

COUNTY GOVERNMENT OF KISUMU



COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – FIFTH SESSION

Tuesday, 31st March, 2026

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): Honourable Members, as per the provisions of Orders 32 (2) of the Kisumu County Assembly Standing Orders, I so direct that, the Sergeant-at-Arms rings the Quorum Bell for the first five minutes. Honourable Bill, I am assigning you to be the temporary Whip. Please go out and whip Members to get into the Chambers.

(Quorum bell rung for the first five minutes)

The Speaker (Hon. Oraro): Honourable Members, I again direct the Sergeant-at-Arms to ring the quorum bell for further five minutes.

(Quorum bell rung for further five minutes)

The Speaker (Hon. Oraro): Honourable Bill Oliver, can you confirm if we have quorum.

Hon. Bill (MCA, Kobura): Thank you Mr. Speaker. We have quorum

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

COMMUNICATION FROM THE CHAIR

The Speaker (Hon. Oraro): Honourable Members, we are privileged to host teachers and students from Mau Secondary School in Nakuru County and Kacheliba Girls. I am again being informed that, Students from Mau Secondary are not yet here, but the group that we have here is Kacheliba. Honourable Members, we are privileged to host two schools today.

(The Speaker consulted the Clerk at the table)

The Speaker (Hon. Oraro): Honourable Members, I am further informed that one group is still outside. The two schools are students of Mau Secondary School in Nakuru County and Kacheliba Girls Secondary School in West Pokot County who are undertaking an educational visit to the County Assembly of Kisumu in order to familiarise themselves with the legislative process and operations of the County Assembly.

The students have been accompanied by their teachers, and I request that each of them, when called upon, may rise in their places in the public gallery so that they may be acknowledged in the usual manner of the Assembly. We have Madam Caroline, Madam Rose Ogutu, that is the team that is still outside. Madam Evelyn Akoth, she is still outside, Mr Paul Rodich, the group that is still outside. Mr Michael Buch, still outside. Madam Scholastica Jerop and Mr. Robinson Serem, are still outside.

I believe that, this is the team from Mahua. Welcome to Kisumu County Assembly. And I want to say that such visits are important as they expose our young people to the workings of democratic institutions and nurture the students. And in them, we want to appreciate their coming. I want to say that, such visits will help them understand the governance, leadership, and the public service as it originates from the County Assembly. It is always encouraging to see students taking an interest in civic education, the functioning of our devolved systems of governance.

On behalf of the entire fraternity of County Assembly of Kisumu, I warmly welcome you to the County Assembly and we hope that your visit will be both informative and inspiring as you observe the proceedings of the House. As per our tradition, I will allow a few members to say a word or two of encouragement to the students.

To be specific, I will allow on the leadership side, I will allow Honourable Emily Oginga, and I will give opportunity to Honourable James Omollo, who is a teacher by profession, and the Deputy Leader of Majority. Honourable Emily Oginga the Floor is yours.

Hon. Oginga (Nominated Member): Thank you. Thank you, I just to welcome the team from Nakuru and West Pokot Counties? I hope I'm right. What I would like to inform these students is that in this assembly, we have 47 members.

We have 16 ladies representing different Wards and different groups, like the minority groups. And out of the 47 members in total, so to the girls, this is your chance. You're still in school.

You need to work extra hard so that you can also one day represent your people. Since devolution works. I believe that one day, when you're out of school and you feel that you'd like to represent your people, you will have the opportunity.

We are laying the ground, and we hope that in future we'll have met the affirmative action and we'll have more ladies represented in most of the Houses. I always say that when we were growing up, we never had the opportunity to visit most of these of the National Assembly. By then, we only had the National Assembly.

Again, we also had the local authorities, which never used to sit most of the time. But for you, you have the opportunity to come down to any of the 47 counties and visit and see for yourself what goes on. In this House, we have three responsibilities. That is oversight. We oversight the County Executive, which is led by the Governor, we do representation where we represent the thoughts and the wants of our people, we also do legislation where we pass bills, we get bills, we pass them into, thereafter the Bills are sent to the Governor who assents to them. So, I would just like to encourage you that nobody is limited. And we always say that education is the equaliser of all human beings.

So, work hard. You have the opportunity to be in school up to the level you are. Work hard so that one day you can also lead your people and do something good for the community where you come from. Otherwise, thank you and karibuni sana to Kisumu County.

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

Hon. Omollo (MCA, West Nyakach): Thank you, Mr. Speaker. Please allow me to also welcome the team from I believe Mau. Mr. Speaker, I'm not a teacher. I just own a school. To the learners, I must say, this is an opportunity for you to come first hand and see what happens in the Assemblies. In the Republic of Kenya, we have 47 of them. Kisumu being one of them.

This is one of the arms of the Government in Kisumu County. We have the County Executive and the Legislature. So here, we make laws pertaining to county administration. We also oversight the County Executive, checking if they're doing the right thing to the community, to the electorates. Also, we do the County Budgets. We pass budgets, which goes to our wards and has been mentioned by Honourable Oginga.

We have nominated and elected MCAs. For the elected, they have wards where we do the projects as executive, but we give them money in terms of budgeting for them every financial year. Also to note, Mr. Speaker, the learners should know that even us, we passed through the same learning process. We were in primary, and now we are here as legislators. So, in life,

there's no shortcut. You just have to work hard, work very hard, so that tomorrow you are also one of the legislators in the country.

For those aspiring to become leaders, there are many options, and this one being one of them, you can aspire to be. And you're coming here and really influence your efforts towards being ambitious for the future of this nation. Mr. Speaker, that's all I have. Thank you, Mr. Speaker.

The Speaker (Hon. Oraro): The Deputy Leader of Majority.

The Deputy Leader of Majority (Hon. Lumumba, MCA, South East Nyakach): Thank you, Mr. Speaker. Speaker, I rise to welcome our visitors from Mau and from Kacheliba. I am Honourable Lumumba Owade. I am the MCA representing South East Nyakach. I'm also the Deputy Leader of Majority in the Assembly. First of all, let me welcome you to this Assembly.

Thank you very much for choosing Kisumu County Assembly. You will not know that your mother is not the best cook until you taste another mother's food.

It is true you've come from Nakuru County, where there is also an Assembly but you choosing to be here is that you know or you heard about the good things about Kisumu and maybe the good things about this Assembly. Therefore, we're very grateful for your coming.

Above all, I do wish to thank you and encourage you as the upcoming leaders of tomorrow. It is a shame that you are not future leaders. I disagree that we all want to be leaders of today.

I am a supporter of the system that brought in leadership at the primary and secondary where you have the president. That is all leadership. Here in the Assembly, we are leaders. As it has been said, we legislate, oversight, and we also represent our people. The things that we do that I am sure will encourage as well as impress you is that, we appropriate funds for education in the name of bursary for our students.

And this is also happening in other counties. I believe that, this is one of the issues that should impress you more as students because, we support you by appropriating funds for education. Politics is not a profession.

But as you aspire to be one, it does not stop you from doing whatever makes you a professional in any way that encourages you to study very, very hard to be what you want to be. To be a doctor, a pilot. Then these other ones can come later when you want something.

Take your studies seriously and consider the efforts that your parents are putting to ensure that you become a good citizen. When you become a good citizen, be a good ambassador of this nation. Be an ambassador from wherever you come from, from your community, from your world, from your constituency, wherever you go, wherever you visit, like you visited Kisumu today.

Let the name of where you come from be carried in your name. Thank you very much and God bless you. The majority had given you two minutes but went past that but it's okay.

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

PAPER LAID

STATUS OF SOCIAL HEALTH AUTHORITY (SHA) AT KISUMU COUNTY REFERRAL
HOSPITAL

BY

HONOURABLE VINCENT JAGONGO, MCA, NORTH WEST KISUMU

[CHAIRPERSON, MEDICAL SERVICES, PUBLIC HEALTH AND SANITATION
COMMITTEE]

(Laid by Honourable Oginga on behalf of Honourable Jagongo)

The Speaker (Hon. Oraro): Yes, Honourable Emily Oginga.

Hon. Oginga (Nominated Member): Mr. Speaker, I'd like to lay a Paper on behalf of my Chairperson. Pursuant to the provision of Order No. 182 (6) of the Kisumu County Assembly Standing Orders. I wish you table today, Tuesday, the 31st of March, 2026, the Report of Medical Services, Public Health and Sanitation Committee on the Status of Social Health Authority that is SHA.

Hon. Oginga lays the report before the House for consideration)

The Speaker (Hon. Oraro): Honourable Members, SHA claims at Kisumu County Referral Hospital and the need for Senate intervention. Honourable Members, the Departmental Committee on Medical Services, Public Health and Sanitation are properly laid before the House, report on the Enquiry into the Status of Social Health Authority, which are claims at the Kisumu County Referral Hospital and the request for Senate intervention. I direct that the House Business Committee, consider a strategic approach and make this report for debate.

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

NOTICE OF MOTION

STATUS OF SOCIAL HEALTH AUTHORITY (SHA) AT KISUMU COUNTY REFERRAL
HOSPITAL

BY

HONOURABLE VINCENT JAGONGO, MCA, NORTH WEST KISUMU

[CHAIRPERSON, MEDICAL SERVICES, PUBLIC HEALTH AND SANITATION
COMMITTEE]

(Notice of Motion by Honourable Oginga on behalf of Honourable Jagongo)

The Speaker (Hon. Oraro): Yes, Honourable Emily Oginga.

Hon. Oginga (Nominated): Mr. Speaker, Honourable Members, pursuant to the provision of Orders No. 45 (1) of the Kisumu County Assembly Standing Orders, THAT, this Assembly adopts a report of Medical Services, Public Health and Sanitation for the Status of Social Health Authority, SHA. SHA claims at Kisumu County Referral Hospital and the need for Senate intervention. Thank you.

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

STATEMENT HOUR

STATEMENT INFORMING THE COUNTY ASSEMBLY OF THE BUSINESS COMING
BEFORE THE HOUSE W.E.F WEDNESDAY 1ST APRIL 2026 WEDNESDAY TO
TUESDAY 21ST APRIL 2026

BY

HONOURABLE LUMUMBA OWADE, MCA, SOUTH EAST NYAKACH

(DEPUTY LEADER OF MAJORITY]

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

The Deputy Leader of Majority (Hon. Lumumba, MCA, South East Nyakach): Thank you, Mr. Speaker. Mr. Speaker, I rise and pursuant to Orders No. 41 (2) (c) in my capacity as the County Assembly Deputy Majority Leader present and lay to the table of the County Assembly Statement informing the County Assembly of the business coming before the House in the following week.

Honourable speaker, this is now to bring the attention of the members of the county assembly for the week commencing on Wednesday 1st April 2026 Wednesday to Tuesday 21st April 2026 the Select Committee on Assembly business artists meeting approved the following tentative businesses to appear in the Order Papers as follows;

Wednesday 01st April 2026 at 09:00 a.m.

PAPER TO BE LAID

The Chairperson, Select Committee on County Budget and Appropriation Honourable Joachim Oketch, will table the committee report on consideration of the following;

- a) Proposed County Budget Review and Outlook Paper for the Financial Year 2024-2025.
- b) The proposed Kisumu County Fiscal Strategy Paper for the Financial Year 2026-2027.

Chairperson, Select Committee on Public Investments and Accounts (PIC/PAC), Honourable Kennedy Ouko will table the committee reports on The Examination of the reports of the Auditor General on the Financial Statements of;

- a) Kombewa County Level 4 Hospital for the year 2024-2025,
- a) Kisumu County Referral Hospital for the Financial Year 2024-2025,
- b) KIWASCO for 2024-2025,
- c) Nyakach County Level Hospital for the financial year 2024-2025,
- d) Chulaimbo Sub County Level 4 Hospital for the financial year 2024-2025.
- e) Muhoroni County Level 4 Hospital for the year 2024-2025.
- f) Lastly, Migosi Sub County Level 4 Hospital for the Financial Year 2024-2025.

NOTICES OF MOTION.

The Chairperson, Select Committee on County Budget and Appropriation Honourable Joachim Oketch, will give Notices of Motion for the committee reports on consideration of the following;

- a) Proposed County Budget Review and Outlook Paper for the Financial Year 2024-2025.
- b) The proposed Kisumu County Fiscal Strategy Paper for the Financial Year 2026-2027.

Chairperson, Select Committee on Public Investments and Accounts (PIC/PAC), Honourable Kennedy Ouko will give Notices of Motion on the following Committee reports ON the Examination of the reports of the Auditor General on the Financial Statements of

- a) Kombewa County Level 4 Hospital for the year 2024-2025,
- a) Kisumu County Referral Hospital for the Financial Year 2024-2025,
- b) KIWASCO for 2024-2025,
- c) Nyakach County Level Hospital for the financial year 2024-2025,
- d) Chulaimbo Sub County Level 4 Hospital for the financial year 2024-2025.
- e) Muhoroni County Level 4 Hospital for the year 2024-2025.
- f) Lastly, Migosi Sub County Level 4 Hospital for the Financial Year 2024-2025.

SUBSTANTIVE BUSINESS

The Chairperson, Select Committee on Public Investments and Accounts (PIC/PAC), Honourable Kennedy Ouko will move a motion for the adoption of the committee report on the

Examination of the Report of the Auditor General on the Financial Year Statement of Lumumba Sub-County Level 4 Hospital for the financial year 2024-2025.

Wednesday, 01st April 2026 at 02.30 p.m.

SUBSTANTIVE BUSINESS

The Chairperson, Select Committee on Public Investments and Accounts (PIC/PAC), Honourable Kennedy Ouko, will move a motion for the adoption of the committee report on the Examination of the Report of the Auditor General on the Financial Statement of Kisumu County Executive for the financial year 2024-2025.

Wednesday, 02nd April 2026 at 02.30 p.m.

SUBSTANTIVE BUSINESS

The Chairperson, Departmental Committee on Medical Services and Public Health, Honourable Vincent Jagongo, will move a motion for the adoption of the committee report on the Status of the Social Health Authority that is SHA and the quest for Senate intervention.

The Majority Leader, Kennedy Ooko, will move a motion for the Adjournment of the County Assembly Sitting for Short Recess until 21st April 2026.

Tuesday, 21st April 2026 at 2.30 p.m.

STATEMENT

The Leader of the Majority, the issue of Statement of Personal Orders No. 41 (2) (c) of the Standing Order, that is, businesses coming before the County Assembly, will be commencing on Wednesday, 22nd April 2026.

SUBSTANTIVE BUSINESS

The Chairperson, Select committee on County Budget and Appropriation, Honourable Joachim Oketch, will move a motion for the Adoption of the committee Report on the Proposed Kisumu County Budget Review and Outlook Paper for Financial Year 2024-2025. That is all, Honourable Speaker. Thank you.

The Speaker (Hon. Oraro): Next order.

MOTION

OPERATIONALISATION OF THE KISUMU COUNTY LAKEFRONT DEVELOPMENT CORPORATION

BY

HONOURABLE RATIB BOITONE, MCA, NYALENDA “A”

[CHAIRPERSON, DEPARTMENTAL COMMITTEE ON LANDS, HOUSING, PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT]

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

Hon. Boitone (Nyalenda A): Honourable Speaker, Honourable Members, this Report presents the findings and recommendations of the Committee on Lands and Physical Planning arising from its examination of the operationalisation of the Kisumu County Lakefront Development Corporation (KLDC) for the Financial Year 2023/2024.

Honourable Speaker, Honourable Members, the development of the Kisumu lakefront represents a strategic imperative aimed at transforming the City of Kisumu into a competitive, inclusive, and sustainable maritime hub within the East African region. This vision, anchored in the County Integrated Development Plan (CIDP) and various flagship project frameworks, culminated in the enactment of the Kisumu County Lakefront Development Corporation Act, 2021.

Honourable Speaker, Honourable Members, the Committee's examination of the findings of the Auditor General's Report for the Financial Year 2023/2024 has revealed profound legal contradictions, financial opacity, and a systemic failure of oversight in the operationalisation of the KLDC. The Committee has accordingly prepared this Report to provide an exhaustive consideration of the official responses received from the County Executive, and to outline critical interventions required to restore public trust and institutional integrity.

Having considered the available evidence and the responses submitted by the County Executive, the Committee observed that the operationalisation of the Kisumu County Lakefront Development Corporation has been fundamentally flawed from its inception, and accordingly recommends the interventions set out in Part VI of this Report.

Honourable Speaker, Honourable Members, pursuant to the Standing Orders of the County Assembly, it is my duty to present this Report for the consideration of the House.

Introduction

Honourable Speaker, Honourable Members, this Report outlines the consideration by the Committee on Lands and Physical Planning of the operationalisation of the Kisumu County Lakefront Development Corporation (KLDC) as requested by the Hon. Fredrick Odari vide his request for a statement raised on 13th November, 2025 (Annex I), and as examined in the Auditor General's Report for the Financial Year ending 30th June, 2024.

The Kisumu County Lakefront Development Corporation was established pursuant to the Kisumu County Lakefront Development Corporation Act, 2021, which received Governor's Assent on 30th August, 2021. The primary objective of the legislation was to establish a

statutory Special Purpose Vehicle (SPV) capable of mobilizing resources and managing the socio-economic development of the lakefront.

Our constitutional framework, including Article 226 on the management of public funds and the provisions of the Public Finance Management Act, 2012, requires that all county entities operate with full transparency and accountability. The findings examined in this Report raise fundamental concerns regarding compliance with these requirements.

Mandate of the Committee

Honourable Speaker, Honourable Members, the Committee on Lands and Physical Planning is constituted pursuant to Standing Order No. 193 of the Kisumu County Assembly and has the mandate to examine and report on all matters relating to land administration, physical planning, urban development, and the stewardship of county assets within its domain.

In executing its oversight mandate, the Committee is empowered to scrutinise audit reports, summon accounting officers, and make recommendations for remedial action to the House. The Committee's examination of the KLDC was conducted in furtherance of this mandate.

Section 8 of the County Governments Act and the relevant provisions of the Public Finance Management Act, 2012 further provide that County Assembly Committees shall ensure that public funds are managed in accordance with the principles of transparency, accountability, and value for money. The findings herein are assessed against these standards.

Committee Membership

The Committee on Lands and Physical Planning as currently constituted comprises the following

Members:

- i. Hon. Ratib Boitone – Chairperson
- ii. Hon. Tom Nyaoke – Vice Chairperson
- iii. Hon. James Were – Member
- iv. Hon. Zachariah Okoyo – Member
- v. Hon. Moses Ochele – Member
- vi. Hon. Nereah Okombo – Member
- vii. Hon. Joakim Oketch – Member
- viii. Hon. George Abaja – Member
- ix. Hon. Seth Kanga – Member

Committee Secretariat

The Committee is facilitated by the following secretariat:

- i. Mr. Harman Moses – Senior Clerk Assistant
- ii. Mr. Rodgers Wagude – Clerk Assistant I
- iii. Ms. Vallery Achieng – Hansard Reporter
- iv. Ms. Faith Judith – Sergeant-At-Arms

BACKGROUND TO THE OPERATIONALISATION OF THE KISUMU COUNTY LAKEFRONT DEVELOPMENT CORPORATION

Honourable Speaker, Honourable Members, the Committee received and examined the Auditor General's Report for the Financial Year ending 30th June, 2024, pertaining to the Kisumu County Lakefront Development Corporation. The Report resulted in a Disclaimer of Opinion, the most severe form of audit finding, signaling that management had failed to provide sufficient and appropriate audit evidence to support the financial statements.

On 24th October, 2019, Kisumu Lakefront Development Limited (KLDL) was incorporated as a private limited company under the Companies Act, 2015, in advance of any legislative framework. Vide a response from the County Attorney (Annex II), the County Attorney characterized this pre-emptive incorporation as a practical necessity to enable engagement with investors and the holding of strategic land parcels whilst the legislative process was ongoing.

On 30th August, 2021, the Kisumu County Lakefront Development Corporation Act, 2021 received Assent, thereby establishing the statutory Kisumu County Lakefront Development Corporation (KLDC). Notwithstanding the commencement of the Act, the private entity KLDL has continued to operate, creating a dual corporate structure which constitutes the central governance crisis considered in this Report.

Honourable Speaker, Honourable Members, from the submissions of the County Attorney (see Annex II), the Committee was informed that on 14th July, 2022, a resolution was passed to dissolve KLDL. As at the date of this Report, the dissolution remains incomplete, with the entity still registered and active on the Business Registration Service (BRS) platform, while the statutory KLDC is absent from that registry.

Since the financial year 2021/2022 to date, the following receipts and disbursements have been reported in respect of the Corporation:

Table 1: Summary of Receipts – Kisumu County Lakefront Development Corporation

Financial Year	Transfer from County (KES)	Donations/Contributions (KES)	Total Reported (KES)
2021/2022	13,810,000	–	13,810,000
2022/2023	15,700,000	3,726,000	19,426,000
2023/2024	5,500,000	5,700,000	11,200,000

The Committee notes that of the total funds received in the financial year 2023/2024, a sum of KES 5,700,000 was categorized as 'Public Contributions and Donations'. Management failed to provide the Committee with a list of the contributors or the nature of their donations, raising significant concerns regarding financial transparency and the potential for undue private influence.

2.1 Provisions of the KLDC Act, 2021

Honourable Speaker, Honourable Members, the Kisumu County Lakefront Development Corporation Act, 2021 contains 52 sections and establishes the Corporation as a statutory Special Purpose Vehicle for the development of the Kisumu lakefront.

The Committee observes that a fundamental legislative contradiction exists between Sections 6 and 12(2) of the Act with respect to the appointment of the chief executive officer, an inconsistency which the County Attorney has admitted and in respect of which a draft amendment has been prepared.

AUDIT FINDINGS, GOVERNANCE IRREGULARITIES AND FINANCIAL ANALYSIS

3.1 Disclaimer of Opinion – Financial Year 2023/2024

The Auditor General's Report for the Financial Year ending 30th June, 2024 resulted in a Disclaimer of Opinion in respect of the financial statements of the Kisumu County Lakefront Development Corporation. The Committee received and examined the management responses submitted by the Chief Executive Officer and the County Attorney in response to the specific findings of the Auditor General.

The audit findings extend beyond mere technical errors to suggest potential misappropriation and a deliberate lack of transparency. The Committee examined the following specific areas of concern raised by the Auditor General:

3.2 Lack of Legal Standing and Registered Identity

The Auditor General found no evidence of the existence of the 'Kisumu County

Lakefront Development Corporation' as a registered entity on the Business Registration Service (BRS) platform, following a search conducted on 11th March, 2024. Conversely, the private entity KLDL, which is registered, has 100,000 shares and is confirmed to be the recipient of the County's funding.

The County Executive's defense, articulated by the Chief Executive Officer, is that statutory bodies formed via county law are not required to be registered on the BRS platform. The Committee finds this defense to be technically insufficient in the context of a commercial SPV that is mandated to enter into contracts, hold shares, and manage public investments. The practical effect has been the use of a private legal vehicle to manage public development funds, thereby circumventing the oversight mechanisms applicable to statutory corporations.

3.3 The Undisclosed 10% Shareholding Structure

Honourable Speaker, Honourable Members, the KLDC Act, 2021 specifies that the County Government shall hold 90% of the shares in the SPV, with the remaining 10% to be allocated to designated member institutions. However, the Auditor General noted that the identity of the 10% shareholders was not disclosed and no share certificates were produced to the audit.

The absence of this documentation creates a significant risk of arrangements contrary to the public interest, whereby private individuals or entities may hold stakes in a publicly funded enterprise without the knowledge of the County Assembly. The Chief Executive Officer's response that the observation was 'not true' because 'such a document does not exist' was noted by the Committee as unresponsive to the substance of the audit finding.

3.4 Financial Opacity in Revenue and Donations

Honourable Speaker, Honourable Members, the financial statements of the Corporation reveal a pattern of receipts from sources that have not been adequately disclosed or verified. A summary of the receipts is set out in Table 1 at paragraph 13 above. The Committee draws particular attention to the growing proportion of funds categorised as 'Public Contributions and Donations', which has increased from KES 3,726,000 in FY 2022/2023 to KES 5,700,000 in FY 2023/2024, whilst transfers from the County have correspondingly declined.

The failure of management to provide a verifiable list of donors renders the Corporation susceptible to undue private influence and potentially facilitates illicit financial flows through a public development vehicle.

3.5 The Nominee Shareholding Controversy

Honourable Speaker, Honourable Members, the most legally precarious aspect of the Corporation's operationalisation concerns the shareholding structure of the private entity, KLDL. The County Attorney admitted that the initial shareholding was vested in public officers in a 'nominee capacity', meaning that public officials, in their personal names, were registered as owners of a company receiving millions of shillings in public funds.

The search of the company's register reveals 15 individuals with varying share counts. The shareholding distribution as of October 2019, which the County Attorney has characterised as 'misadvised', is set out in Table 2 below.

Table 2: Shareholding Distribution – Kisumu Lakefront Development Limited (as of October 2019)

Shareholder Name	Shares Held	Role/Context
Doris Chandi Ombarra	20,000	Shareholder/Director
Nerry Otieno Achar	20,000	Shareholder/Director
Raymond Vicky Ojwang Omollo	1,000	Shareholder
George Omondi Okong'o	110,000	Shareholder (CEC Finance)
Dixon Odhiambo Obungu	10,000	Shareholder
Samwel Owino Wariaga	1,000	Shareholder
Geoffrey Samuel Obuon	1,000	Shareholder
Rodney Abel Sewe Amollo	11,000	Shareholder
Nirmalsinh Satusinh Darbar	1,000	Shareholder (British Indian Ocean Territory)
Milly Kalenya	1,000	Director
Israel Otieno Agina	1,000	Director
Edward Rakwar	2,000	Director/Shareholder
TOTAL ORDINARY SHARES	100,000	

The Committee finds this structure to be problematic on the following grounds:

- (a) The arrangement blurs the boundary between public duty and private interest, potentially violating Article 73 of the Constitution on the conduct of state officers.
- (b) The presence of a foreign national as a registered shareholder raises further concerns regarding the governance of a vehicle receiving public county funds.
- (c) In corporate law, the registered shareholder is the legal owner unless a formally executed and disclosed trust deed or nominee agreement exists. The failure to provide such agreements to the Auditor General or the County Assembly undermines the claim that beneficial ownership always rested with the County Government.

Furthermore, the Auditor General identified a significant conflict of interest in that five of the Directors of the statutory KLDC were simultaneously Directors and shareholders of the private KLDL. This interlocking directorship arrangement placed these individuals in a position of overseeing the transfer of public funds from the County to a private entity they controlled, a situation that is inconsistent with sound governance principles and the requirements of Chapter Six of the Constitution.

3.6 Scrutiny of Administrative and Operational Expenditure

Honourable Speaker, Honourable Members, the expenditure patterns of the Corporation, as disclosed in the management responses, reflect a significant and disproportionate bias towards administrative overheads and hospitality, rather than tangible development activities. Between the financial years 2021/2022 and 2022/2023, the expenditure breakdown was as follows:

Table 3: Administrative and Operational Expenditure – FY 2021/2022 and FY 2022/2023

Description	FY 2021/2022 (KES)	FY 2022/2023 (KES)
Board Conference & Accommodation	7,500,072	–
Catering Services	2,050,000	2,062,400
Daily Subsistence Allowance (DSA)	3,185,500	690,000
Accommodation (Domestic Travel)	2,890,100	–
Staff Cost – Salaries	–	6,030,102
General Office Stationery	150,000	670,276
Telephone Services	487,000	168,000

Travel Cost	777,005	373,300
Bank Charges	115,000	1,800
Total Expenditure	17,534,477	9,995,878

The Committee draws particular attention to the following observations arising from the expenditure data in Table 3:

- (a) The expenditure of KES 7,500,072 on board conferences and accommodation in a single financial year is excessive, given that the statutory board had not yet been fully constituted and operationalized.
- (b) The expenditure of KES 6,030,102 on staff salaries in FY 2022/2023 is irreconcilable with the Chief Executive Officer's concurrent representation that the County Executive bears all costs for seconded staff. This inconsistency suggests a duplication of salary payments or the engagement of unauthorized personnel.

For the Financial Year 2023/2024, the Corporation reported a total expenditure of KES 11,228,491, the breakdown of which is set out in Table 4 below.

Table 4: Expenditure Breakdown – FY 2023/2024

Expenditure Item (FY 2023/2024)	Amount (KES)
Catering Services	3,003,891
Travel, Accommodation, Subsistence & Other Allowances	3,359,200
General Office Supplies	1,063,156
Printing & Advertising	2,891,944
Hire Charges (Equipment)	354,230
Total Reported	11,228,491

Honourable Speaker, Honourable Members, the Auditor General questioned the relevance of these expenditures to the County's development agenda. There is no evidence that the significant sums expended on hospitality, travel, and allowances have translated into measurable progress on the flagship projects under the KLDC's mandate. The management's failure to provide itemised vouchers for these expenses, citing their purported submission to the Ethics and Anti-Corruption

Commission (EACC), is inconsistent with the concurrent obligations of transparency under public audit standards.

3.7 Executive Governance and Leadership Contradictions

Honourable Speaker, Honourable Members, the governance structure of the KLDC is defined by the 2021 Act, but its practical implementation has been marked by internal legislative contradictions and executive irregularities.

The Auditor General identified a significant legislative conflict between Section 6.1(b), which provides that the Chief Executive Officer is appointed by the Governor, and Section 12(2), which mandates that the Managing Director be appointed by the Board through a competitive process. This legislative flaw enables the Executive to bypass the oversight of the Board, thereby undermining the independence of the office of the Chief Executive Officer.

The current occupant of the office of Chief Executive Officer serves in an acting capacity and is simultaneously the substantive Chief Officer for Finance. The Committee finds that this dual role creates an inherent and irresolvable conflict of interest, as the same individual is responsible both for requesting funds from the County Treasury and for receiving and accounting for those funds at the Corporation.

3.8 Staffing and Personnel

36. The Corporation currently operates with only four seconded staff members, all of whom remain on the payroll of the County Executive. Their particulars are set out in Table 5 below.

Table 5: Seconded Staff – Kisumu County Lakefront Development Corporation

Name	Position	Secondment Date
Paul Njenga Waweru	Chief Executive Officer	August 2024
Moses Brian Adonijah	Support Staff	October 2024
Felix Wanyonyi Tietie	Support Staff	October 2024
Martha Anyango Otina	Support Staff	October 2024

The Committee notes that the emoluments of these seconded staff members are not reflected in the Corporation's financial statements, thereby resulting in a misleading representation of the entity's true operational cost. Furthermore, the absence of a substantive Human Resource

Management Structure, nearly four years after the establishment of the SPV, constitutes a failure to institutionalize the Corporation as a professional and autonomous public body.

ANALYSIS OF EQUITY BANK FINANCIAL STATEMENTS

Honourable Speaker, Honourable Members, the Committee conducted a comprehensive forensic review of the Equity Bank statements for Account No. 1700279796270 (Recurrent Account) and Account No. 1700282539360 (Project Account). Crucially, both accounts are held in the name of the private entity, KISUMU LAKEFRONT DEVELOPMENT LIMITED, rather than the statutory Corporation established by the 2021 Act.

4.1 Summary of Account Inflows and Sources of Funding

The bank statements confirm that the private company served as the direct recipient of public disbursements from the County Government of Kisumu (CGK) and strategic partners. Notable credit entries include:

Direct County Government Transfers: Significant RTGS inflows totalling over KES 35 million, including KES 5,300,000 (30-12-2021), KES 6,140,000 (28-02-2022), KES 6,000,000 (05-07-2022), KES 4,000,000 (06-04-2023), KES 5,700,000 (17-07-2023), and KES 5,500,000 (12-09-2023) [Images 1, 5, 7, 8, 9, 10].

- a) External Institutional Funding: The private entity received KES 3,000,000 from Kenya Shipyards Limited (05-05-2022) and KES 500,000 from the Kenya Ports Authority (02-06-2022) [Images 2, 3].
- b) Other Inflows: A Banker's Cheque deposit of KES 200,000 (12-05-2022) and a mobile money transfer (MPS) of KES 20,000 from Achieng Easter (16-05-2022) [Image 2].

4.2 Analysis of Debit Transactions and Personal Payments

Honourable Speaker, Honourable Members, contradictions in Salary Payments: While executive responses claim that the County Executive 'foots all seconded staff costs' and the Corporation 'does not generate sufficient revenues for staff hiring', the bank statements reveal a transaction on 12-04-2023 for 'KISUMU LAKEFRONT SALARY PROCESSING' amounting to KES 1,712,319 [Image 8]. This constitutes documentary evidence of an off-budget payroll system managed through the private entity, in direct contradiction of representations made to the Committee.

Systemic Payments to Individuals: The statements disclose a pattern of frequent and substantial payments via personal cheques to individuals identified as nominee shareholders or seconded staff:

- (a) Leticia Awuor (Accountant): Recipient of multiple large payments, including KES

- 573,750 (24-03-2022), KES 420,000 (24-03-2022), KES 690,000 (16-12-2022), KES 468,200 (20-12-2022), and a single payment of KES 1,600,000 on 01-09-2023 [Images 5, 6, 7, 10].
- (b) Stephen Oketch: Payments include KES 500,000 (08-01-2022), KES 253,500 (1901-2022), KES 568,000 (29-03-2022), and KES 489,250 (27-01-2022) [Images 1, 5, 6].
- (c) George Omondi Okong'o (Nominee Shareholder, CEC Finance): Payments of KES 200,000 (20-12-2022) and KES 89,000 (16-01-2023) [Images 7, 8].
- (d) Other Individual Payees: Zadock Otieno (KES 700,000 on 30-12-2021), Michael Audi (KES 594,500 on 05-01-2022), and Hellen Atieno (KES 415,500 on 22-12-2022) [Images 1, 7].

Unexplained Commercial and Cash Transactions: The statements further disclose the following categories of transactions that warrant formal investigation:

- (e) Private Vendors: Large payments were made to commercial entities, including Mobisoft Ltd (KES 1,000,000 on 16-05-2022), Slaj Concepts Company Ltd (KES 511,186 on 11-08-2023), and Alopex Management Company Ltd (KES 427,488 on 02-08-2023) [Images 2, 9], none of which appear in the approved expenditure framework of a public development entity.
- (f) Cash Withdrawals: Frequent cash withdrawals systematically followed large RTGS deposits from the County Government. For example, KES 650,000, KES 300,000, KES 229,800, and KES 200,000 were withdrawn in cash on a single day (13-10-2021) immediately following a county deposit [Image 4]. Further withdrawals include KES 480,000 (11-05-2022) and KES 297,200 (21-09-2023) [Images 2, 10].
- (g) Overdraft and Financial Charges: The account incurred Temporary Overdraft (TOD) charges of KES 47,345 in December 2021 and was in a negative balance of KES 2,872 in May 2022 prior to institutional deposits stabilising the account [Images 1, 3], indicating imprudent cash management of public funds.

Honourable Speaker, Honourable Members, conclusion of Bank Statement Analysis: The use of private accounts for the management of millions of shillings in public and donor funds, characterized by frequent cash withdrawals and high-value personal cheque payments to nominee shareholders and associated individuals, constitutes prima facie evidence of a circumvention of the Public Finance Management Act, 2012. These transactions demonstrate that the entity was operationalizing a private commercial model under the guise of a statutory body undergoing transition.

PERFORMANCE ASSESSMENT

Honourable Speaker, Honourable Members, the Committee examined the performance of the KLDC against its stated strategic objectives and the targets established in the Annual Development Plan (ADP) 2024/2025.

5.1 Reported Achievements for FY 2024/2025

The Chief Executive Officer highlighted two principal areas of progress during the period under review:

- (a) Blue Economy Initiative: The delivery of five artisanal fibreglass fishing boats and one patrol boat to beneficiaries within the lakefront project area.
- (b) Institutional Strengthening: A pledge of USD 40,000 from the Lincoln Institute of Land Policy in support of a Land Value Capture programme.

The Committee acknowledges these steps as positive, whilst noting that they are of a scale entirely disproportionate to the capital requirements of the flagship projects within the KLDC's mandate.

5.2 Status of Flagship Projects

Honourable Speaker, Honourable Members, the ADP 2024/2025 reveals that the core flagship projects under the KLDC's mandate have not yet commenced. The status of these projects is summarised in Table 6 below.

Table 6: Status of Flagship Projects – KLDC Annual Development Plan 2024/2025

Sub-Programme	Key Output/Target	Resource Requirement	Status
Promenade Road	46km road along lakefront	KES 50 Billion	Not yet started
Dunga Waterfront	Lakefront amenities	KES 7.5 Billion	Not yet started
Fish Processing	Processing zone construction	KES 500 Million	Not yet started
Master Plan	Delineation of project zones	–	Not yet started

The Committee observes that whilst a total of KES 38 million has been disbursed to the Corporation or the private entity on its behalf over the preceding three financial years, the core deliverables of the Act remain in a 'not yet started' status. The funds appear to have been substantially consumed by administrative hospitality, board perquisites, and stationery, rather

than by the foundational development activities – such as the finalization of the Lakefront Master Plan – that would be necessary to unlock the lakefront's economic potential.

5.3 Broader Implications for Devolved Governance and Public Finance

Honourable Speaker, Honourable Members, the Committee finds that the situation at the KLDC is not merely a localized administrative failure; it reflects a broader challenge in the management of County Special Purpose Vehicles across Kenya, with the following implications:

- (a) Violation of the Public Finance Management Act: By operating through a private company with nominee public officers, the County Government of Kisumu has created an off-budget structure that circumvents the standard financial controls of the Integrated Financial Management Information System (IFMIS), setting a dangerous precedent for other county entities.
- (b) Erosion of Investor Confidence: The receipt of a Disclaimer of Opinion from the Auditor General and the disputed legal identity of the Corporation constitute a material deterrent to the Public-Private Partnerships envisioned for the lakefront.
- (c) Ethical Breach and Conflict of Interest: The interlocking directorships and nominee shareholdings identified by the Auditor General represent a significant ethical breach inconsistent with the requirements of Chapter Six of the Constitution of Kenya, 2010.

COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

Committee Observations

Honourable Speaker, Honourable Members, having considered the evidence and analyzed the submissions made, the Committee observed as follows:

- (a) The use of a private limited company (KLDL) as a proxy for a statutory corporation (KLDC) is irregular, and has been systematically utilized to bypass the public oversight mechanisms applicable to statutory bodies.
- (b) The issuance of a Disclaimer of Opinion by the Auditor General confirms that management is unable to account for millions of shillings in public funds, including funds categorized as 'private donations', the sources of which remain undisclosed.
- (c) The interlocking directorships and the appointment of an acting Chief Executive Officer who at the time of appointment concurrently served as Chief Officer for Finance create systemic conflicts of interest that are incompatible with sound governance.
- (d) Over KES 38 million has been disbursed primarily for administrative hospitality and board perquisites, whilst the primary flagship projects remain in a 'not yet started' status, representing a failure to deliver value for public money.

- (e) The KLDC Act, 2021 contains internal legislative contradictions regarding the appointment of key officers, which the Executive has exploited to maintain political control over the SPV, in contravention of the principle of board independence.
- (f) The review of Equity Bank account statements confirms that public funds were received and managed through a private entity account, with cash withdrawals, personal cheque payments to nominee shareholders, and a concealed off-budget payroll, constituting prima facie violations of the PFM Act, 2012.
- (g) The operational framework of the Corporation is misaligned with the Constitution of Kenya, 2010, the Public Finance Management Act, 2012, and the County Governments Act, 2012, in several material respects.

Committee Recommendations

Honourable Speaker, Honourable Members, the Committee, having reviewed the evidence and analyze the submissions made, recommends that the House adopts this Report and directs the following interventions:

Recommendation 1: Immediate Regularization of Legal Status

Honourable Speaker, Honourable Members, the County Attorney shall, within thirty (30) days of the adoption of this Report by the House, provide the County Assembly with a Certificate of Dissolution for Kisumu Lakefront Development Limited (KLDL). All assets and liabilities of the defunct private entity shall be formally and transparently transferred to the statutory KLDC via a gazetted transfer deed. The statutory KLDC shall thereupon be formally registered and assigned a unique identifier on the BRS platform for all future commercial operations.

Recommendation 2: Forensic Audit and Recovery of Funds

The Auditor General shall be requested to conduct a special audit covering the period from the incorporation of KLDL in October 2019 to the present. This audit shall specifically investigate:

- (a) The KES 6,030,102 recorded as staff salary expenditure from the private entity's Equity Bank accounts in FY 2022/2023, in direct contradiction of representations by the Chief Executive Officer that all staff costs are borne by the County Executive.
- (b) The salary processing transaction of KES 1,712,319 on 12-04-2023, representing an off-budget payroll system operated without statutory authorization.
- (c) The KES 9,426,000 classified as 'Public Contributions and Donations' across FY 2022/2023 and FY 2023/2024, the sources of which remain undisclosed.
- (d) All cash withdrawals and high-value personal cheque payments to nominee shareholders and associated individuals identified in the Equity Bank statements, to determine whether such transactions constitute misappropriation of public funds.

- (e) Payments to private vendors – including Mobisoft Ltd, Slaj Concepts Company Ltd, and Alopex Management Company Ltd – to determine whether these represent legitimate procurement or irregular expenditure. Any funds found to have been misappropriated or expended without lawful authority shall be recovered from the responsible officers pursuant to Section 202 of the Public Finance Management Act, 2012.

Recommendation 3: Sanctions Against Responsible Persons

Honourable Speaker, Honourable Members, the Committee finds that the gravity of the financial irregularities identified warrants the imposition of appropriate sanctions against the individuals responsible. The Committee accordingly recommends as follows:

- (f) **Surcharge and Personal Liability:** Pursuant to Section 194 of the Public Finance Management Act, 2012, the County Executive Committee Member for Finance and the Chief Executive Officer of KLDC shall be jointly and severally surcharged for all public funds established by the forensic audit to have been expended without lawful authority, misappropriated, or unaccounted for.
- (g) **Referral to the Director of Public Prosecutions (DPP):** The County Assembly shall formally refer the matter to the Director of Public Prosecutions for investigation and potential prosecution of all persons implicated in the mismanagement of public funds, including nominee shareholders who received personal payments from accounts holding public monies, contrary to the provisions of the Anti-Corruption and Economic Crimes Act, 2003.
- (h) **Referral to the Ethics and Anti-Corruption Commission (EACC):** All nominee shareholders who are state officers or public officers shall be referred to the EACC for investigation of breaches of Chapter Six of the Constitution of Kenya, 2010, and the Leadership and Integrity Act, including the holding of personal financial interests in entities receiving public funds from departments under their oversight.
- (i) **Referral to the Director of Criminal Investigations (DCI):** The matter of cash withdrawals systematically following County Government RTGS deposits, together with the off-budget payroll transactions, shall be referred to the Directorate of Criminal Investigations for investigation of possible money laundering contrary to the Proceeds of Crime and Anti-Money Laundering Act, 2009.
- (j) **Administrative Action against the Chief Officer for Finance:** The Governor shall be directed to institute disciplinary proceedings against the Chief Officer for Finance for the conflict of interest arising from his simultaneous service as Chief Executive Officer of the KLDC, which placed him in a position of approving and receiving the same public funds, contrary to the values of public service under Article 232 of the Constitution.

- (k) Suspension of Implicated Officers: Pending the conclusion of the forensic audit and any criminal investigations, the County Public Service Board shall be directed to consider the suspension from office of all officers against whom prima facie evidence of financial misconduct has been established, in accordance with the provisions of the County Governments Act, 2012 and the relevant disciplinary framework.

Recommendation 4: Comprehensive Amendment of the KLDC Act, 2021

Honourable Speaker, Honourable Members, the County Assembly shall fast-track the consideration of the Draft Legislative Amendment prepared by the County Attorney to resolve the legislative contradictions within the KLDC Act, 2021. The amendment shall, at a minimum, ensure that:

- (l) The Chief Executive Officer is recruited through a competitive, public process managed by the Board of Directors, without sole executive appointment by the Governor.
- (m) The shareholding structure of the 10% institutional stake is explicitly tied to the designated institutional roles, and personal or nominee holdings by individuals are expressly prohibited.
- (n) Mandatory quarterly financial reporting to the County Assembly is established as a statutory requirement.

Recommendation 5: Governance and Personnel Reset

Honourable Speaker, Honourable Members, the Board of Directors shall be reconstituted to ensure that no individual who held a share or directorship in the irregular private entity KLDL serves on the statutory board, thereby resolving the current conflict of interest. A substantive Chief Executive Officer and a dedicated Chief Finance Officer shall be competitively and publicly recruited to replace the current arrangement of seconded officers from the County Finance Department.

Recommendation 6: Moratorium on Non-Developmental Expenditure

Pending the attainment of a clean or qualified audit opinion from the Auditor General, a moratorium shall be placed on all expenditure categorized as hospitality, catering, and board conference costs. The Corporation's budget shall be strictly ring-fenced for core development activities, including the finalization of the Lakefront Master Plan and the delineation of project zones.

Recommendation 7: Transparency in Land and Asset Holdings

Honourable Speaker, Honourable Members, the Corporation shall submit to the County Assembly a comprehensive register of all land parcels and strategic assets currently held or intended to be held on behalf of the lakefront development project. This register shall include the current registration status, the identity of any registered holders, and any encumbrances, ensuring

that all trust or nominee arrangements are legally binding, formally documented, and fully disclosed to the County Assembly.

Conclusion

Honourable Speaker, Honourable Members, the transformation of the Kisumu lakefront remains a project of immense importance and potential for the residents of Kisumu County. The Committee is of the firm view that this transformative potential can only be realised if the project is built upon a foundation of legal integrity, financial transparency, and genuine public accountability. The failure to address the current irregularities will not only result in the continued loss of public funds but will also constitute a permanent erosion of investor confidence in the County's economic development agenda. The Committee urges the House to adopt this Report and direct the implementation of all recommendations herein without delay. May I call upon Honourable Tom Nyaoke to second.

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

Hon. Nyaoke (MCA, North Nyakach): Thank you, Mr. Speaker. Mr. Speaker, Honourable Members, I want to first applaud my able chairperson for putting these points to us in a manner that we can all understand.

Mr. Speaker, we had a very serious challenge coming up with this report, after having looked at the Auditor General's Reports of the Financial Year 2023-2024. Mr. Speaker, the first thing that was brought to our attention is what the Auditor General found, that they tried to look and to search for the registration particulars of this Lakefront Development Corporation from the Registration Bureau, Mr. Speaker, but they didn't find this particular corporation registered as per the requirements of the law.

Mr. Speaker, the same report revealed that instead of finding Kisumu County Lakefront Development Corporation, almost a similar entity had been registered instead, and that is Kisumu Lakefront Development Limited. Mr. Speaker, ideally and in a normal situation, it is not easy to differentiate between the two, particularly when it comes to laymen operation. Mr. Speaker, in all aspects and all understanding, you will be made to believe that, you are looking at the same thing.

Mr. Speaker, so grievous is the fact that, and the finding has been given by this report, Mr. Speaker, is that public funds found their way into this private entity. Mr. Speaker, the details of this report can demonstrate that the RTGS that came from the county government as disbursement to this corporation was followed by cash withdrawals immediately. Mr. Speaker, and the withdrawals were quite a colossal sum of amounts.

Mr. Speaker, in fact, they were in to donations that would be able to finish what had been transferred from the county government. Mr. Speaker, it is worthy to note that, actually this is the

most unfortunate part of it, that the directors, the office bearers of the same private entity are actually staff of the County Government of Kisumu. Mr. Speaker, that was a direct means of syphoning money from the public office.

Mr. Speaker, the legislative oversight provided the creation of a dual role of a Chief Officer of the corporation, being the same, it is my belief that is the Chief Officer, Finance and Planning. You request for money this side, and then you run very fast to receive it from another computer, approve and receive, and systematically authorise again the disbursements of these funds. Mr. Speaker, we have given certain recommendations and observations, however what I beg also my fellow members to understand is that the operation framework of this corporation was misaligned intentionally with the constitution and the PFM Act.

In fact, all the things they were doing, everything that was being done, was created intentionally to subvert the law as required. Mr. Speaker, I know I need quite a few minutes. One item that I would wish to draw attention to all the members is our point number 48.

That states that, this House Committee observes that whilst a total of Kshs 38 million has been disbursed to the corporation or the private entity on its behalf over the preceding three financial years, the core deliverables of the act remain in a not yet started status. Mr. Speaker, the reason why this corporation was formed did not even start, but we can see lots of money being used. Despite the fact that we have got evidence also that shows that even the seconded staff who was seconded to this corporation was staff from the county government and therefore they were earning from the county government, but still, digging in further, we found out that a lot of money was also being spent in relation to salaries and remunerations.

Mr. Speaker, that is a serious breach of the provisions of the PFM Act and the Constitution of Kenya 2010. Mr. Speaker, we have given far-reaching recommendations. In fact, Mr. Speaker, I want to say in the floor of this House today that we have tried as much as possible to be precise and specific on the actions that we would want to be taken against the people and the staff that shall be found to be concerned with this particular issue. Mr. Speaker, with that few remarks, I beg to second. Thank you.

The Speaker (Hon. Oraro): Honourable Members, now that the motion of the report of the Departmental Committee on Land, Housing, Physical Planning, Housing and Urban Development on the Operationalization of the Kisumu County Lakefront Development Corporation have been moved, seconded, I want to propose a question and I propose that the motion is open for debate.

The Speaker (Hon. Oraro): Honourable Oiko Pete.

Hon. Oiko (MCA, Kabonyo/Kanyagwal): Thank you, Honourable Speaker. Honourable Speaker, this report is very interesting and members be keen. When you look at the headline of

this report, Report on the Operationalisation of the Kisumu County Lakefront Development Corporation it is not an Audit Report.

Mr. Speaker, when you read the Audit Report from the Auditor General, what do you want to personalise and where do you get the audit report? And the audit report in this Assembly should be brought by the Select Committee on Public Investments and Accounts. Where are we, Mr. Speaker? Mr. Speaker, when you look at the attendance in this House, Members of this House Committee, only two are present. With this damning report that is being presented here, Mr. Speaker, I'm pleading with the House that something should be done, that this House Committee should go back, bring for us the audited report, that we see what the Auditor General is saying because the Disclaimer Report is here, the records were jumbled up, the Office of the Auditor could not get clarity of the financial report in this case.

They want to personalise it. So, we wonder where we are. Mr. Speaker, when they are making a decision on the Audit Report, the way it is damning, the way they have indicated, the chairperson and his Vice, a specific report should be made, that we recommend this report to be investigated further by the Ethics Anti-Corruption or the Director of Criminal Investigation. Full stop. No many stories. Mr. Speaker, the 30 (Thirty) days given to what those records will be brought to this Assembly for who to interrogate. The report is good. It is giving a damning picture of what is happening at the County Executive. Mr. Speaker, this act was passed in this House.

Mr. Speaker, it is my considered opinion that, in 2021, this House passed an Act to that effect. And we are being informed that there is a different Act that is being used by the County Executive. So, we need to be clear from the first page to the last page when we want to pin the County Executive down.

Otherwise, the report will be jungled up. We shall end nowhere. So, Mr. Speaker, I plead that you advise. This is where we need to bite as an Assembly.

The Speaker (Hon. Oraro): Honourable Obaso.

Hon. Obaso (Nominated Member): Thank you, Mr. Speaker. Going through this report, you can see that this was well-choreographed. From this report, we can also see pure theft of the public funds. Mr. Speaker, it is quite unfortunate that a County Government entity is well registered under individuals. Who are also staffs of this county.

Money is being allocated to this company and money is being spent without following proper laid down regulations that guide the usage of public funds. I want to plead with this County Assembly that it is high time that we take this matter seriously.

We see many a times that we cannot have funds for development. Yet we have funds that people or individuals are misappropriating, are misusing. So, I want to plead with this House that those

who are found guilty in all these processes of this theft should be taken accountable. Thank you, Mr. Speaker. I support the recommendations.

The Speaker (Hon. Oraro): Honourable James Omolo.

Hon. Omolo (West Nyakach): Mr. Speaker, reading the mood of the House, I now call the mover to reply. Thank you.

Hon. Boitone (MCA, Nyalenda “A”); Honourable Speaker, most of the recommendations that are contained in this report, I believe are very straightforward recommendations that this House Committee has given out in this report. Most importantly, Honourable Speaker, we had a private company, the KLDL, which drew public funds. And later on, the legal framework was put in place to change it from KLDL to KLDC.

This is a clear indication of a cover-up. And that is what this House Committee has exposed. Its recommendation is properly outlined that the Ethics and Anti-Corruption Commission take charge. The DCI is also called upon to do investigation. So that members of the state officers who are involved in this be brought to book.

Honourable Speaker, as I also mentioned that the Chief Executive Officer for this Corporation, who is in an Acting Capacity, is the same County Executive Committee Member for Finance, Economic Planning and ICT, who happens to be the custodian of all the county funds. Yet, these anomalies are happening under his watch.

Lastly, Honourable Speaker, this report upon being laid in this House, was committed to this House Committee. It was now upon this House Committee to do proper investigation as been carried, so that we report back to this house.

If any member felt that this was not the work of this House Committee, then the time when this report was being committed to this House Committee, the member ought to have flouted Honourable Speaker and made that recommendation. We have worked on a report that was committed to us and we have given a far-reaching recommendation and observation. And Honourable Speaker, I believe moving forward if action is taken, then state officers will not further misuse public funds. Honourable Speaker, I reply. Thank you.

The Speaker (Hon. Oraro): Honourable Members, now that the motion adoption of the Report of the Departmental Committee on Lands, Physical Planning, Housing, and Urban Development on the Operationalization of the Kisumu County Lakefront Development Corporation have been moved, seconded, debated, and I reply, made, I want to put a question.

(Question put and agreed to)

The Speaker (Hon. Oraro): Honourable Members, the motion adoption of the Report of the Departmental Committee on Lands, Physical Planning, Housing, and Urban Development on the

Operationalization of the Kisumu County Lakefront Development Corporation have been adopted today, Tuesday, 31st March, 2026 at 4:18 p.m.

Consequently, I direct that the recommendations of the said report be communicated to the different organs and departments for action and that the implementing committee follow up on the same.

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

ADJOURNMENT

The Speaker (Hon. Oraro): Honourable Members, please be upstanding. There being no other business to transact, the House stands adjourned until tomorrow, Wednesday, the 01st of April, 2026 at 09:00 a.m.

The House rose at 4: 20 p.m.

Addendum

Hansard Team

Zablon Otiende – Assistant Director, Hansard Services

Patrick Okoyo – Senior Hansard Reporter

Faniel Okode – Senior Hansard Reporter

Vallery Achieng’ – Senior Hansard Reporter

Jesca Otieno – Senior Hansard Reporter

Edward Odanga – Hansard Reporter

Jackline Otieno – Hansard reporter

Brian Omondi- Attache’