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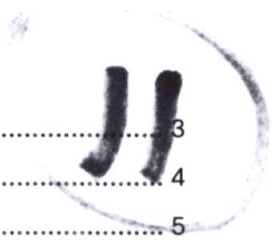
**REPORT OF THE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF KISUMU COUNTY WATER COMPANY, CITY, HOSPITALS AND FUNDS FOR THE FINANCIAL YEAR 2024/25 (1<sup>st</sup> JULY, 2024 TO 30<sup>th</sup> JUNE, 2025):**

SECTOR	NO.	ENTITY
WATER COMPANY	1	KISUMU WATER AND SANITATION COMPANY (KIWASCO)
CITY	1	CITY OF KISUMU
HOSPITALS	8	AHERO COUNTY HOSPITAL
		CHULAIMBO COUNTY HOSPITAL
		KISUMU COUNTY HOSPITAL
		KOMBEWA COUNTY REFERRAL HOSPITAL
		LUMUMBA SUB COUNTY HOSPITAL
		MIGOSI SUB COUNTY HOSPITAL
		MUHORONI COUNTY HOSPITAL
		NYAKACH COUNTY HOSPITAL
FUNDS	9	KISUMU COUNTY MORTGAGE & CAR LOAN (EXECUTIVE) FUND
		KISUMU COUNTY MORTGAGE & CAR LOAN ASSEMBLY FUND
		KISUMU LAKEFRONT DEVELOPMENT CORPORATION
		KISUMU COUNTY EMERGENCY FUND
		KISUMU COUNTY BURSARY FUND
		KISUMU COUNTY CLIMATE CHANGE FUND
		KISUMU COUNTY COVID-19 EMERGENCY RESPONSE FUND ACCOUNT
		KISUMU COUNTY EDUCATION FUND
		KISUMU COUNTY WOMEN, YOUTH AND PEOPLE WITH DISABILITIES FUND

MARCH 2026

**Rt. Hon. Speaker**  
 You may approve for tabling  
 J. M. Nyegenye, C.B.S.,  
 Clerk of the senate/secretary, PSC  
 Date: 28/03/26

30/3/26  
**APPROVED**  
 RT. HON. SEN  
 AMASON J. KINGI



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*Mr. Hon. Speaker  
County of Kisumu  
J. M. Mwangi  
Chairman of the County Council  
2024*

## **ACRONYMS/ABBREVIATION**

<b>CECM</b>	County Executive Committee Member
<b>COG</b>	Council of Governors
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>IFMIS</b>	Integrated Financial Management Information System
<b>KRA</b>	Kenya Revenue Authority
<b>KIWASCO</b>	Kisumu Water and Sanitation Company
<b>NRW</b>	Non-Revenue Water
<b>NSSF</b>	National Social Security Fund
<b>OAG</b>	Office of the Auditor-General
<b>PAA</b>	Public Audit Act
<b>PFM</b>	Public Finance Management
<b>PSASB</b>	Public Sector Accounting Standards Board
<b>RWWDA</b>	Regional Water Works Development Agency
<b>SHA</b>	Social Health Authority
<b>SO</b>	Standing Orders
<b>TNT</b>	The National Treasury
<b>WASREB</b>	Water Services Regulatory Board
<b>WRA</b>	Water Resources Authority

## DEFINITION OF TERMS

1. **Unqualified opinion:** This refers to a clean opinion, which is the most desirable, in which the auditor states that the financial condition, position, and operations of an organization are fairly presented in the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).
2. **Qualified opinion:** This is an opinion expressed by the auditor if the financial statements appear to contain a small deviation from Generally Accepted Accounting Principles (GAAP) but are otherwise fairly presented. It is also rendered if the organisation's management limits the scope of audit procedures.
3. **Adverse opinion:** This refers to an opinion issued when there are material exceptions to Generally Accepted Accounting Principles (GAAP) that affect the financial statements as a whole, and the auditor indicates that the financial statements are not presented fairly.
4. **Disclaimer:** This is an opinion given by the auditor when there is a significant limitation in the access to audit information and documentation, and inadequate cooperation by the organizational management in the audit process.
5. **Accountability** – This refers to the assurance that an individual or a group will be held responsible for their actions or inactions.
6. **Non-Revenue Water:** Non-Revenue Water refers to the difference between the amount of water put into the distribution system and the amount of water billed/unbilled as authorized consumption. It is usually attributed to physical losses such as leaks, bursts, and overflows in the existing, old, and dilapidated water supply network, and to commercial losses due to metering anomalies and illegal connections.
7. **Going Concern:** This is an accounting principle used for a company that is financially stable enough to meet its obligations and continue its business for the foreseeable future.

## **PREFACE**

Pursuant to Article 96(3) of the Constitution, the Senate exercises oversight over national revenue allocated to the county governments. The Select Committee on County Public Investments and Special Funds is established pursuant to Standing Order No. 194 of the Senate Standing Orders and is mandated to-

- a) examine the reports and accounts of county public investments; and
- b) examine the reports, if any, of the Auditor-General on the county public investments.

Pursuant to the provisions of Article 229(4) of the Constitution of Kenya, 2010, the Auditor-General is required to audit and report on the accounts of all national and county government entities, including water companies, municipalities, hospitals and the county funds, within six months after the end of each financial year.

This report covers the consideration by the Committee of the Auditor-General's reports on the financial statements of Kisumu County water company and city for the Financial Year 2024/2025. The entities considered include Kisumu Water and Sanitation Company (KIWASCO) and City of Kisumu.

The Governor of Kisumu County, accompanied by relevant officials, appeared before the Committee to respond under oath to audit queries raised by the Auditor-General in the respective report.

## COMMITTEE MEMBERSHIP

The membership of the Committee comprises of the following Senators-

1. Sen. Godfrey Atieno Osotsi, CBS, MP. - **Chairperson**
2. Sen. Eddy Gicheru Oketch, MP. - **Vice-Chairperson**
3. Sen. Agnes Kavindu Muthama, MP - Member
4. Sen. William Kipkemoi Kisang, CBS, MP. - Member
5. Sen. Peris Pesi Tobiko, CBS, MP - Member
6. Sen. Beth Kalunda Syengo, MP - Member
7. Sen. George Mungai Mbugua, MP - Member
8. Sen. Raphael Chimera Mwinzangu, MP. - Member
9. Sen. Hamida Ali Kibwana, MP - Member

## COMMITTEE SECRETARIAT

1. Mr. Yussuf Shimoy - Clerk Assistant I
2. Mr. Erick Njogu - Clerk Assistant II
3. Mr. Godfrey Nyaga - Clerk Assistant III
4. Mr. Khatib Omar - Clerk Assistant III
5. Mr. Kennedy Owuoth - Fiscal Analyst
6. Mr. Jeremy Chabari - Legal counsel
7. Mr. Erick Ososi - Research Officer I
8. Ms. Linet Aseka - Research Officer III
9. Mr. Martin Mulandi - Research Officer III
10. Mr. Peter Katana Kahindi - Research Officer III
11. Ms. Janice Lekuton - Research Officer III
12. Ms. Hamun Abdille - Research Officer III
13. Mr. David Munene - Research Officer III
14. Mr. Josphat Ng'eno - Media Relations officer.
15. Mr. Victor Kimani - Audio officer
16. Mr. Fredick Okola - Serjeant-at-arms

## **ESTABLISHMENT OF THE COMMITTEE**

The Committee was first constituted on 19<sup>th</sup> October, 2022, pursuant to Standing Order No. 194 of the Senate Standing Orders. The County Public Investments and Special Funds Committee (CPISFC) was split from the broad County Public Accounts and Investments Committee (CPAIC) in the 12<sup>th</sup> Parliament for the purpose of clearing audit backlog and to consider many audit thematic areas which had not been subjected to Parliamentary scrutiny since the inception of devolution in the year 2013.

The County Public Investments and Special Funds Committee is one of the financial audit committees through which the Senate, under the provisions of Article 96(3) of the Constitution, conducts ex-post scrutiny on Public Investments and Special Funds in Counties.

## **EXECUTIVE SUMMARY**

In the execution of its mandate, the Committee relied on the reports of the Auditor-General on audited Accounts of Kisumu water company and city for the Financial year 2024/25 (1<sup>st</sup> July, 2024 to 30<sup>th</sup> June 2025) as the primary documents for the investigations. The Committee invited the Governor of Kisumu as the Chief Executive Officer pursuant to Article 179(4) as witnesses to respond to the audit queries raised in the reports under consideration.

The Committee received both written and oral evidence from the Governor, accompanied by relevant county officials, in response to the various audit queries raised by the Auditor-General in the reports under consideration on various dates.

This report presents the findings and recommendations of the Select Committee on County Public Investments and Special Funds following its consideration of the Auditor-General's reports on two (2) entities in Kisumu County for the Financial Year 2024/25. The entities covered are: one (1) water company – Kisumu Water and Sanitation Company; and one (1) City – City of Kisumu

One entity received Qualified Opinion whereas the other one entity received an Adverse Opinion, from the Auditor-General, indicating the existence of significant audit issues that require urgent management attention and corrective action.

The key issues identified across the entities include: understaffing internal audit department; incomplete projects; non-revenue water at levels exceeding regulatory benchmarks; operation without valid WASREB licenses; irregular engagement of casual employees; non-remittance of statutory deductions; unresolved prior year audit matters; budgetary control issues; over-reliance on County Government transfers; and non-compliance with procurement regulations.

This report documents the observations and recommendations of the Committee on each audit query as raised by the Auditor-General.

## **REPORT STRUCTURE**

**THE PREFACE DETAILS** the place of Committees in the Constitution, Committee establishment and mandate, Committee membership and formation, the niche of the Committee in the Senate, the executive summary, key observations and recommendations and acknowledgement.

**CHAPTER ONE** is a record of the audit queries raised in the Auditor-General's report on Kisumu Water Company for the Financial Year 2024/25, along with the Committee's observations and recommendations for each audit query.

**CHAPTER TWO** is a record of the audit queries raised in the report of the Auditor-General for City of Kisumu for the Financial Year 2024/25, along with the Committee's observations and recommendations for each audit query.

**CHAPTER THREE** is a record of the observations and recommendations of the committee on hospitals that were audited during the financial year 2024/2025 in Kisumu County.

**CHAPTER FOUR** is a record of the observations and recommendations of the committee on funds that were audited during the financial year 2024/2025 in Kisumu County.

## GENERAL OBSERVATIONS FOR THE WATER COMPANY

The Committee made the following general observations regarding the operations and financial management of Kisumu Water Company under review: -

1. **Non-Revenue Water (NRW)** – The Committee observed that the Water Companies recorded NRW levels that significantly exceeded the sector benchmark of 25% prescribed by the Water Services Regulatory Board (WASREB). This was mostly attributed to physical losses from dilapidated infrastructure, commercial losses from inaccurate meter reading and billing, and illegal connections.
2. **Deficiencies in Financial Reporting** – The Committee noted widespread inaccuracies and errors in the preparation and presentation of financial statements. Furthermore, both Accounting Officers and Managing Directors exhibited challenges in complying with Section 62 of the Public Audit Act, Cap. 412B, by failing to submit supporting documents to auditors on time. This impedes the accountability and audit process, while the persistent delays in finalizing complete financial statements point to a lack of requisite competencies and experience within the entities.
3. **Non-Adherence to Accounting Standards** – The committee observed that accountants across the Water Companies faced challenges in fully adopting the International Public Sector Accounting Standards (IPSAS) framework. The Committee noted that while the Public Sector Accounting Standards Board (PSASB) periodically updates these standards to reflect emerging issues and best practices, many water companies struggle with their application, as evidenced by recurring audit queries.
4. **Non-Compliance with Ethnic Inclusivity Requirements** – The Committee observed significant non-compliance with the National Cohesion and Integration Act, Cap. 7N, and Section 65(1)(e) of the County Government Act, Cap. 265. These provisions mandate that public offices represent ethnic diversity and that at least 30% of entry-level posts be filled by candidates from outside a county's dominant ethnic community.
5. **Weak Budgetary Control and Performance** – The Committee observed that the water companies had widespread weaknesses in budget execution. Water companies frequently failed to adhere to approved budget ceilings, resulting in either over-utilization or under-utilization of appropriated funds. In several instances, funds were re-allocated to unbudgeted items without prior Board approval. These issues are compounded by high revenue shortfalls and the preparation of unrealistic budgets.

## GENERAL RECOMMENDATIONS FOR THE WATER COMPANY

The Committee makes the following recommendations to address the observed deficiencies and enhance the performance, compliance, and sustainability of Water Companies: -

1. **Mitigation of Non-Revenue Water** – The Governor ensures the Board of Directors and Accounting Officers institute comprehensive measures to reduce Non-Revenue Water, addressing both physical and commercial losses. These measures should include the adoption of Geographic Information System (GIS) technology for real-time detection of bursts and leakages, installation of smart meters to ensure accurate billing, rehabilitation of dilapidated infrastructure, and the development of institutional anti-corruption policies with robust enforcement mechanisms to curb illegal connections. Furthermore, management should disclose the proportional breakdown of physical and commercial losses, expressed as percentages, in their periodic reports.
2. **Enhancement of Record Keeping and Audit Compliance** – The Governor ensures the Board and Accounting Officers implement proper record keeping and provide all requisite supporting documents to the Auditor-General in accordance with Section 9(1)(e) of the Public Audit Act, Cap. 412B, within the stipulated audit timelines. Adherence to the provisions of the Accountants Act, Cap. 531, is mandatory. Failure to comply with these requirements shall necessitate the invocation of Section 62 of the Public Audit Act by the Committee.
3. **Capacity Building on Financial Reporting Standards** – The Governor ensures the Board of Directors, in consultation with the Public Sector Accounting Standards Board (PSASB), facilitate continuous capacity building for finance officers and management on International Public Sector Accounting Standards (IPSAS) to improve the quality of financial reporting and enhance compliance. The Board must ensure that all accounting personnel possess the requisite competency and experience as mandated by the Accountants Act. Additionally, the Accounting Officer should enforce strict adherence to the financial reporting template prescribed by the National Treasury. These measures will strengthen the maintenance of books of account, improve the accuracy of financial statements, and ensure their timely submission to the Auditor-General.
4. **Compliance with Ethnic Inclusivity and Diversity Requirements** – The Governor ensures the Board and County Government to make deliberate efforts to progressively comply with section 7(1) and (2) of the National Cohesion and Integration Act and Section 65(1) (e) of the County Governments Act on diversity, realization of the one-third rule on recruitment in public institutions and ethnic inclusivity. In addition, the Board and the County Governments

should establish a diversity policy to comply with the law. Compliance status shall be reviewed in subsequent audit periods.

5. **Prudent Budgetary Planning and Control** - The Governor ensures the Board and accounting officers prepare realistic budgets and revenue projections to prevent issues of revenue shortfalls, that negatively impact service delivery. In the budget preparation process, the Board should consider previous budgetary allocations and ensure that any proposed increases are reasonable and justified. The Board must also seek the necessary statutory approvals by forwarding budget estimates to the County Executive Committee member for water, who shall subsequently submit them to the County Treasury as required by law. Additionally, water companies are encouraged to automate their billing systems to enhance revenue collection efficiency.

## **GENERAL OBSERVATIONS FOR CITY OF KISUMU**

The Committee made the following general observations regarding the operational and financial management of the City under review: -

1. **Lack of Operational Autonomy of the City** – The Committee observed that the City lacked operational independence from the County Executive in areas of management, function and finances. This contravened sections 12 on Management independence, 20 on functional independence, 45 and 46 on financial independence of the Urban Areas and Cities Act, 2011 CAP. 275, which collectively guarantee municipalities the autonomy necessary for effective governance.
2. **Deficiencies in Financial Reporting and Standards Compliance** – The Committee observed that there were numerous inaccuracies and errors in the financial statements of the City, raising concerns about the capacity of the officers responsible for their preparation. Furthermore, the City faces persistent challenges in adapting to the International Public Sector Accounting Standards (IPSAS) framework required for the preparation of their financial statements.
3. **Asset Management**- The Committee observed that the assets belonging to city were still being held and managed by the county executive. Consequently, this made the municipalities not maintain and update the asset registers, which was contrary to section 104(1)(h) of the Public Finance Management Act, 2012. Thus, the true financial position of the municipalities could not be reflected in the financial statements.
4. **Late Submission of Audit Documents**– The Committee noted that the Auditor-General encountered significant challenges due to the late submission of supporting documents by city during the audit process. This delay hinders the accountability and audit process and contravenes Section 62 of the Public Audit Act, Cap. 412B, which mandates the timely provision of documentation.
5. **Weak Budgetary Control and Performance** – The Committee observed that city had weaknesses in executing their approved budgets and did not adhere to the approved budget ceilings set for programs. The municipalities either over-utilized or under-utilized the appropriated funds. Further, some Municipalities prepared unbalanced budgets contrary to regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015.

## GENERAL RECOMMENDATIONS FOR CITY OF KISUMU

The Committee makes the following recommendations to address the observed deficiencies and enhance the governance, financial management, and operational autonomy of City of Kisumu: -

1. **Enforcement of Autonomy and Adequate Funding** - The Governor ensures that the operationalization of the city is undertaken according to the functions delegated as gazetted by the County Government. Further, the Governor should ensure that the city is adequately funded in accordance with section 172 of the Public Finance Management Act, 2012, to enhance operational independence and enable effective service delivery. The Governor should further ensure that the city is operationalized to undertake its delegated functions in line with law by the commencement of the Financial Year 2026/2027.
2. **Strengthening Financial Reporting Capacity**- The Governor ensures the Manager and the head of finance shall, in consultation with the County Treasury and the Public Sector Accounting Standards Board (PSASB), develop and implement a continuous capacity-building program for all finance officers on the application of International Public Sector Accounting Standards (IPSAS). Further, the Manager shall ensure that all financial statements prepared from the financial year 2025/26 onwards fully comply with the most current IPSAS framework as issued by the PSASB. Any deviation shall be explicitly explained and justified in the notes to the financial statements.
3. **Transfer of Assets and Maintenance of Asset Registers** -The Governor ensures the County Executive Committee member responsible for finance and economic planning shall, within sixty (60) days of the adoption of this report, execute a formal instrument transferring custody and management of all assets belonging to the city. Upon transfer, the Manager shall immediately cause the preparation and regular updating of a comprehensive fixed asset register in compliance with Section 104(1)(h) of the Public Finance Management Act, 2012, and National Treasury guidelines. A copy of the transferred asset register shall be submitted to the Auditor-General within thirty (30) days of completion.
4. **Timely Submission of Audit Documents** – The Governor should ensure that the Manager and the head of finance are directed to ensure that all supporting documents requested by the Auditor-General are submitted within the timelines stipulated in Section 62 of the Public Audit Act, Cap. 412B. The Board shall institute an internal tracking mechanism to monitor compliance, and any officer found to have caused undue delay shall be subject to disciplinary action.
5. **Adherence to Approved Budgets** - The Governor ensures the Manager enforces strict adherence to approved budget ceilings for all programs and should ensure that any reallocation of funds between programs receives prior written approval from the Board and, where required, the County Treasury. A quarterly budget

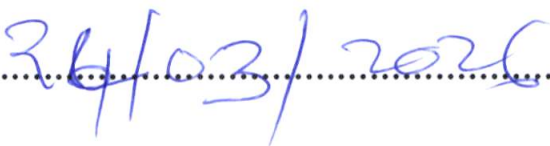
performance report shall be prepared and submitted to the Municipal Board for review.

**ACKNOWLEDGEMENTS**

The Committee wishes to acknowledge the support it received from the Office of the Speaker and the Clerk of the Senate in the execution of its mandate. I also take this opportunity to thank the Members of the Committee for their due diligence and commitment in considering the audit reports. The Committee further wishes to express its appreciation to the able secretariat for their support and services in facilitating the Members and the Committee in its operations.

On behalf of the County Public Investments and Special Funds Committee, it is my pleasant duty and privilege to table this report on the floor of the Senate and commend it to the House for debate and adoption pursuant to the provision of Standing Order No. 223 (6) of the Senate Standing Orders.

SIGNED: ..... 

DATE: ..... 

**HON. SEN. GODFREY ATIENO OSOTSI, CBS, MP**  
**CHAIRPERSON**

**ADOPTION OF THE REPORT OF THE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF KISUMU COUNTY WATER COMPANY, CITY, HOSPITALS AND FUNDS FOR THE FINANCIAL YEAR 2024/25 (1<sup>st</sup> JULY, 2024 TO 30<sup>th</sup> JUNE, 2025):**

<b>SECTOR</b>	<b>NO.</b>	<b>ENTITY</b>
<b>WATER COMPANY</b>	<b>1</b>	<b>KISUMU WATER AND SANITATION COMPANY (KIWASCO)</b>
<b>CITY</b>	<b>1</b>	<b>CITY OF KISUMU</b>
<b>HOSPITALS</b>	<b>8</b>	<b>AHERO COUNTY HOSPITAL</b>
		<b>CHULAIMBO COUNTY HOSPITAL</b>
		<b>KISUMU COUNTY HOSPITAL</b>
		<b>KOMBEWA COUNTY REFERRAL HOSPITAL</b>
		<b>LUMUMBA SUB COUNTY HOSPITAL</b>
		<b>MIGOSI SUB COUNTY HOSPITAL</b>
		<b>MUHORONI COUNTY HOSPITAL</b>
		<b>NYAKACH COUNTY HOSPITAL</b>
<b>FUNDS</b>	<b>9</b>	<b>KISUMU COUNTY MORTGAGE &amp; CAR LOAN (EXECUTIVE) FUND</b>
		<b>KISUMU COUNTY MORTGAGE &amp; CAR LOAN ASSEMBLY FUND</b>
		<b>KISUMU LAKEFRONT DEVELOPMENT CORPORATION</b>
		<b>KISUMU COUNTY EMERGENCY FUND</b>
		<b>KISUMU COUNTY BURSARY FUND</b>
		<b>KISUMU COUNTY CLIMATE CHANGE FUND</b>
		<b>KISUMU COUNTY COVID-19 EMERGENCY RESPONSE FUND ACCOUNT</b>
		<b>KISUMU COUNTY EDUCATION FUND</b>
		<b>KISUMU COUNTY WOMEN, YOUTH AND PEOPLE WITH DISABILITIES FUND</b>

We, the undersigned Members of the Select Committee on County Public Investments and Special Funds, do hereby append our signatures to adopt this report.

No.	Name	Signature
1.	Sen. Godfrey Atieno Osotsi, CBS, MP ( <i>Chairperson</i> )	
2.	Sen. Eddy Gicheru Oketch, MP ( <i>Vice – Chairperson</i> )	
3.	Sen. Agnes Kavindu Muthama, MP	
4.	Sen. William Kipkemoi Kisang, CBS, MP.	
5.	Sen. Peris Pesi Tobiko, CBS, MP	
6.	Sen. Beth Kalunda Syengo, MP	
7.	Sen. George Mungai Mbugua, MP	
8.	Sen. Raphael Chimera Mwinzangu, MP	
9.	Sen. Hamida Ali Kibwana, MP	

## CHAPTER ONE: WATER COMPANY

### 1.1. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR KISUMU WATER AND SANITATION COMPANY FOR THE FINANCIAL YEAR 2024/25

The Governor of Kisumu County, Hon. Prof. Anyang' Nyong'o, EGH, appeared before the Committee on Tuesday, 17<sup>th</sup> March, 2026 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Kisumu Water and Sanitation Company (KIWASCO) for financial year 2024/2025. He was accompanied by –

1. Evans Otieno - Head of Finance
2. CPA Nicholas Moseti - Head of Finance
3. Thomas Odongo - Managing Director KIWASCO

#### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified opinion** on the financial statements of Kisumu Water and Sanitation Company (KIWASCO) for the period under review on the following basis –

##### 1. Long-Outstanding Trade Receivables

The statement of financial position and as disclosed in Note 28(a) to the financial statements reflect a balance of Kshs. 359,747,187 in respect of trade and other receivables which includes trade receivables balance of Kshs. 316,703,688. However, review of the ageing analysis shows that trade receivables amounting to Kshs. 190,679,562 or 53% were outstanding for a period beyond one (1) year despite being collectable within one financial year.

In the circumstances, the recoverability of the long-outstanding receivables amounting to Kshs. 1890,679,562 could not be confirmed.

##### Management Response

It is worth noting that 88% of the long outstanding debts are owed by the County Government, National Government agencies like police and departmental accounts and this they understand attributed to delays in disbursements of funds from the national Government to pay pending bills and at the same time they must deliver services to the public.

Therefore, it is expected that they will be outstanding for more than 120 days but measures and follow ups are put in place to ensure that once the funds are received, balances are paid as agreed with the relevant customer.

## **Committee Observations**

The Committee observed that-

1. trade receivables amounting to Kshs. 190,679,562 or 53% were outstanding for a period beyond one (1) year despite being collectable within one financial year.
2. management submitted that 88% of the long outstanding debts are owed by the County Government, National Government agencies like police and departmental accounts.

## **Committee Recommendations**

The Committee recommends that-

- i. the Governor through the Accounting Officer should ensure that KIWASCO undertakes debtor's circularization to confirm the authenticity of the receivables and provide a status update on the same to the Senate within sixty (60) days of the adoption of this report;
- ii. the Governor ensures the Accounting Officer should, within 60 days of the adoption of this report, submit a debtors' ageing schedule to the Auditor-General for review and verification and update the Committee in the subsequent audit cycle;
- iii. the Governor ensures that the Accounting Officer, within 60 days of the adoption of this report, submit an approved copy of the Debt Management Policy to the Auditor-General for verification. The Auditor-General to verify the policy and submit a status update on the same in the subsequent audit cycle;
- iv. the Governor ensures the Accounting Officer should, within 60 days of the adoption of this report, put in place recovery measures for the outstanding amount with clear timelines. The Auditor-General should review the implementation of the measures put in place provide a status update the Committee on the matter in the subsequent audit cycle; and
- v. the Governor ensures the Accounting Officer to undertake a detailed analysis of its long outstanding trade receivables and with the Board's approval, write off the irrecoverable debts in line with the Section 130 (2) (d) of the Public Finance Management (County Governments) Regulations, 2015.

### **2. Unconfirmed Customer Deposits**

The statement of financial position and as disclosed in Note 39 in respect of trade and other payables reflect a balance of Kshs. 192,392,778 which include an amount of Kshs.

176,648,945 in respect to water deposits. However, the management has not maintained a dedicated bank account or customer deposits to reflect accountability and transparency in reconciliation of the deposits. In the circumstances, the accuracy and completeness of the customer deposits balance of Kshs. 176,648,945 could not be confirmed.

### **Management Response**

All funds received by the company are recorded in the collection accounts held at Co-operative Bank, Kisumu branch and equally disclosed as long-term liability as shown in note 39 of the Financial statements. The amounts are correctly disclosed in a dedicated ledger account for customer deposits which shows the monthly receipts and prompt payments out as refunds to customers who relocate or transfer out of Kisumu or just close the account for personal reasons whenever required.

### **Committee Observations**

The Committee observed that management did not have a dedicated customer deposits account and records all funds received by the company under one account.

### **Committee Recommendations**

**The Committee recommends that-**

- i. the Governor should ensure that the Accounting Officer provides a certified bank statement for the designated customer deposit account and a comprehensive individual customer deposit register within 60 days of the adoption of this report to Senate and a copy to the Auditor-General. The Auditor-General to provide status update to the Senate on the same;**
- ii. the Board of Directors should put in place a Customer Deposits Management Policy to guide how the water company can access, utilize and refund the money within specified timelines. Further, the Accounting Officer should ensure that there is full disclosure to the water company's customers on the utilization of the deposits; and**
- iii. the Governor through the Accounting Officer should ensure that all customer deposits are deposited in a fixed/call account whose access to the management is limited and where the accrued interests can be used to offset the bank charges. Management to submit evidence of the same to the Auditor-General within 60 days of the adoption of this report for verification.**

### **3. Unsupported Travelling and Subsistence Expenses**

The statement of profit and loss and other comprehensive income reflect an amount of Kshs. 168,583,976 in respect of general and other operating expenses as disclosed in

Note 11 to the financial statements. Included in the amount was Kshs. 27,697,965 in respect to travelling and subsistence. Review of imprest records revealed unsupported imprests with the relevant documents such as attendance sheets and invitation letters amounting to 688,200. Further, the imprests were not surrendered within seven (7) working days after returning to the duty station contrary to Regulation 93(5) of the Public Finance Management (County Government) Regulations, 2015 which require that a holder of a temporary imprest shall account for or surrender the imprest within seven(7) working days after returning a duty station.

In the circumstances, the accuracy and completeness of travelling and subsistence expenses of Kshs. 688,200 could not be confirmed.

### Management Response

The above expenses have been properly supported by either attendance sheets or certificates of attendance for the concerned staff hence adequately surrendered. The Data Protection Act equally discourages sharing of such sheets as they contain data for other participants who could have not given consent on sharing hence most organizations don't accept or have abandoned sharing attendance sheets.

Posting Date	Description	Missing Support Documents	Amount	Management Response
12/9/2024	Being payment for capacity building training in Nairobi	Attendance sheet	193,800.00	Invitation letters, travel receipts and attendance sheet attached
2/12/2024	Being payment to travel to Homabay for PRSK meeting	Attendance sheet Invitation	188,000.00	Invoice from Public Relations Society of Kenya (PRSK) for attendees attached
23/9/2024	Being Payment for FKE Mediation workshop in Nairobi	Attendance Sheet	156,800.00	Invitation and travel documents and certificates of

				participation attached
23/9/2024	Payment for per diem and transport to MERU for WIWAS meeting	Attendance Sheet	149,600.00	Invitation letters and traveling receipts attached
<b>TOTAL</b>			688,200.00	

### **Committee Observations**

The Committee observed that whereas the attendance sheets and invitation letters amounting to 688,200 had been availed and verified by the Auditor-General, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

### **Committee Recommendations**

**The Committee recommends that the Accounting Officer should ensure timely submission of documents during the audit process in line with section 47(1) of the Public Audit Act, Cap.412B as read together with section 149(2)(k) failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

### **Emphasis of Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipt budget and actual amounts on comparable basis of Kshs. 1,286,731,583 and Kshs. 1,204,811,258 resulting in an under funding of Kshs. 81,920,325 or 6% of the budget. Similarly, the Company spent Kshs. 1,273,893,408 against actual revenue of Kshs. 1,204,811,258 resulting in an over-expenditure of Kshs. 69,082,150 or 6% of available funds. The underfunding may have impacted negatively on service delivery to the public.

Further, analysis of the budget revealed that establishment expenses reflected a final budget of Kshs. 140,769,083 while the actual expenditure reflected Kshs. 147,690,654 resulting in unexplained over-expenditure of Kshs. 6,921,571 or 5% of budget provision

### **Management Response**

A budget is an estimation of revenue and expenses over a specified future period of time. It is a financial forecast of what the Company desires to achieve over a future period of time hence cannot be the same as the actual utilization. The variance of 6% on both revenue and expenditure cannot be termed as underfunding or underspending since the company can only spend on the available actual resources achieved over a certain period.

Moreover, the performance of 94% of the budgeted revenue and budgeted expenditure is a good performance by all standards since the budgets are merely the desired estimates and not actual performance. Further, the variance of Kshs. 6,921,571 noted for established expenses was as a result of increased levy to Water Resources Authority due to increased abstraction volumes and charges that moved from Kshs. 0.5 to Kshs.2.5 of the production figure.

#### **Committee Observations**

The Committee observed that there was an underfunding and underutilization of 6% of the budget which may have negatively affected service delivery to the public.

#### **Committee Recommendations**

**The Committee recommends that-**

- i. The Governor ensures that the Accounting Officer ensures strict compliance with section 149(2) (h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- ii. The Governor ensures that the Accounting Officer complies with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management.**

#### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

Pursuant to Article 229 (6) of the Constitution, based on the audit procedures performed by the Auditor General, the following matters formed the basis for conclusion that public resources were not applied lawfully and in an effective way –

## **1. Delayed Completion of Conditional Liquidity Support Grants (CLSG) II Projects**

### **1.1 Proposed Kamaler Water Network Extension Works Within Kisumu City**

Review of the project file and expenditure records revealed that a firm was awarded the tender for the Proposed Kamaler Network Extension Works Within Kisumu City at a contract sum of Kshs. 37,541,853 with a contract period of six (6) months and a completion date of 10 September, 2025. Review of supervision progress report of October, 2025 indicated that the contract period elapsed 4 months ago with certified works at 98% and value of works done at Kshs. 41,440,211 resulting in an unsupported additional contract amount of Ksh. 3,898,358.

In addition, payments records show that the Contractor has been paid Kshs. 39,014,011.08. However, the contract sum in the contract agreement is Kshs. 37,541,853 resulting in an unexplained variance of Kshs. 1,478,358 between the two sets of records. This is contrary to Regulation 34(d) of the Public Procurement and Asset Disposal regulations 2020 which requires the head of procurement to review and consider request to project variations.

### **1.2 Water Networks Overhaul at Milimani Estate within Kisumu City**

Review of the project file and expenditure records revealed that a firm was awarded the tender for Networks Overhaul at Milimani Estate within Kisumu City at a contract sum of Kshs. 38,314,300.50.

However, Management have not provided technical supervision report has been provided to indicate details such as original contract period, commencement date, completion date, value of works done, IPC payment status, percentage of certified works, and elapsed contract period for audit review contrary to section 9(1)(e)(i) of the Public Audit Act 2015 which states that for the purposes of carrying out his/her duties effectively, the Auditor-General, or an officer authorized for the purpose of this Act, shall have powers of unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities listed under Article 229(4) of the Constitution.

### **Management Response**

The contract for Kamaler water network extension works was initially supposed to end on 13th September 2025 and not 6 months ago as observed by auditors. Copies of contracts are hereby attached for your review. Additionally, the contractor was given additional works which were approved by the financiers, the Water Sector Trust Fund (WSTF) hence the amount paid was as per the actual work done. Technical supervision report together with contract details for water works overhaul in Milimani were attached for review.

## **Committee Observations**

The Committee observed that-

1. payments records show that the Contractor for Kamaler has been paid Kshs. 39,014,011.08. However, the contract sum in the contract agreement is Kshs. 37,541,853 resulting in an unexplained variance of Kshs. 1,478,358 between the two sets of records.
2. the Proposed Kamaler Network Extension Works within Kisumu City at a contract sum of Kshs. 37,541,853 but the supervision report indicated that value of works done was Kshs. 41,440,211 resulting in an unsupported additional contract amount of Kshs. 3,898,358.
3. Management has not provided a completion certificate of the project and has not provided project variation.

## **Committee Recommendations**

The Committee recommends that-

- i. **the Governor should ensure compliance to Regulation 34(d) of the Public Procurement and Asset Disposal regulations 2020 which requires the head of procurement to review and consider request to project variations;**
- ii. **the Governor ensures compliance to section 9(1)(e)(i) of the Public Audit Act 2015 and grant the Auditor-General access to all books and records to be able to know the status of ongoing and completed projects; and**
- iii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 47(1) of the Public Audit Act, Cap.412B as read together with section 149(2)(k) failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

### **2. Engagement of Casuals for more than 3 months**

Review of Human Resource records relating to casuals revealed that 6 casuals were engaged at various times during the year under review. However, review of the payroll and appointment letters revealed that the engaged casuals had overworked continuously for a period of more than three (3) months. This was contrary to Section 37(b) of the Employment Act, 2007 which states that notwithstanding any provisions of this Act, where a casual employee performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to

the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly.

### **Management Response**

The company has retained the said individuals as extra casuals pending a job evaluation, workload analysis and organization review exercise being conducted in this financial year which shall inform hiring decisions.

### **Committee Observations**

The Committee observed that the company has engaged casuals continuously for a period of more than three (3) months.

### **Committee Recommendations**

**The Committee recommends that the Governor ensures the water company complies with Section 37(b) of the Employment Act, 2007 and engage casual employees for a period not exceeding three months. The Auditor-General to keep the matter in view and report to the Committee in the subsequent audit cycle.**

### **3. Non-Compliance with Employment Act on Acting Positions**

Review of payroll records revealed that there were five (5) employees who have acted for more than 6 months contrary to Paragraph 11.7.1 of the Kisumu Water and sanitation Company Human Resource Policy on acting allowances which states that work in acting capacity will not exceed six consecutive months as tabulated below.

<b>Pf No</b>	<b>Period Acted</b>	<b>Months Acted</b>
226	1/12/2023 - 31/12/2025	19
236	20/2/2024 – 31/8/2025	15
154	1/2/2013 – 30/6/2025	148
254	25/10/2019 – 30/6/2025	68
245	25/10/2019 – 31/2/2025	64

In addition, review of payroll records revealed that a staff was appointed on 31 May, 2024 to act in the position of Water Network Maintenance Technician with effect from 1 June 2024 earning an acting allowance of Kshs. 17,528 per month. However, the appointment letter did not indicate the acting period the staff was to act.

### **Management Response**

Deliberate actions were taken by the Board of Directors and management on staff who have acted for more than 6 months including advertisements and confirmations of staff based on performance and qualifications or formal extensions of the acting positions.

#### **Committee Observations**

The Committee observed that management has not complied with the policy on acting position as there were five employees on acting capacity for more than six months.

#### **Committee Recommendations**

**The Committee recommends that the Governor ensures that the company complies to Paragraph 11.7.1 of the Kisumu Water and sanitation Company Human Resource Policy on acting allowances. The Auditor-General to keep the matter in view and report to the Committee in the subsequent audit cycle.**

#### **4. Failure to Maintain Imprest Register**

During the year under review, Company did not maintain an Imprest management register detailing the payee, Imprest warrant number, date of issue, due date and date of surrender. This is contrary to Section 93 (4b) of Public Finance Management Regulations (2015), which states that before issuing temporary imprests under paragraph (2), the accounting Officer shall ensure that the applicant has no outstanding imprests, and the applicant has been recorded in the Imprest Register including the amount applied for.

#### **Management Response**

The company has employed technology using necessary ICT systems hence there's absolutely no need for manual imprest registers as the same can be obtained and verified in the ledgers from their Enterprise Resource Planning (ERP) system i.e. Microsoft Dynamic

#### **Committee Observations**

The Committee observed that the company has employed ICT systems to manage imprests thus there was no need for a manual imprest register. They however did not provide evidence of the imprest register.

#### **Committee Recommendations**

**The Committee recommends that the within 30 days of the adoption of this report, the Accounting Officer to submit the imprest register to the Auditor for verification and report to the Committee.**

#### **5. Non-Compliance with Law on Ethnic Composition**

During the year under review, the total number of employees on the entity's payroll was 299 out of which 252 or 84% of the total number were members of the dominant ethnic community in the region. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community. In addition, analysis of recruitments done during the year under review revealed that out of 10 new appointments, 9 or 90% were members of the dominant ethnic community in the region an indication that the Management is not progressively addressing the issue.

### **Management Response**

Over 60% of the roles held by staff from the Luo ethnic Community are meter readers and plumbers who have to deal with the local community in handling their daily responsibilities. Additionally, the Company's recruitment process has remained competitive including hiring of Graduate trainees, some of whom are absorbed upon satisfactory performance and ethnicity is part of consideration during recruitment.

### **Committee Observations**

The Committee observed that the query remains unresolved as 84% of the total employees, comprised of staff from one dominant ethnic community, thus there was no ethnic diversity among the company employees.

### **Committee Recommendations**

**The Committee recommends that-**

- i. the Board and the accounting officer make deliberate efforts to progressively comply with section 65 of the County Governments Act, 2012, which provides that at least thirty percent 30% of the vacant posts at entry level be filled by candidates who are not from the dominant ethnic community; and**
- ii. the Board and the accounting officer to make deliberate efforts progressively in the endeavour to comply with Section 7 (1) and (2) of the National Cohesion and Integrity Act, 2008, which requires that public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff.**

### **6. Irregular Recruitment of Staff**

Review of the human resource records revealed that the Management irregularly and uncompetitively recruited nine (9) employees who were on internship program and temporal terms without following the recruitment procedures contrary to Section 3.8.1 of the Kisumu Water and Sanitation Co. Ltd. Human Resource Policy & Procedures Manual (2023).

### **Management Response**

The Business Intelligence Analyst Role was recruited competitively, and the 2nd candidate was selected upon the exit of the 1st candidate who resigned during probation period. All the other positions highlighted are entry level roles which were filled by graduate interns who were absorbed upon demonstrating exemplary performance during the internship period. All the graduate trainees were hired competitively.

### **Committee Observations**

The Committee observed that the recruitment of the employees who were on internship programs was irregular and uncompetitive.

### **Committee Recommendations**

**The Committee recommends that the Governor ensures that the company complies to Section 3.8.1 of the Kisumu Water and Sanitation Co. Ltd. Human Resource Policy & Procedures Manual (2023). The Auditor-General to keep the matter in view and report to the Committee in the subsequent audit cycle.**

#### **7. Late Remittance of Statutory Deduction**

Review of the records of statutory deductions KIWASCO Limited revealed that the company made late payment of NSSF statutory deductions as tabulated below.

<b>Item</b>	<b>Amount(Kshs.)</b>	<b>Date Remitted</b>
NSSF Remittance for June 2024	1,249,606	11/7/2024
NSSF Remittance for August 2024	1,255,620	11/9/2024
NSSF Remittance for October 2024	1,286,418	22/11/2024
NSSF Remittance for November 2024	1,261,472	30/12/2024
NSSF Remittance for January 2024	1,284,044	12/2/2025
NSSF Remittance for February 2024	1,965,060	17/3/2025

This was contrary to Section 18(1) and (2) of the NSSF Act, 2012 which states that if an employer fails to pay a standard contribution in respect of any person employed by him a penalty equal to five times the amount of that contribution shall be payable by that person for each month or part thereof during which the contribution remains unpaid.

### **Management Response**

The above late remittances were because of system failure on the part of NSSF. On noticing the failures while filling the returns, the company contacted the NSSF officers

through the attached emails for them to take corrective measures which took too long for them to resolve hence the delays. They endeavored to obey the law unless there are such system breakdowns.

#### **Committee Observations**

The Committee observed that the company made late payment of NSSF statutory deductions contrary to Section 18(1) and (2) of the NSSF Act, 2012.

#### **Committee Recommendations**

**The Committee recommends that the Governor, through the Board and the accounting officer, should ensure timely remittance of statutory deductions to the relevant institutions to avoid the accrual of interest and penalties that will further increase the water company's liabilities. The Auditor-General to keep the matter in view and report to the Committee in the subsequent audit cycle.**

#### **8. Non-Compliance with Law on Representation of People with Disabilities**

During the year under review, the total number of employees on the Company's payroll were 299 out of which only two (2) or 0.6% were people with disabilities. Further, review of recruitments done during the year under review revealed that out of 10 new appointments, there was no person with disabilities. In addition, it was observed that there was no representation of people with disabilities on the governing council and Management Board.

This is contrary to Article 232(1)(h)(i),(ii) and (iii) of the Constitution of Kenya on values and principles of public service that states that the values and principles of public service include representation of Kenya's diverse communities and affording adequate and equal opportunities for appointment, training and advancement, at all levels of the public service, of men and women, the members of all ethnic groups and persons with disabilities.

In the circumstance, management was in breach of the law.

#### **Management Response**

The PWDs Act 2025 is a new law, and the company will endeavor to comply with it in future with new appointments gradually.

#### **Committee Observations**

The Committee observed that 0.6% of the employees were Persons living with disability contrary to the PWDs Act 2025 that requires 5% representation.

#### **Committee Recommendations**

**The Committee recommends that the Board and the accounting officer to make deliberate efforts progressively in the endeavor to comply with Section 21 of Persons with Disability Act, 2025, Section 7 (1) and (2) of the National Cohesion and Integrity Act, 2008, which requires that public establishments shall seek to represent the diversity of the people of Kenya in employment of staff.**

#### **9. Non-Revenue Water**

Revenue of water production records and documents provided for audit review revealed that the company produced a total of 12,209,760 cubic meters of water during the year under review, out of which 8,016,515 cubic meters was available to customers for sale resulting to non-revenue water variance of 4,293,244 cubic meters or 35% which is 10% over and above the allowable water loss of 25% as per the Water Services Regulatory Board (WASREB) guidelines. The high level of Non-Revenue Water represents loss in public resources and may negatively affect sustainability of the operations of the company.

In the circumstances, management was in breach of Water Services Regulatory Board (WASREB) guidelines.

#### **Management Response**

KIWASCO aligned to the WASREB requirement for formation of a dedicated department of NRW management to give the company a strategic focus on water losses. The department comprises of key focal coordinators for apparent and physical losses. In addition, they have adopted GIS as a core center of information management systems, and operation and maintenance planning and oversight apart from the ERP system.

So far, as recommended by the audit observations, they have already conformed by developing and adopting a Comprehensive NRW policy, and reviewed complementing policies and procedures including meter management, new connections and O & M.

In addition to the policy, KIWASCO has, in its strategic plan, developed a fully resources NRW strategy, which informs all the annual plans, and activities towards NRW.

Due to the above, they have made significant improvement in the current year 2025-2026 and over the last 3 years in the management of NRW. They are hopeful that they will achieve the industry and their strategic target of 25% in the next 2 years.

#### **Committee Observations**

The Committee observed that the Non-Revenue Water was at 35% which was way above the sector benchmark of 25% prescribed by the Water Services Regulatory Board (WASREB) guidelines.

## **Committee Recommendations**

**The Committee recommends that-**

- i. the Auditor-General to verify the status of implementation of the mitigating measures to reduce the Non-Revenue Water and report to the Committee in the subsequent audit cycle;**
- ii. the Governor ensures that the Accounting Officer segregates NRW to both Physical or Commercial so that the water company can ascertain and identify specific mitigating measures to effectively address and reduce the NRW levels; and**
- iii. the County Government to collaborate with the Ethics and Anti-Corruption Commission to ensure pre-emptive measures are put in place to reduce cases of theft and illegal connections.**

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

Pursuant to section 7(1) of the Public Audit Act, based on procedures performed by the Auditor General, the following matter formed the basis for the conclusion that internal controls, risk management and overall governance were not effective –

### **1. Failure to Update ICT Policy**

Review of the Company's ICT Policy revealed that the policy was last revised in January 2020. However, the policy has not been reviewed since its revision contrary to paragraph 10(1) of the Policy that mandates review after every three years. As a result, the Policy has remained outdated for nearly two years despite significant changes in technology, rendering it ineffective in guiding the Company's current ICT governance, security and operational framework.

### **Management Response**

The ICT policy has been presented to the Board of Directors for approval as shown in the Notice attached. This was subsequently approved by the Directors on 1st December 2025.

### **Committee Observations**

The Committee observed that the water company has an approved ICT policy that is operational.

### **Committee Recommendations**

**The Committee recommends that the matter be marked as resolved.**

## **2. Operation of Two Accounting Systems**

Review of the intangible assets records shows that the Company entered into a Service Level Agreement with DYNAMICNAV System Ltd. On 27<sup>th</sup> of September 2021 to provide support services for the Company's Microsoft Dynamic Navision ERP BC365 ON PREMISE services at annual consideration of Kshs. 1,945,000 to replace the Pastel ERP that had been in use. However, review of payment records revealed that the company paid Kshs. 45,600 for system registration renewal for the Pastel ERP an indication that the Company is still using the system and that the Company's books of accounts are currently operated and maintained in two different accounting systems since 2021; Pastel and Microsoft Navision Dynamics. No explanation has been given for running the two parallel accounting systems long after the transition period.

This is contrary to Regulation 110(1) of the Public Finance Management (County Government) which states that the accounting officer for a county government entity shall institute appropriate access controls needed to minimize breaches of information confidentiality, date integrity and loss of nosiness continuity.

### **Management Response**

The Company has been operating and managing its financial operations through the Pastel ERP system, however, at the beginning of the financial year they on boarded the Finance Function in the Microsoft Dynamic Navision.

To ensure consistency in the operations, it was recommended that the Two (2) systems run parallel until the new system i.e. Microsoft Dynamic Navision was stable enough to operate independently to minimize the risks associated with the Direct or instant changeover of the systems.

Management confirmed that since the new system still experiences challenges, they will continue to operate the parallel systems despite the additional tasks to the finance department until they are sure the new system is stable. Parallel changeover is one of the recommended systems in systems implementation stage.

For the period 2025-2026, they have only one ERP system (Dynamics) for accounting and reporting functions fully integrated where necessary.

Since they have data for the previous years stored in Pastel, they will continue paying the annual renewal license to enable them to access the data in future as required by law on the duration for record keeping.

### **Committee Observations**

The Committee observed that the water company is operating parallel accounting systems as the newly onboarded system is still experiencing challenges.

### **Committee Recommendations**

**The Committee recommends that within 90 days of the adoption of this report, the Board should streamline the operationalization of the new accounting system to reduce on costs incurred in running parallel systems. The Auditor-General to keep the matter in view and report to the Committee.**

#### **3. Understaffing Internal Audit Department**

Review of the Internal audit structure revealed that the Internal Audit Department has two staff: one head of internal audit and one assistant. However, the approved staff establishment requires the Internal Audit Department to have five (5) officers. This was contrary to regulation 162(2)(a) of the Public Finance Management (County Government) Regulations, 2015 that states that the organizational structure of the internal audit unit facilitates the entity to accomplish its internal audit responsibilities.

In the circumstances, the Management is in breach of the law.

#### **Management Response**

The Department has had an Internal Auditor who exited in April 2025. The company has initiated the recruitment process to find a replacement and fill the staffing gap within the department. This action will; Restore full departmental capacity, Enhance the effectiveness of internal oversight functions and ensure improved compliance with future audit schedules.

With reference to the approved staff establishment of 5 officers, hiring is done on evaluation and need basis.

#### **Committee Observations**

The Committee observed that the water company did not have an internal audit department and was in the process of recruitment.

#### **Committee Recommendations**

**The Committee recommends that the Governor fast tracks the recruitment process and submit to the Auditor-General for verification. The Auditor-General to provide a status update on the matter during the subsequent audit cycle to ascertain whether the newly constituted Audit Committee is meeting quarterly as required and has produced actionable internal audit reports for the Company.**

## CHAPTER TWO: CITY OF KISUMU

### 2.1. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR CITY OF KISUMU FOR THE FINANCIAL YEAR 2024/25

The Governor of Kisumu County, Hon. Prof. Anyang' Nyong'o, EGH, appeared before the Committee on Tuesday, 17<sup>th</sup> March, 2026 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for City of Kisumu for financial year 2024/2025. He was accompanied by –

1. Michael Abala - City Manager
2. Charles Odhiambo - Director, County Government of Kisumu

#### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered an **Adverse opinion** on the financial statements of City of Kisumu for the period under review on the following basis –

##### 1. Lack of Autonomy for the Board of Management

As was reported in the previous year, it was noted that the management of the City of Kisumu was not autonomous as envisaged in the Urban Areas and Cities Act, 2011. Further, the Board had been fully constituted and operational and during the year it drew an amount of Kshs. 13,851,678 in remuneration. However, the financial management role was still being undertaken by the County Executive as most of the payments were made by the County Executive on Behalf of the Board.

In addition, review of records indicated that the control over budget and actual performance were domiciled in the County Executive including the development budget allocation totaling to Kshs. 912,594,236. This was contrary to Section 46(1) of the Urban Areas and Cities Act, 2011 which requires the Cities to prepare and maintain separate books of accounts and financial statements and as such its expenditures should be reported separately from those of the County Government of Kisumu. In addition, the County Government continues to perform functions which should have been transferred contrary to Section 48(1)(a) of the County Governments Act, 2012 which states that subject to subsection (3), the functions and provision of services of each County Government shall be decentralized to the urban areas and cities within the county established in accordance with the Urban Areas and Cities Act, No. 13 of 2011.

In the circumstances, the completeness, accuracy and validity of most of the transactions could not be confirmed as they were carried out by the County Executive and the Executive was in breach of the law.

#### Management Response

They acknowledge the observations made by the audit team. They were depending on the County Executive to transact on their behalf for the first six months for the year under review. Additionally, some of the functions had been transferred to city of Kisumu in the year 2023/2024 as evidenced by the Gazette Notice No. 6298 of 24th May 2024.

The payments done by the executive on behalf of City of Kisumu totaling to Kshs. 192,233,282 is attributed to the period when City CBK operations account had not been opened. The account opening was initiated in November 2024 but operationalized in January 2025. Thus from January 2025 the City has been able to transact independently.

**Committee Observations**

The Committee observed that the payroll of the city of the Kisumu is managed by the county executive which is contrary to section 48(1)(a) of the county Governments Act, 2012.

**Committee Recommendations**

**The Committee recommends that-**

- i. the Governor should ensure by the commencement of the financial year 2026/2027 that the city is fully operationalized in line with its delegated functions as gazetted by the county government; and**
- ii. the city is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.**

**2. Unreconciled Transfers from the County Government**

The statement of financial performance reflects an amount of Kshs. 258,722,410 as indicated in Note 6(a) to the financial statements, while the County Government reflects an amount of Kshs. 206,585,822 as having been transferred to the City, resulting to unreconciled variance of Kshs. 52,136,588.

In the circumstance, the accuracy and completeness of the transfers from the County Executive could not be confirmed.

**Management Response**

The variance of Kshs. 52,136,588 is attributed to the different class of transfers as accounted for by the County Executive and City of Kisumu as tabulated below. Kshs. 174,345,170 relates to direct transfers from CRF hence not forming part of executive transfers.

<b>Transfers as disclosed in statement of Financial Performance</b>		Kshs
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Transfers from County Government to City operations account		14,412,000
Recurrent payments by County on behalf of the entity		69,965,240
Direct transfers from CRF to City CBK account		174,345,170
<b>Total</b>		<b>258,722,410</b>
<b>Transfers as disclosed by County Executive</b>		
Transfers from County Government to City operations account		14,352,540
Recurrent payments by County on behalf of the entity	69,965,240	
KUSP pending bills Payments by County on behalf of the entity	93,120,226	
Capitalized assets payments by County on behalf of the entity	29,147,816	192,233,282
<b>Total</b>	<b>192,233,282</b>	<b>206,585,822</b>
<b>Variance</b>		<b>52,136,588</b>

As per Note 6 to the financial statements, City of Kisumu received total funding of Kshs. 421,498,679 composed of Kshs. 229,265,388 received directly from CRF and Kshs. 192,233,282 relating to payments made by the executive on behalf of City of Kisumu during the period when City had not operationalized its CBK accounts.

Further, under Note 6(a) to the financial statements, there is Kshs. 258,722,410 relating to revenue expenditure and Kshs. 162,776,260 relating to capital expenditure both of which have the components of funds received directly from CRF and payments made on behalf of the city by the executive as reflected in inter-entity transfers.

The amount disclosed by the executive as transfers to City of Kshs. 206,585,822 is comparable to direct payments on behalf of City by the executive of Kshs. 192,233,282 resulting into a variance of Kshs. 14,352,540 which is attributed to funds transferred by the executive into our equity Bank operations account forming part of the monies received.

#### **Committee Observations**

The Committee observed that the variances in the financial statements was as a result of the use of different class of transfers as accounted for by the County Executive and City of Kisumu.

### **Committee Recommendations**

**The Committee recommends that-**

- i. the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties; and**
- ii. the Governor ensures the Accounting Officer strengthens internal audit controls and ensures proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

### **3. Staff Costs**

The statement of financial performance reflects a nil amount in respect of staff costs. It was indicated that the staff costs were not included in the financial statements because the City did not pay for the staff costs, but had instead been paid by the County Executive. This is inconsistent with the matching principle of accounting, where revenues should be matched with expenditures. In addition, the City is indicated to have staff members exceeding six hundred and failure to include their costs amounts to understatement of expenditure.

In the circumstances, the financial statements are misstated.

### **Management Response**

We acknowledge the observations as per the audit findings. The City management is in the process of ensuring that transfer of payroll data including its management is completed by end of FY 2025/2026.

### **Committee Observations**

The Committee observed that the payroll of the city of the Kisumu is managed by the county executive which is contrary to section 48(1)(a) of the county Governments Act, 2012.

### **Committee Recommendations**

**The Committee recommends that-**

- i. the Governor should ensure by the commencement of the financial year 2026/2027 that the municipality is fully operationalized in line with its delegated functions as gazetted by the county government; and**
- ii. the city is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.**

**4. Unsupported Use of Goods and Services**

The statement of financial performance and as indicated in Note 7 to the financial statements reflects an amount of Kshs. 449,372,884 in respect of use of goods and services. The amount includes an amount of Kshs. 269,759,505 described as accruals and an amount of Kshs. 179,613,379 being actual payments for the year. It was observed that while the amount of Kshs. 179,613,379 was supported with documentary evidence, the amount of Kshs. 269,759,505 described as accruals were not supported with any documentation.

In the circumstances, the accuracy of the amount of Kshs. 449,372,884 described as use of goods and services could not be confirmed.

**Management Response**

In the Use of Goods under Note 7A, Kshs. 449,372,884 is broken down into actual payments of Kshs. 179,613,379 relating to the expenditure that were incurred and paid for through IFMIS system and whose schedules were provided and Kshs. 269,759,505 relating to accrued expenses which had been processed in IFMIS and later voided for lack of funds and whose listing and supporting files were provided for review. They have resubmitted the accruals schedule and copies of the supporting documents for verification.

**Committee Observations**

The Committee observed that as at the time of audit the accruals schedule was not supported to show the use of Goods.

**Committee Recommendations**

**The Committee recommends that-**

- i. The Governor ensures the Accounting Officer takes administrative action on the officers within the Accounts and Finance department who fails to keep complete financial records in accordance with their terms and conditions of appointment or employment and as required by the Accountants Act, Cap. 534; and**

- ii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 47(1) of the Public Audit Act, Cap.412B as read together with section 149(2)(k) failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

#### **5. Long Outstanding Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs. 122,147,890 as disclosed in Note 12 to the financial statements. The balance includes Kshs. 120,591,890 or 98% of the total receivables which has remained outstanding for over 3 years. However, Management has not taken any measures to recover these long outstanding receivables.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions amounting to Kshs. 122,147,890 could not be confirmed.

#### **Management Response**

The receivables of Kshs. 120,591,890 relates to Kenya Urban Support Program (KUSP) 1 pending bills Kshs. 82,157,591 which the executive committed to clear over a period and Kisumu Urban Project (KUP) pending bills Kshs. 38,434,299 transferred to the County Government. The KUP pending bill was inherited by City of Kisumu after the National Treasury confirmed that the unremitted amounts due to City would be wired back to the donor.

The delay in settlement of the outstanding amount is attributed to unrealized own source revenue. However, the said amount has so far been reduced by Kshs. 32,956,162 with a balance of Kshs. 87,635,728. They are committed to clear the outstanding by end of June 2026.

#### **Committee Observations**

The Committee observed that-

1. The receivables of Kshs. 120,591,890 relating to Kenya Urban Support Program (KUSP) 1 had been outstanding for more than 120 days.
2. The receivables have so far been reduced by Kshs. 32,956,162 with a balance of Kshs. 87,635,728.

#### **Committee Recommendations**

The Committee recommends that-

- i. the Governor through the Accounting Officer should ensure that Kisumu City undertakes debtor's circularization to confirm the authenticity of the receivables and provide a status update on the same to the Senate within sixty (60) days of the adoption of this report;
- ii. the Governor ensures the Accounting Officer should, within 60 days of the adoption of this report, submit a debtors' ageing schedule to the Auditor-General for review and verification and update the Committee in the subsequent audit cycle;
- iii. the Governor ensures the Accounting Officer, within 60 days of the adoption of this report, submits an approved copy of the Debt Management Policy to the Auditor-General for verification. The Auditor-General to verify the policy and submit a status update on the same in the subsequent audit cycle;
- iv. the Governor ensures the Accounting Officer should, within 60 days of the adoption of this report, put in place recovery measures for the outstanding amount with clear timelines. The Auditor-General should review the implementation of the measures put in place, provide a status update to the Committee on the matter in the subsequent audit cycle; and
- v. the Governor ensures the Accounting Officer undertakes a detailed analysis of its long outstanding trade receivables and, with the Board's approval, writes off the irrecoverable debts in line with Section 130 (2) (d) of the Public Finance Management (County Governments) Regulations, 2015.

## **6. Unsupported Long Outstanding Trade and Other Payables**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs. 755,272,109 as disclosed in Note 14 to the financial statements. The trade and other payables include an amount of Kshs. 564,996,525 that has been outstanding for more than one year. In addition, Management seems to have no strategies and controls in place to clear the payables.

In the circumstances, the accuracy and completeness of trade and other payables amount of Kshs. 755,272,109 could not be confirmed.

### **Management Response**

The department is taking deliberate actions into reducing the said pending bills by providing budgetary allocations of Kshs. 285,076,252 in the FY 2025/2026. Further the balance of Kshs 470,195,857 would be staggered into two financial years of 2026/2027 and 2027/2028.

In addition, as a result of inadequate disbursement the management of City of Kisumu has put in place elaborate considerations on plans to reduce further accumulation of pending bills by providing cash flow based budget implementation.

#### **Committee Observations**

The Committee observed that the city had payables totaling Kshs. 755,272,109 and attributed them to inadequate disbursement from the County Executive.

#### **Committee Recommendations**

**The Committee recommends that-**

- i. within sixty (60) days of the adoption of this report, the Accounting Officer engages the relevant entities to formulate a repayment plan for the payables and file a report on the same with the Auditor-General for verification. The Auditor-General to provide a status update on the matter in the subsequent audit cycle;**
- ii. the Governor to ensures the city of Kisumu makes budgetary provision to clear the outstanding payables by the end of the FY 2026/2027 and provide a status update to the Senate within 60 days of the adoption report; and**
- iii. the Governor ensures that the City manager continuously monitors the financial performance of the city in line with section 184 of the Public Finance Management Act, 2012 and report on the same to the County Executive Committee, making recommendations on how the water company can improve its performance.**

#### **7. Unsupported Prior Year Adjustments**

The statement of changes in net assets reflect an amount of Kshs. 13,995,779 in respect of prior year adjustment. Management has explained that this figure relates to payables accounted twice. However, the balance is not supported by the relevant schedule/list of payables accounted twice and journals correcting the error. In the circumstances, the accuracy of the prior year adjustments amounting to Kshs. 13,995,779 could not be confirmed.

#### **Management Response**

The said prior year adjustment relates to an entry in 2023/2024 payables list which was erroneously accounted for twice inflating our payables as evidenced in No,218 and 230 of the 2023/2024 payables list. The adjustment is supported by journal entry No.1. Further, supporting schedule for 2023/2024 payables has been resubmitted for review.

#### **Committee Observations**

The Committee observed that the prior year adjustment was erroneously accounted for but was corrected through journal entries.

#### **Committee Recommendations**

**The Committee recommends that the matter be marked as resolved.**

#### **8. Material Uncertainty in Relation to Going Concern**

The statement of financial position reflects a balance of Kshs. 770,252,253 in respect of current liabilities which exceeded the total current assets balance of Kshs. 137,284,276, resulting in a negative working capital of Kshs. 632,968,077. Further, the statement of financial performance show that the City of Kisumu incurred expenses amounting to Kshs. 482,494,857 against total revenue amounting to Kshs. 258,722,410 resulting to a deficit of Kshs. 223,772,447. This is an indication that the City may not be able to settle its obligations as and when they fall due and the existence of a material uncertainty, which casts doubt on its ability to sustain its going concern and its existence is dependent on continued support from County Government of Kisumu.

This material uncertainty relating to going concern and measures taken to mitigate the undesirable financial position have not been disclosed in the financial statements.

#### **Management Response**

As rightly observed by the audit team, City of Kisumu's negative working capital of Kshs. 632,968,077. The County Executive has committed to support City of Kisumu.

#### **Committee Observations**

The Committee observed that financial position reflects a balance of Kshs. 770,252,253 in respect of current liabilities which exceeded the total current assets balance of Kshs. 137,284,276, resulting in a negative working capital of Kshs. 632,968,077

#### **Committee Recommendations**

**The Committee recommends that-**

- i. the Accounting Officer should prepare and submit quarterly reports to the County Treasury in regard to the financial and non-financial status of the city in line with section 166 of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
- ii. the City manager should take full responsibility for monitoring the financial performance of the county corporation in line with section 184 of the Public Finance Management Act, 2012 and regularly report to the Governor**

**through the County Executive Committee in line with Article 179 (6) of the Constitution;**

- iii. the Governor should ensure by the commencement of the financial year 2026/2027 that the city is fully operationalized in line with its delegated functions as gazetted by the county government; and**
- iv. the city is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.**

### **Emphasis of Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 1,096,691,632 and Kshs. 258,722,410 respectively resulting to an under funding of Kshs. 837,969,222 or 76% of the budget. Further, the statement of comparison of budget and actual amounts reflects actual total recurrent expenditure of Kshs. 482,494,857 against final budget of Kshs. 184,097,396 resulting to over expenditure of Kshs. 298,397,461 or 262 % of the budget. The source of the excess funds has not been explained. In addition, the statement development expenditure of Kshs. 169,217,590 against a final budget of Kshs. 912,594,236 resulting to under absorption of expenditure of Kshs. 743,376,646 or 162% of the final budget. However, approval for over expenditure was not provided for audit.

In the circumstances, it would appear that the City did not have a budget as figures provided do not reflect practical budgeting process.

#### **Management Response**

City of Kisumu Underfunding of Kshs. 837,969,222 is attributed to non- realization of own source revenue (OSR) as was projected by the executive affecting disbursements of funds to city of Kisumu.

The over expenditure of Kshs. 298,397,461 has component of civil works on drainage and road maintenance of Kshs 118,948,294 which fall under routine maintenance and do not meet the criteria for being capitalized as per IAS 16 and historical pending bills that were initially retained by the executive for payment but have since been handed over to the City of Kisumu as per the adjustments done Journal entries 3-8.

The under absorption of Kshs. 743,376,646 is attributed to routine maintenance of roads and drainage works of Kshs. 118,948,294 reallocated to use of goods and services, projects added in the supplementary that could not be implemented due to time constraint Kshs. 284,034,116 and Kshs. 340,394,236 KUSP 2 world bank projects that were never funded by the donor.

## **Committee Observations**

The Committee observed that the City of Kisumu Underfunding of Kshs. 837,969,222 is attributed to non- realization of own source revenue (OSR) as was projected by the executive affecting disbursements of funds to city of Kisumu.

## **Committee Recommendations**

**The Committee recommends that-**

- i. The Governor ensures that the Accounting Officer ensures strict compliance with section 149(2) (h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- ii. The Governor ensures that the Accounting Officer complies with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply.**

## **Other Matter**

### **1. Unresolved Prior Year Matters**

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the City of Kisumu in 2024/2025 revealed that the following thirteen (13) issues remained unresolved:

<b>No.</b>	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023-2024	Unsupported Staff Cost
2	2023-2024	Variances Under Transfer from the County Government
3	2023-2024	Unsupported Property, Plant and Equipment
4	2023-2024	Project Implementation Status
5	2023-2024	Engagement of Legal Services without Approval
6	2023-2024	Non-Compliance with Gender and Ethnicity Rule

7	2023-2024	Non-Implementation of Audit Recommendations
8	2023-2024	Lack of Internal Audit Function and Audit Committee
9	2023-2024	Unsupported Staff Cost
10	2023-2024	Variances under Transfer from the County Government
11	2023-2024	Unsupported Property, Plant and Equipment
12	2023-2024	Project Implementation Status
13	2023-2024	Engagement of legal Services without Approval

### **Management Response**

The management is committed to resolving and implementing audit and other oversight bodies recommendations so as to improve compliance level besides efficiency and effectiveness. Responses to the queries were addressed to the Senate.

### **Committee Observations**

The Committee observed that management is waiting for the follow up on prior year matters from Senate recommendations and implementation of the same.

### **Committee Recommendations**

**The Committee recommends that-**

- i. the Accounting Officer should resolve any issues resulting from an audit that remains outstanding in accordance with section 149(2)(l) of the Public Finance Management Act as read together with section 53(1) of the Public Audit Act. Failure to which the accounting officer shall be in contempt of parliament and we may recommend administrative sanctions such as the removal of the accounting officer, reduction in rank; and**
- ii. the Governor ensures the accounting officer submits a detailed status report on the mitigation measures taken to resolve prior year matters within 60 days of the adoption of this report.**

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

Pursuant to Article 229 (6) of the Constitution, based on the audit procedures performed by the Auditor General, the following matters formed the basis for conclusion that public resources were not applied lawfully and in an effective way –

## **1. Irregular Payments to Members of County Assembly and Staff**

The statement of financial performance and as disclosed in Note 9 to the financial statement reflects an amount of Kshs. 13,851,678 in respect of board expenses. Included in the payment is an amount of Kshs. 1,578,400 in respect of cash allowances paid to Members of the County Assembly (MCAs) for induction and consultative meeting in Mombasa. However, these payments which should have been paid by the County Assembly, were irregularly paid by the City of Kisumu contrary to Section 162 of the Public Finance Management Act, 2012 which requires a public officer to ensure that resources within the officer's area of responsibility are used in a way that is lawful and authorized, effective, efficient, economical and transparent.

In the circumstances, the regularity of the induction and training amount of Kshs. 1,578,400 could not be confirmed.

### **Management Response**

The amount of Kshs. 1,578,400 was paid by the City of Kisumu following an invitation by City of Kisumu to the County Assembly. The induction was meant to equip both the members of county assembly and the board members on the prerequisite knowledge and an in-depth understanding of the operations of City of Kisumu and for Assembly members to have an understanding of their input on matters legislation.

### **Committee Observations**

The Committee observed that the city of Kisumu paid Kshs. 1,578,400 to train MCAs on behalf of the County Executive contrary to section 162 of the Public Finance Management Act, 2012.

### **Committee Recommendations**

**The Committee recommends that-**

- i. Within 60 days of the adoption of this report, the Governor should initiate refund from the County Assembly and come up with a repayment plan of the amount. The Auditor-General to keep the matter in view and report to the Committee; and**
- ii. The Governor should ensure compliance to Section 162 of the Public Finance Management Act, 2012 which requires a public officer to ensure that resources within the officer's area of responsibility are used in a way that is lawful and authorized, effective, efficient, economical and transparent.**

## **2. Contracts Management and Implementation**

During the year under review, the City of Kisumu implemented several projects. Review and physical inspection of the sampled project sites revealed the following unsatisfactory matters:

### **2.1 Delayed Completion of Kaloleni Community Centre**

As previously reported, Management signed a contract on 7 August, 2020 for the construction of Kaloleni Community Centre at a contract sum of Kshs.151, 468,960. The implementation period was twenty-four (24) months and expected completion date of 6 August, 2022. Further, review of records revealed that Management re-awarded for construction for the completion of Kaloleni Social Hall at a cost of Kshs. 26,999,937 on 6 January, 2025 for a contract period of six (6) months from the date of agreement. During the year under review, the City of Kisumu paid a total amount of Kshs. 12,165,732 for works done. However, site visit in the month of October, 2025 revealed that the works remained incomplete and the contractor was not on site and had not requested for an extension of the contract period. Information provided indicate that the previous contractor disengaged with the Management with certified works amounting to Kshs. 77,165,732 as per the 5th interim certificate. However, reasons for termination and relevant supporting documents were not provided for audit review.

In the circumstances, the value for money received from the public funds spent on construction of the projects during the year under review could not be confirmed.

### **Management Response**

The management acknowledge this observation. The contract was not terminated but was revised through an addendum to address financial and operational constraints, resulting in a reduced scope forming 56% of the original contract which is Kshs 85,272,222.76. See Annex 11(i). page201. The project was re-awarded to M/s Abelard Enterprises on 6 January 2025 at a contract sum of Kshs. 26,999,937.34 under Phase I to complete the remaining works. The payments amounting to Kshs. 12,165,732 had been made for certified works and phased implementation approach under period under review The contract was extended to 9th February 2026.

### **Committee Observations**

The Committee observed that the contract extension was provided but the contractor has not resumed the works which was supposed to be completed by 31<sup>st</sup> December 2025.

### **Committee Recommendations**

**The Committee recommends that-**

- i. the Governor should ensure that there is proper project conceptualization, planning and adequate budgetary provision for the**

**projects to be undertaken and ensure timely completion to realise value for money; and**

- ii. **within 60 days of the adoption of the report, the Governor should provide a status update on the implementation of the project to the Auditor-General for verification and report to the Committee.**

## **2.2 Construction of Nyamasaria Bus Park**

As previously reported, Management signed a contract on 4 August, 2020 for the construction of Nyamasaria Bus Park at a contract sum of Kshs. 99,883,902. The implementation period was twenty-four (24) months and expected completion date of 3 August, 2022. The projected final account at handing over was revised to Kshs. 104,400,481. The amount paid to date for the certified works as per the interim certificate dated 3 June, 2022 is Kshs. 81,859,016.66 with a pending certificate of Ksh19,449,769.98. During the year under review, Management made a payment of Kshs. 15,000,000 but the actual works done could not be quantified since the bus park was not still in use.

In the circumstances, the value for money spent on construction of the project during the year under review could not be confirmed.

### **Management Response**

The project for the construction of Nyamasaria Bus Park was fully completed, with the final evaluated cost amounting to Kshs. 102,600,473.10 as per the Report of the Auditor-General on City of Kisumu for the year ended 30 June, 2025. The payments of Kshs. 15,000,000 forms part of pending bills.

After successful launch and operationalization, a dispute arose among stakeholders over the routes to be plied and stalls which required further stakeholders' engagement. The stakeholders went to court and halted the operationalization. The court sanctioned mediation whose agreement is under implementation.

### **Committee Observations**

The Committee observed that the operationalization of Nyamasaria Bus Park had stalled due to an ongoing dispute among the stakeholders over the stalls. The court sanctioned mediation whose agreement is under implementation.

### **Committee Recommendations**

**The Committee recommends that within 60 days of the adoption of the report, the Governor should provide a status update on the resolution of the dispute and operationalization of the Bus Park project to the Auditor-General for verification and report to the Committee.**

### **2.3 Provision of Containers at the Proposed Nyamasaria Bus Park Stalls**

Review of records revealed that management engaged a firm to undertake the upgrading of Nyamasaria Bus Park Phase 1 at a cost of Kshs. 16,985,473 out of which Kshs. 7,554,444 or 44% of the contract was paid to a contractor during the year under review. However, physical inspection carried out in the month of October, 2025 revealed that although the bus park stalls were complete, they had not been officially handed over to the Management and was not in use. Although Management explained that there was a petition in court as at 30 June, 2024, no evidence was provided to support the position.

In the circumstances, value for money on expenditure of Kshs. 7,544,444 on the implementation of projects could not be confirmed.

#### **Management Response**

After successful launch and operationalization, a dispute arose among stakeholders over the routes to be plied and stalls which required further stakeholders' engagement. The stakeholders went to court and halted the operationalization. The court sanctioned mediation whose agreement is under implementation. The Bus Park Stalls will only be in use after full implementation of the court orders.

#### **Committee Observations**

The Committee observed that the installation of Nyamasaria Bus Park stalls had stalled due to an ongoing dispute among the stakeholders over the stalls. The court sanctioned mediation whose agreement is under implementation.

#### **Committee Recommendations**

**The Committee recommends that within 60 days of the adoption of the report, the Governor should provide a status update on the resolution of the dispute and installation of the Bus Park stalls to the Auditor-General for verification and report to the Committee.**

### **2.4 Construction of a Toilet at Kondele ECDE**

Review of records revealed that management entered into a contract for construction of a toilet at Kondele ECDE at a cost of Kshs. 1,991,115. The certificate of practical completion dated 3 April 2025 indicated that civil works were completed. However, physical inspection carried out in October, 2025 revealed that although the project was completed, it was not in use. Management did not explain why the completed project was not operational.

In the circumstances, the public may not have obtained benefits from the completed project.

#### **Management Response**

The time of audit with National Examination that was ongoing, during this time the ECDE pupils were on recess and accessing the examination area was unrestricted, however the facility has been in use.

#### **Committee Observations**

The Committee observed that the project was completed but was not in use.

#### **Committee Recommendations**

**The Committee recommends that within 60 days of the adoption of the report, the Governor should provide a status update on the status of utilization of the toilet to the Auditor-General for verification and report to the Committee.**

#### **2.5 Renovation and Equipping of Migosi Sub-County Hospital Kitchen Installation of Laundry Machine**

Review of contract records provided for audit revealed that management entered into an agreement with a company on 28 March, 2025 for the renovation and equipping of Migosi Sub-County Hospital kitchen and installation of laundry machine at a contract sum of Kshs. 3,998,752. However, physical inspection carried out in October 2025 revealed the project was completed but not in use. Although management explained that the keys were handed over, the completed project was not operational.

In the circumstances, the public may not have obtained benefits from the completed project.

#### **Management Response**

The renovation and equipping of Migosi Sub-County Hospital kitchen installation of the laundry machine by M/s Hamilton Links Investment Limited were completed in accordance with the contract agreement.

Management, in collaboration with the hospital administration, confirms that the kitchen has since been operationalized and in use.

#### **Committee Observations**

The Committee observed that the project was completed but was not in use.

#### **Committee Recommendations**

**The Committee recommends that within 60 days of the adoption of the report, the Governor should provide a status update on the status of utilization of the kitchen and laundry machine to the Auditor-General for verification and report to the Committee.**

### **3. Non-Compliance with Fiscal Responsibility on Debt to Revenue Ratio**

The statement of financial position reflects total liabilities totaling Kshs. 770,252 as at 30 June, 2025 representing 298% of the total revenue of Kshs. 258,722,410. This was contrary to Regulation 25(1)(d) of Public Finance Management (County Government) Regulations, 2015 which states the county public debt shall never exceed twenty (20%) percent of the county governments total revenue at any one time.

In the circumstances, Management was in breach of the law.

### **Management Response**

They acknowledge the observation made. However, city of Kisumu in its strategy to reduce the pending bills, has made a budgetary provision of Kshs. 285,076,252 in the FY 2025/2026. Moreover, in light of the non-disbursements of funds by the executive, the management of the City of Kisumu has put in place elaborate considerations on plans to reduce further accumulation of pending bills by providing cash flow based budget implementation.

### **Committee Observations**

The Committee observed that the city had liabilities totaling Kshs. 770,252 representing 298% of the total revenue of Kshs. 258,722,410, contrary to the law which states that public debt shall not exceed 20% of the revenue.

### **Committee Recommendations**

**The Committee recommends that-**

- i. The management should ensure that a statement on county government debt management strategy is prepared in line with sec. 123 of the Public Finance Management Act;**
- ii. The Governor should ensure compliance to Regulation 25(1)(d) of Public Finance Management (County Government) Regulations, 2015 which states the county public debt shall never exceed twenty (20%) percent of the county governments total revenue at any one time;**
- iii. the Accounting Officer should prepare and submit quarterly reports to the County Treasury in regard to the financial and non-financial status of the city in line with section 166 of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
- iv. the City manager should take full responsibility for monitoring the financial performance of the county corporation in line with section 184 of the Public Finance Management Act, 2012 and regularly report to the**

**Governor through the County Executive Committee in line with Article 179 (6) of the Constitution;**

- v. **the Governor should ensure by the commencement of the financial year 2026/2027 that the city is fully operationalized in line with its delegated functions as gazetted by the county government; and**
- vi. **the city is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.**

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

Pursuant to section 7(1) of the Public Audit Act, based on procedures performed by the Auditor General, the following matter formed the basis for the conclusion that internal controls, risk management and overall governance were not effective –

### **1. Lack of a Risk Management Policy**

The City of Kisumu did not have a Risk Management Policy that provided a framework for minimizing risks by enhancing mitigative and corrective measures thereby maximizing potential opportunities. Further, risk assessment was not conducted during the year under review. As a result, there was no identification, assessment and rating of risks or development of strategies to deal with identified risks, so as to provide reasonable assurance that the City's objectives would be achieved.

In the circumstances, the effectiveness of the City's risk management practices could not be confirmed.

### **Management Response**

Management acknowledges the observation. However, City of Kisumu has in place internal audit department which helps in review of governance risk management and controls for efficiency and effectiveness.

Further, City of Kisumu is in the process of developing a comprehensive Risk Management Policy Framework in compliance with Regulation 158(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 by budgeting for the same in the year 2026/2027.

### **Committee Observations**

The Committee observed that the city operated without a Risk Management Policy.

### **Committee Recommendations**

The Committee recommends that the County Executive Committee Member (CECM) - Finance ensure that the city puts in place all internal control systems, such as Risk Management Policy, as provided under section 158 (1) of Public Finance Management (County Governments) Regulations, 2015, among others, to guide the internal operations of the water company. Further, the board to fast track the approval and adoption of the draft risk management policy and submit evidence of the same to the Auditor-General for verification.

## **CHAPTER THREE: HOSPITALS**

### **3.1. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR KISUMU COUNTY HOSPITALS FOR THE FINANCIAL YEAR 2024/2025**

In accordance with Article 229(4) of the Constitution as read together with section 7(1) of the Public Audit Act, Cap. 412B, during the period under review, the Auditor-General audited the financial statements of various hospitals in Kisumu County. Consequently, and in accordance with Article 229(7) of the Constitution as read together with section 32(1) of the Act submitted the following reports to the Senate—

1. Ahero County Hospital
2. Chulaimbo County Hospital
3. Kisumu County Hospital
4. Kombewa County Referral Hospital
5. Lumumba Sub County Hospital
6. Migosi Sub County Hospital
7. Muhoroni County Hospital
8. Nyakach County Hospital

#### **Committee Observations**

The Committee takes note of the queries raised by the Auditor-General in these reports

#### **Committee Recommendations**

**The Committee recommends that-**

- i. **the Governor through the respective accounting officers ensures that appropriate remedial actions are taken to address the issues raised in the Auditor-General's report on the financial statements for the Kisumu County Hospitals for the Financial Year 2024/2025 and submit a report to the Senate within 30 days of the adoption of this report and a copy to the Auditor-General; and**
- ii. **the Auditor-General to keep the matter in view in the subsequent audit cycle.**

## CHAPTER FOUR: FUNDS

### 4.1. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR KISUMU COUNTY FUNDS FOR THE FINANCIAL YEAR 2024/2025

In accordance with Article 229(4) of the Constitution as read together with section 7(1) of the Public Audit Act, Cap. 412B, during the period under review, the Auditor-General audited the financial statements of various funds in Kisumu County. Consequently, and in accordance with Article 229(7) of the Constitution as read together with section 32(1) of the Act submitted the following reports to the Senate—

1. Kisumu County Mortgage & Car Loan (Executive) Fund
2. Kisumu County Mortgage & Car Loan Assembly Fund
3. Kisumu Lakefront Development Corporation
4. Kisumu County Emergency Fund
5. Kisumu County Bursary Fund
6. Kisumu County Climate Change Fund
7. Kisumu County Covid-19 Emergency Response Fund Account
8. Kisumu County Education Fund
9. Kisumu County Women, Youth and People With Disabilities Fund

#### **Committee Observations**

The Committee takes note of the queries raised by the Auditor-General in these reports

#### **Committee Recommendations**

**The Committee recommends that-**

- i. **the Governor through the respective accounting officers ensures that appropriate remedial actions are taken to address the issues raised in the Auditor-General's report on the financial statements for the Kisumu County Funds for the Financial Year 2024/2025 and submit a report to the Senate within 30 days of the adoption of this report and a copy to the Auditor-General; and**
- ii. **the Auditor-General to keep the matter in view in the subsequent audit cycle.**

# ANNEXTURES

Minutes of the 52<sup>nd</sup> Sitting held on Monday 23<sup>rd</sup> March, 2026



**13<sup>TH</sup> PARLIAMENT 5<sup>TH</sup> SESSION**

**MINUTES OF THE FIFTY SECOND SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE HELD ON MONDAY, 23<sup>RD</sup> MARCH 2026 IN COMMITTEE ROOM 10, BUNGE TOWER AT 4.00 P.M.**

**PRESENT**

- |  |               |
|--|---------------|
| 1. Sen. Godfrey Atieno Osotsi, CBS, MP | - Chairperson |
| 2. Sen. Agnes Kavindu Muthama, MP      | - Member      |
| 3. Sen. William Kisang' Kipkemoi, MP   | - Member      |
| 4. Sen. Beth Kalunda Syengo, MP        | - Member      |
| 5. Sen. Peris Pesi Tobiko, CBS, MP     | - Member      |
| 6. Sen. Raphael Chimera Mwinzagu, MP   | - Member      |
| 7. Sen. George Mungai Mbugua, MP       | - Member      |
| 8. Sen. Hamida Ali Kibwana, MP         | - Member      |

**ABSENT WITH APOLOGY**

- |                                 |                    |
|---------------------------------|--------------------|
| 9. Sen. Eddy Gicheru Oketch, MP | - Vice-Chairperson |
|---------------------------------|--------------------|

**SECRETARIAT**

- |                      |                       |
|----------------------|-----------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I   |
| 2. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 3. Mr. Khatib Omar   | - Clerk Assistant III |
| 4. Mr. Victor Kimani | - Audio officer       |

**A. OFFICE OF THE AUDITOR GENERAL**

Mr. Mark Gachanja                      Liasion

**B. ETHICS AND ANTI CORRUPTION COMMISSION**

Mr. Patrick Kinoti                      -Liaison Officer

**MIN. NO. SEN/CPICSF/382/2026      PRAYER**

The meeting was called to order by the Chairperson at twenty minutes past four O'clock in the afternoon followed by a word of prayer.

The agenda of the meeting was adopted having been proposed by Sen. Agnes Kavindu Muthama, MP and seconded by Sen. George Mungai Mbugua, MP as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Consideration and Adoption of Reports
4. Any Other Business; and
5. Date of the Next Meeting and Adjournment.

The Committee considered the reports on the consideration of the audit reports of the following counties and their respective entities for the Financial Year 2024/2025 (1<sup>st</sup> July, 2024 to 30<sup>th</sup> June, 2025)-

1. **Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in Kisumu County for the Financial Year 2024/2025 (1<sup>st</sup> July, 2024 to 30<sup>th</sup> June, 2025)-**

- a. Kisumu Water and Sanitation Company (KIWASCO)
- b. City Of Kisumu
- c. Ahero County Hospital
- d. Chulaimbo County Hospital
- e. Kisumu County Hospital
- f. Kombewa County Referral Hospital
- g. Lumumba Sub County Hospital
- h. Migosi Sub County Hospital
- i. Muhoroni County Hospital
- j. Nyakach County Hospital
- k. Kisumu County Mortgage & Car Loan (Executive) Fund
- l. Kisumu County Mortgage & Car Loan Assembly Fund
- m. Kisumu Lakefront Development Corporation
- n. Kisumu County Emergency Fund
- o. Kisumu County Bursary Fund
- p. Kisumu County Climate Change Fund
- q. Kisumu County Covid-19 Emergency Response Fund Account
- r. Kisumu County Education Fund
- s. Kisumu County Women, Youth and People with Disabilities Fund

**2. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in Kwale County for the Financial Year 2024/2025 (1st July, 2024 to 30th June, 2025)-**

- a. Kwale Water and Sewerage Company Limited
- b. Diani Municipality
- c. Lungalunga Municipality
- d. Kwale Municipality
- e. Kinango Municipality
- f. Kwale Sub-County Hospital
- g. Msambweni County Referral Hospital
- h. Lungalunga Sub-County Level 4 Hospital
- i. Kinango Level 5 Hospital
- j. Kwale County Bursary and Scholarship Fund
- k. Kwale County Emergency Fund
- l. Kwale County Youth, Women and Person with Disabilities Revolving Fund
- m. Kwale County Trade Revolving Fund
- n. Kwale County Climate Change Fund

**3. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in West Pokot County for the Financial Year 2024/2025 (1st July, 2024 to 30th June, 2025)-**

- a. Kapenguria Water Company Limited
- b. Kapenguria Municipality
- c. Kapenguria Referral Hospital
- d. Chepareria Sub-County Level 4 Hospital
- e. Kacheliba Sub-County Level 4 Hospital
- f. Sigor Sub-County Level 4 Hospital
- g. West Pokot County Cooperative Development Fund

**4. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in Nandi County for the Financial Year 2024/2025 (1st July, 2024 to 30th June, 2025)-**

- a. Kapsabet Nandi Water and Sanitation Company (KANAWASCO)
- b. Kapsabet Municipality
- c. Kapsabet County Referral Hospital
- d. Nandi County Alcoholic Drinks Fund
- e. Nandi County Climate Change Fund
- f. Nandi County Executive Education Fund

- g. Nandi County Emergency Fund
- h. Nandi County Facilities Improvement Fund

**5. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in Bomet County for the Financial Year 2024/2025 (1st July, 2024 to 30th June, 2025)-**

- a. Bomet Water and Sanitation Company Limited (BOMWASCO)
- b. Bomet Municipality
- c. Cheptalal Level 3b Hospital
- d. Kapkoros Level 3a Hospital
- e. Longisa Level 4 Hospital
- f. Ndanai Level 4 Hospital
- g. Sigor Level 4 Sub-County Hospital
- h. Bomet County Education Revolving Fund
- i. Bomet County Bursary Fund
- j. Bomet County Climate Change Fund
- k. Bomet County Executive Car and Mortgage Scheme Fund

**6. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in Kirinyaga County for the Financial Year 2024/2025 (1st July, 2024 to 30th June, 2025)-**

- a. Kirinyaga County Water and Sanitation Plc(KICOWASCO)
- b. Rukanga Makutano Water and Sanitation Plc. (RUMAWASCO)
- c. Kerugoya -Kutus Municipal
- d. Sagana Sub - County Level 4 Hospital
- e. Kianyaga Sub County Level 4 Hospital
- f. Kimbimbi Sub County Level 4 Hospital
- g. Kirinyaga County Executive Emergency Fund
- h. County Government of Kirinyaga Executive Mortgage Fund
- i. Kirinyaga Executive Car Loan & Mortgage Fund
- j. Kirinyaga County Alcoholic Drinks Control Fund
- k. Kirinyaga County Climate Change Fund
- l. Kirinyaga County Executive Bursary Fund

**7. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in Nyeri County for the Financial Year 2024/2025 (1st July, 2024 to 30th June, 2025)-**

- a. Mathira Water and Sanitation Company Limited
- b. Narumoru Water and Sanitation Company Limited
- c. Nyeri Water and Sanitation Company Limited

- d. Othaya-Mukurweini Water and Sanitation Company
- e. Tetu Water and Sanitation Company Limited
- f. Nyeri Municipality
- g. Karatina Subcounty Level 4 Hospital
- h. Mt Kenya Subcounty Referral Hospital
- i. Mukureini Sub County Hospital
- j. Nyeri County Referral Hospital
- k. Othaya Sub County Hospital
- l. Nyeri County Climate Change Fund
- m. Nyeri County Elimu Fund
- n. Nyeri County Enterprise Fund
- o. Nyeri County Health Services Fund

**8. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in Taita-Taveta County for the Financial Year 2024/2025 (1st July, 2024 to 30th June, 2025)-**

- a. Tavevo Water and Sewerage Company Limited
- b. Special Municipality of Mwatate
- c. Taveta Municipality
- d. Voi Municipality
- e. Moi (Voi) County Referral Hospital
- f. Wesu Sub-County Hospital
- g. Taveta Sub-County Hospital
- h. Mwatate Sub-County Hospital
- i. Taita Taveta County Education Fund Board
- j. Taita Taveta County Car Loan and Mortgage Fund
- k. Taita Taveta County Facilities Improvement Fund
- l. Taita Taveta County Climate Change Fund
- m. Taita Taveta Investment and Development Corporation

**9. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in Nyandarua County for the Financial Year 2024/2025 (1st July, 2024 to 30th June, 2025)-**

- a. Nyandarua Water and Sanitation Company Limited
- b. Olkalou Water and Sanitation Company Limited
- c. Mairo-Inya Municipality
- d. Engineer Municipality
- e. Olkalou Municipality
- f. Engineer County Hospital
- g. Jm Kariuki Memorial County Referral Hospital

- h. Nyandarua County Bursary Fund
- i. Nyandarua County Climate Change Fund
- j. Nyandarua County Executive (State and Public) Car Loan and Mortgage Scheme Fund
- k. Nyandarua County Emergency Fund

**10. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in Samburu County for the Financial Year 2024/2025 (1st July, 2024 to 30th June, 2025)-**

- a. Samburu Water and Sanitation Company Limited (SAWASCO)
- b. Maralal Municipality
- c. Samburu County Teaching and Referral Hospital
- d. Baragoi Sub-County Hospital
- e. Samburu County Executive Staff Mortgage Fund
- f. Samburu County Bursaries Fund
- g. Samburu County Climate Change Fund
- h. Samburu County Conservancies Fund
- i. Samburu County Persons Living with Disability Fund
- j. Samburu County Youth and Women Enterprise Development Fund

**11. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in Samburu County for the Financial Year 2024/2025 (1st July, 2024 to 30th June, 2025)-**

- 1. Garissa Water and Sewerage Company Limited.
- 2. Garissa Municipality
- 3. Dadaab Municipality
- 4. Masalani Municipality
- 5. Garissa County Level 5 Teaching and Referral Hospital
- 6. Ijara Sub-County Hospital
- 7. Modogashe Sub-County Hospital
- 8. Dadaab Sub-County Hospital
- 9. Garissa County Emergency Fund
- 10. Garissa County Revolving Fund
- 11. Garissa Climate Change Fund
- 12. Garissa County Scholarship Fund

**12. Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Audit Reports of the following entities in Elgeyo Marakwet County for the Financial Year 2024/2025 (1st July, 2024 to 30th June, 2025)-**

- 1. Iten Tambach Water and Sewerage Company Limited.
- 2. Cherang'any Marakwet Water and Sanitation Company Limited
- 3. Iten Tambach Unicity

4. Iten County Referral Hospital
5. Tambach Sub-County Hospital
6. Elgeyo Marakwet County Assembly Catering Services Revolving Fund
7. Elgeyo Marakwet Alcoholic Drinks and Control Fund-Executive
8. Elgeyo Marakwet Car and Mortgage Revolving Fund-Executive
9. Elgeyo Marakwet County Climate Change Fund
10. Elgeyo Marakwet Education Fund-Executive.

**MIN. NO. SEN/CPICSF/385/2026      ANY OTHER BUSINESS**

There was no any other business.

**MIN. NO. SEN/CPICSF/386/2026      DATE OF NEXT MEETING &  
ADJOURNMENT**

The Chairperson adjourned the meeting at forty-five minutes past five o'clock in the afternoon. The next meeting would be called on notice.



**SIGNED: ..... DATE: 24/3/2026**  
**(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, CBS, MP.)**