply concerning, especially for an institution managed by professionals—including accountants and individuals well-versed in education. Unfortunately, subsequent audits have continued to receive Adverse Opinions. This is disheartening, especially considering that education is a key sector we are committed to supporting as a county.

Mr. Speaker, sometimes it is difficult to comprehend the conduct of some officers entrusted with public resources in our county government. Recordkeeping—a critical aspect of financial management—is often neglected. We must remember that an audit is about evidence. It's not just about presenting documents or making verbal submissions; it's about proving, with credible records, how public resources have been used. Sadly, in many cases, this has not happened.

Mr. Speaker, as members of the County Assembly, one of our core responsibilities is oversight. We have made considerable efforts in this regard, and while there has been some progress in the quality of reports submitted, many still fall short. This improvement, however modest, is largely due to the diligence of the House Committees.

Mr. Speaker, it's important to remind ourselves of the constitutional and legal framework that guides our work. Article 229 of the Constitution of Kenya, 2010, mandates the Auditor General to audit and report on the accounts of all public entities, funds, and authorities of both National and County Governments within six months after the end of each financial year. Any entity that receives public funds must be audited, and the resulting reports must be submitted to this Assembly for scrutiny and action.

In light of this, I encourage more members to actively participate in our committee work. It is through this involvement that we gain deeper understanding and ensure effective oversight.

Additionally, I would like to highlight the provisions of 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 resources under their care are used lawfully, efficiently, effectively, economically, and transparently.

Mr. Speaker, the Auditor General has consistently pointed out that many of these principles are not being adhered to. I therefore urge the Departmental Committee on Education, Technical Training, Innovation and Social Services in collaboration with the Select Committee on Implementation, to thoroughly engage with these reports. Without action, we risk seeing the same issues repeated in future audits, rendering all our efforts futile.

In conclusion, I sincerely thank all the Honourable Members for their continued support and active participation. As we move forward as a County Assembly, let us remember that once a report is tabled, it becomes the collective responsibility of the House. Thank you. I reply.

The Speaker (Hon. Oraro): Honourable Members, now that the Select Committee on Public Investments and Accounts report on the Examination of the report of the Auditor General on the Financial Statements of the Kisumu County Education Fund for the year ended 30th June 2024 has been presented, seconded and debated upon, as per the dictates of our Standing Orders, I want to put a question on the adoption of the same?

(Question put and agreed to)

The Speaker (Hon. Oraro): Honourable Members, the report by the Select Committee Public Investment and Accounts on the Examination of the report of the Auditor General on the Financial Statements of Kisumu County Education Fund for the year ended 30th June 2024 has been adopted today, Tuesday the 10th of June 2025 at 15:18 hours. I therefore direct that, the recommendations of the same report be communicated to the line Department for action. Consequently, the Select Committee on Implementation to follow up on the same resolutions.

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

ADJOURNMENT

The Speaker (Hon. Oraro): Honourable Members, please be upstanding. There being no any other business to transact, the House stands adjourned until tomorrow Wednesday 11th of June 2025 at 09.00 a.m.

(House rose at 3.19 p.m.)

Addendum

The Hansard Team

Zablon Otiende – Assistant Director, Hansard Services

Hansard Reporters

Fanuel Okode - Chief Hansard Reporter

Edward Odanga - Senior Hansard Reporter

Patrick Okoyo - Senior Hansard Reporter

Jackline Otieno - Senior Hansard Reporter

Jesca Otieno - Senior Hansard Reporter

Vallery Achieng' - Senior Hansard Reporter

Emanuel Omondi – Attache'

Stella Ogada – Attache'

Melissa Hellen – Attache'

Sylvia Awino - Attache'