

COUNTY GOVERNMENT OF BUNGOMA

COUNTY ASSEMBLY OF BUNGOMA

COUNTY ASSEMBLY DEBATES

THE DAILY HANSARD

WEDNESDAY, 26TH MARCH, 2025

Morning Sitting

COUNTY ASSEMBLY OF BUNGOMA

THE DAILY HANSARD

WEDNESDAY, 26TH MARCH, 2025

The House met at the County Assembly Chamber at 9:30 a.m.

(Mr. Speaker [Hon. Emmanuel Situma] in the Chair)

PRAYER

MOTIONS

REPORT BY THE SECTORAL COMMITTEE ON TRADE, ENERGY AND INDUSTRIALIZATION

Mr. Speaker: The Chair of the Committee or a member of the Committee of Trade, Energy and Industrialization. Hon. Kikechi, you have the honour of moving the report. Proceed accordingly.

Hon. Bernard Kikechi: Thank you, Hon. Speaker. I stand here to move a report by the Sectoral Committee on Trade, Energy and Industrialization on the Bungoma County Trade Development Loan Fund Quarterly Report and Financial Statement for the period ended June 30th, 2024.

On behalf of the members of the Trade, Energy and Industrialization it is my pleasure and duty to present to the House the Committee's report on the Bungoma County Trade Development Loan Fund Quarterly Report and Financial Statements for the period ended June 30th, 2024.

Committee's Membership

The Committee on Trade, Energy & Industrialization as currently constituted comprises of the following Members:-

- | | |
|-------------------------|------------------|
| 1. Hon. Bernard Kikechi | Chairperson |
| 2. Hon. Jack Wambulwa | Vice chairperson |
| 3. Hon. Ali Machani | Member |
| 4. Hon. Joan Kirong' | Member |
| 5. Hon. Ali Machani | Member |

6. Hon. George Makari	Member
7. Hon. Milliah Masungu	Member
8. Hon. Tony Barasa	Member
9. Hon. Jerusa Aleu	Member
10. Hon. Alfred Mukhanya	Member
11. Hon. Godfrey Mukhwana	Member
12. Hon. Steve Kaiser	Member
13. Hon. Wafula Waiti	Member
14. Hon. Charles Nangulu	Member
15. Hon. Polycarp Wandabusi	Member

Acknowledgement

The Committee is thankful to the Offices of the Speaker and the Clerk of the County Assembly for the logistical support accorded to it during the report writing as it executed its mandate.

I wish to express my appreciation to the Hon. Members of the Committee for their resourceful input that informed the content of this report. My sincere gratitude also goes to the members of the Secretariat for their dedication towards compiling this report.

It is therefore my pleasant duty and privilege, on behalf of the Sectorial Committee on Trade, Energy & Industrialization to table this report on the Bungoma County Trade Development Loan Fund Quarterly Report and Financial Statements and its recommendations to the Assembly for deliberation and adoption.

Report signed by Hon. Bernard Kikechi Chairperson, Committee On Trade, Energy & Industrialization.

INTRODUCTION

Trade loans are a lifeline for micro, small, and medium enterprises (MSMEs), empowering them to overcome financial constraints and thrive in competitive markets. These loans provide critical short-term financing that enables small businesses to manage cash flow challenges, purchase inventory, and meet supplier obligations without depleting their working capital. For MSMEs, which often face limited access to traditional credit, trade loans can be a game-changer, offering the flexibility needed to fulfil orders, expand operations, and seize growth opportunities. By bridging financial gaps, trade loans help MSMEs build stronger

supplier relationships, improve their creditworthiness, and contribute to economic growth at both local and national levels.

Legal parameters

The Trade Loan Fund Regulations is anchored on section 116 of the Public Finance Management Act and the major sources of funding as specified in the regulations are monies from the exchequer account, gifts, donations and endowments from legal sources.

The principles of establishing the Trade Loan Fund as per the regulations are;

1. Offer affordable credit facilities to the Micro Small Medium Enterprises
2. To capacity build traders through training.

Committees for the Fund

The fund is administered in three distinct levels which are; the Fund Secretariat, the Fund County Committee and the Fund Ward Committee.

a) The Fund Secretariat

It is the unit that is tasked with the day to day running of the fund. The Secretariat is headed by the Fund Administrator and comprises of the following officers; the Fund Accountant, Finance Officer, Economist, Supply Chain Management Officer, and a Legal Officer.

b) The County Trade Development Loan Funds Committee

It comprises of 9 members amongst them is the chief officer-Trade-who is the chairperson, the Fund Administrator who is the secretary, chief officer-Finance or representative, the County Attorney or a representative, and five persons appointed by CECM-Trade after a competitive and transparent recruitment process who shall hold office for a term of three years and can be renewed once.

The key functions amongst others is to ensure that money held in the scheme is spent as per the purpose for which the scheme is established, receive gifts donations, grants or endowments made to the scheme, approve and endorse recommendations from ward committees, undertake periodic review of the legal frameworks of the fund amongst other functions.

b) Ward Trade Loan committees

The committee consists of 7 members as follows: The ward administrator who is the secretary of the committee; a staff of the County Government designated by the Chief officer Trade and five members representing the Business community within the Ward who shall be competitively sourced.

The key functions are to: Receive trade loan application forms, Vet applicants using established criteria, and identify the beneficiaries within the ward using the guidelines provided.

Eligibility Criteria

Traders are invited to apply at the Ward level. The prospective applicants are required to meet the following criteria as provided for by the Trade Loan regulations:

- A Kenyan Citizen based and operating the business within a Ward in Bungoma County.
- Must be 18 years of age and above
- Has been in business for at least 6 months prior to making an application.
- Be operating from a business premise or a physical location.
- Has a national Identity Card
- Holds a bank account with a reputable commercial Bank and
- Meets all other conditions as per the Bungoma County Trade Development loan regulations, 2023.

SCRUTINY OF THE COUNTY TRADE DEVELOPMENT LOAN FUND REPORT

The County Government of Bungoma established the Bungoma County Trade Development Loans Fund vide County Assembly Approval in its special sitting dated 15th December, 2014. The County Trade Development Loan is a fund appropriated by the County Assembly. Since inception in the financial year 2014/2015, the fund has been able to receive a cumulative of Kshs. 163,186,063 as highlighted in the table below;

Financial year	Allocation	Admin cost	Revolving fund
2014/2015	100,000,000	3,000,000	97,000,000
2015/2016	13,828,200	414,846	13,413,354
2017/2018	9,357,863	280,736	9,077,127
2023/2024	10,000,000	300,000	9,700,000
	133,186,063	3,995,582	129,190,481

For the period under review, which is the financial year 2023/24, the approved Budget was Kshs. 10,000,000 which the fund fully received and utilized.

The statement of financial performance reveal that the revenue received (transfers from County Government) was Kshs. 10,000,000 of which only Kshs. 300,000 administrative cost for the trade loan fund was captured in the financial statement while Kshs.9,700,000 that was received and transferred as trade loan was not factored as a revenue to the fund but an asset. The expenses for the fund were Kshs. 2,330,568, thus giving a deficit of Kshs. 2,030,568 for the period under review. The breakdown of these expenses is as follows;

Description	Amount
Telephone and communication	5,000
Printing and stationary	95,000
Conferences	415,000
Committee allowances	1,652,348
Loan processing cost	162,300
Bank charges	920
Total	2,330,568

The committee allowances relate to allowances paid to each of the Ward Committee members and the County Committee Members. There are 7 members for each ward Committee and each member draws an allowance of Kshs. 1,000 per sitting while the nine County Committee members are paid as per the Salaries and Remunerations Commission's rates

During the financial year under review, the revolving fund grew from Kshs. 119,490,287 as at 1st of July 2023 to Kshs. 129,190,287 at the end of the financial year.

The fund was able to recover a total of Kshs. 2,186,403 i.e. Kshs. 2,004,063 as loan principal and Kshs. 182,340 as interest on loans. The report suggests that the fund has been witnessing very high default rates due to a myriad of reasons but majorly because of a lack of an approved legal framework as the Trade Development Loan Fund Regulations passed in 2014 was never gazetted until it was reviewed and gazetted on September 25th 2023.

The fund had a closing balance of Kshs. 12,695,361.20 in the following accounts; Central Bank Account (Kshs. 10,740,295) and Equity collection account (Kshs. 1,955,066.20) and the bank statements and CBK account certificates are as attached.

The Loan Management has been fully automated with the acquisition of a Traders and Loan Management system. The system covers four modules; i.e. Traders Management, Loan processing & Repayments, Receipts for loan repayments and Report Generations. This has been integrated with the Bank and M-Pesa platforms for real-time update and ease in generation of periodic reports.

Loan Default

The fund has had high loan default especially for the year under review due to the harsh economic crisis coupled with the politics. The defaulted loans for the initial loans disbursed in 2014 were due to poor loan vetting processes and appraisal, lack of training for the vetting committee and beneficiaries, poor record keeping making identification of loan defaulters very difficult, and closure of businesses due to the Covid pandemic as well as closure of the largest mill within the County. The department however, highlighted that it is working hard to recover the loans through constant follow up of defaulters.

OBSERVATIONS AND RECOMMENDATIONS

Following the consideration of the report from the department of Trade Energy and Industrialization and further interrogation, the committee observed as follows;

OBSERVATIONS

1. The approved Regulations gives 5% as the administrative cost for the loan which is not sufficient to enable the fund carry out vetting, issuance of loans and training of beneficiaries.
2. The Bungoma County Trade Loan Development fund has suffered high loan default since its inception.

RECOMMENDATIONS

1. **THAT**, the department should be setting aside money in its Committee's Boards and Conferences votes to utilize it in training of beneficiaries and facilitate its officers undertaking the vetting exercise so as not to exceed 3% on the fund vote.
2. **THAT**, the department should fast track loan recoveries from the loan beneficiaries submit a status report to the committee within 30 days from the adoption of this report.

There is an adoption schedule duly signed by all the 15 members of the committee and we have the annexed...

Mr. Speaker: What you are saying is contrary to what the record is indicating. Just say it was adopted.

Hon. Bernard Kikechi: Thank you. Mr. Speaker.

Mr. Speaker: Because if you go that direction and the record we are having is saying something else is not good.

Hon. Bernard Kikechi: Well noted. Unless Hon. Speaker, you want me to flag out people who have not signed on the HANSARD.

Mr. Speaker: It is well noted.

Hon. Bernard Kikechi: The report has been adopted by the membership and we have the annexures. And I see members of my committee are here and I call upon the Honorable Member...

Mr. Speaker: Hon. Kikechi, avoid that line. Just go where you want to. Don't say member of the committee...

(Laughter)

...because that direction is also very dangerous. You will be exposing yourself.

Hon. Bernard Kikechi: Well guided, I call upon the MCA for Khalaba Ward, Hon. Cornelius Makhanu to second the report.

Mr. Speaker: Hon. Makhanu, you have the honour to second its report. Proceed.

Hon Cornelius Makhanu: Thank you, Hon. Speaker. I take this opportunity to thank my able chair for moving the report. From the report, since the inception of this fund the year 2014-2015, we started very well with an allocation of 100 million but the other years it has considerably been reduced to a figure of 10 million for the year 2023/2024.

Since the allocation has been reduced, today even traders who have been applying for these loans, a trader applies for like 100,000 is being given like 10 million, which is not even helping our traders... I mean, yes, 10,000. They get 10,000, others are even receiving 5,000.

When you have budgeted maybe to stock your wares, a budget of 100,000, you are getting 50,000 or 10,000, which is not even helping our traders. The defaults have come because of the hard economic times as you know everywhere people are struggling. We have tried to collect from the previous loan beneficiaries but it has been difficult and I guess this is why the allocation has been twinkling. But I urge this House that we try to allocate enough money so that our traders get fair loans so that they can do businesses. From our recommendation, even the trainers the allocation is not enough. We have not been able to train our people because of the budgeting.

So going forward, we urge that we increase the allocation so that our traders can benefit. Otherwise, I second the report.

Mr. Speaker: Thank you, Hon. Cornelius. Hon. Members, allow me to proceed and be able to propose a motion for debate.

(Question proposed)

Hon. Leader of Majority

Hon. Joseph Nyongesa: Thank you, Speaker. First, allow me to appreciate the mover and seconder of the report. I was amused when the seconder was saying that actually they have tried to look for these members who took the trade loans but they have not found them. So I was wondering are they doing the work of the executive or they are doing the work of oversight as the assembly? So I think the chair could also tell us if the committee is the one following up the issue of these loans that were taken or is the executive to follow.

I just want to make a comment on this and maybe if possible we will look into it critically because as they observed that since inception of this trade loan, repayment is a problem and we have been budgeting for this trade loan and as you know it is a revolving fund. A revolving fund needs people to take these loans then repay back for others also to benefit but since inception the repayment is too low. How I wish that the committee could prefer this so that at least we make a hard decision on it and say instead of maybe giving our people money which they are not ready to use, we better now reallocate and put on other programs that will benefit our people more than this one, because this one is meant for maybe small traders but if we are saying that we should increase the percentage to 5% so that maybe these small traders be trained, you know there are already existing traders and they are doing their own business. This one is just a boost so that we increase by 5% to ensure that at least we train them then we shall be making them lazier instead of maybe ensuring that they repay what they have taken. Otherwise, I do support the report.

Mr. Speaker: Hon. Ken Wanyama!

Hon. Ken Wanyama: Thank you, Mr. Speaker. I want to contribute to the motion by the Trade, Energy and Industrialization Committee on the Bungoma County Trade Development

Loan Fund Quarterly Report and Financial Statements for the period ended 30th June 2024. Like the Majority Leader has correctly said, trade loan is supposed to be a revolving fund.

One of the observations that the committee has made is that we have high default rates and this is true and I want to make my contribution generally on the funds that we have in Bungoma County. I happen to be a member of the Gender Committee where we also have two funds and my concern is that it seems the people who are mandated to operate and manage these funds don't seem to be serious at all and that is why the default rate is too high. So I just want to urge this House through the respective committees that we need to crack the whip and specifically on this as a chairman of the Trade Committee comes to respond.

Last year in one of our reports, our recommendation was very clear that we need a validation of the trade loan fund so that we can know how much is payable, how much is not payable because in accounting, number one we need to make bad debts provision for amounts that are not collectible. In our financials, no provision for bad debts has been made yet the default rates are so high. So we need to clean up these books, the executive needs to clean up these books and so let the chairman comment on how far the process of validation is so that then we can be able to clean up these funds.

Mr. Speaker: Thank you. Hon. Ali Machani.

Hon. Ali Machani: Thank you, Hon. Speaker. First of all, I want to thank the mover of this report. I have been following the report but the sweeter part is where it has really pointed out who qualifies to this facility and the composition of the members.

This idea was conceived in the First Assembly and this idea was all about empowering our small traders but within no time it changed. Our people thought that it was a reward after elections that when members agitate for their members of the society to pick the product, they thought they are being rewarded and I think that's what demoralized the whole idea.

When someone comes from Maraka ward and maybe he supported me when I advise that now with your business, there's this facility if you apply you can be assisted to improve your business, some of them fail to understand.

Our people have not taken it seriously. You go to the area known as Mount Kenya, if a person is given 10,000 or 20,000 tomorrow or after a month you will see him having 50,000 on her account.

The problem first is the message we give them on how they can acquire this facility. How it is supposed to be revolving so that others can benefit. I have seen this even in agriculture and the members will advise on this that even our members of this community will prepare their piece of land and they know that there's something known as free fertiliser but how I wish that if our community through leaders of this House, if we can go back to our people and advise on the County Trade Loan. From the time we started, we could not be having defaulters. Additionally, this society in Bungoma or our people would have changed their

lives but I have seen majority of them even my area those that have accessed this facility, some of them even during campaign, they will de-campaign you because they think that when you go home they will not refund the money.

So, let us first go back to our people and sensitize them that if we want this loan facility to be more productive, one, don't change the idea of business that when you get money you switch over to something else. Two, when you get the money kindly refund the money so that others also can benefit or you can also benefit and lastly, as the majority has said, if we were unable to work out on 100 million now if given also these 10,000,000 if we are still having the same attitude; are we going to improve or we are going to kill it. As much as we are giving this report on the floor but much of it we are supposed to play a role because the composition of the members of the committee majorly comes from the community; we have the Ward Administrator, the Funds Manager from the county and the five come from the community. Now, those five if they are not very keen also trickling the same information on repayment of the loans to the community down there, and then we have a problem. But I'm happy that the report is timely and now that we are still waiting for some more money to be released and also delaying in releasing money can also play a role in it because if this is a small scale business person in the villages, he/she has applied for 20, 000 or 30, 000 and you give 10, 000 or 5 000 then you delay in two months the intended reason why he/she wanted the money to improve the business it has disappeared. So, when you give the money late, I think also the repayment becomes a problem. Otherwise, I want to support the report.

Mr. Speaker: Hon. Kawa, I am just seeing you standing. Use the dispatch but be bringing the ATM and other cards for safekeeping. Proceed!

Hon. Jack Kawa: Thank very much Hon. Speaker for giving me this opportunity. Allow me appreciate the chair, the seconder and the committee at large. Mine will be very brief and I want to echo what Hon. Leader of Majority has just said, that as the County Government if we see darkness in front of us, then we must also be very quick and fast to change our way of operation like what happened to bursary. You have seen the results and what I want to urge the members of the Trade committee that if we can get the amount in every ward that the ward is having then we can know the way to operate because if things are not working very well then as a ward, I can sit with the members of the committee or the person managing the fund we change.

I can even construct a boda boda shade or I can drill water on that very market or I can construct a toilet like what honourable leader has said so that we want things to operate or move in a smooth way because how will I follow up pushing one another to pay for the fund that he took or she took and the business has collapsed, she closed up and left then how will I follow that trader. So I want to urge Hon. Members of the committee that let them invite the members who are managing the fund and let them give us status of every ward in this County. I just want to know, how many people took the fund, how many defaulted? Thereafter, we will see the way. Otherwise, I want to echo what Leader of Majority has said, we can change it as early as yesterday.

Mr. Speaker: Thank you, Hon. Kawa. Allow me call the mover of the motion to respond on those critical issues. Proceed!

Hon. Bernard Kikechi: Thank you, Hon. Speaker. First of all, I take this opportunity to appreciate all the members who have made candid observations on this report. There are some issues which I have noted from the observations from the members especially from our Leader of Majority Hon. Nyongesa Juma. Indeed, the role of the committee on this issue of Trade Loans is strictly oversight. To make it simpler, our work we zero in on this issue of the trade loans majorly is just to make sure that the disbursed amount has reached the intended beneficiaries. We confirm that on the ground the people who are selected by the department are the beneficiaries; they have actually received their money and they have put it in their proposed businesses. Our work is majorly oversight and on the issue of the five per cent proposed increase, I would like to assure our Majority Leader that as a committee, we have well noted your observations and we will duly look into it.

I also like to appreciate my fellow CPA here Hon. Ken. It is true that the trade loan is a revolving fund and I agree that the level of supervision and enforcement especially during the first dispatch was not strong enough and that's why we had a lot of defaults and he had enquired on the issue of the validation and I would like to respond that it is a process which is on-going, it is being conducted by the department and in our last engagement with the department they assured the committee that the process is 90 per cent complete, so we are just waiting so that it be finalized, they will present it to the committee and the Honourable members will be duly informed.

Thank you my senior commissioner Hon. Ali Machani. It is true the initial loan disbursed lacked serious civic education in that the beneficiaries thought that they were being rewarded for voting in their respective leaders. However, as a committee, we were informed by the department that through the on-going validation exercise, we will be able to get the true status of all the defaulters, all those who are repaying and they have not finished so that with the accompanying recommendations, so that as a committee, we can act upon.

Otherwise, I say thank you so much Hon. Jack Kawa, your candid observations have been well noted and as a committee, I can assure that we will look into your concerns.

Thank you Hon. Speaker, mine is just to say that this Trade Loan has had a lot of challenges since inception and I request the members of this House who are present here that we pass this report because the recommendations that we have put in will surely go a long way in reshaping and making this trade loan be run smoothly and be a success. So, I urge the House to approve this report so that we can move on smoothly.

Mr. Speaker: Thank you, Hon. Kikechi for your reply to the motion. Allow me Honourable members be able to proceed and put a question to the said motion to allow the Honourable members be able to make their decision over the same.

(Question put and agreed to)

The ayes have it!

(Applause)

Plus its observations and recommendations are hereby adopted by the House accordingly. We go to the next item on our Order Paper!

**REPORT BY THE SECTORAL COMMITTEE ON EDUCATION AND
VOCATIONAL TRAINING ON THE BURSARY AND SCHOLARSHIP FINANCIAL
STATEMENTS AS AT 30TH JUNE, 2024**

Mr. Speaker: Chair!

Hon. Benjamin Otsiula: Thank you, Hon. Speaker. On behalf of the Committee on Education and Vocational Training, I wish to move a motion on the report on the Bursary and Scholarship Financial Statements as at 30th June, 2024.

CHAPTER ONE

It is my pleasure and duty to present the Bungoma County Government Scholarship and Bursary Report and Financial Statements as at 30th June 2024 in respect to the department of Education and Vocational Training. This document was tabled in the County Assembly of Bungoma on 5th September 2024 and committed to the sectorial committee for the interrogation, input and recommendation through a report to this Honourable House.

If you allow me, I'll skip the mandate of the committee

Mr. Speaker: Allowed

Hon. Benjamin Otsiula: Thank you.

Committee Membership

The Committee on Education and Vocational Training as currently constituted comprises the following members;

Hon. Benjamin Otsiula	Chairperson
Hon. Stephen Kaiser	Vice Chairperson
Hon. Christine Mukhongo	Member
Hon. Vitalis Wangila	Member
Hon. Charles Nangulu	Member
Hon. Aggrey Mulongo	Member
Hon. Hentry Nyongesa	Member
Hon. Joan Kirong'	Member

Hon. Johnston Ipara	Member
Hon. Jacob Psero	Member
Hon. Timothy Chikati	Member
Hon. Abraham Obama	Member
Hon. Ali Machani	Member
Hon. Jack Kawa	Member
Hon. Frankline Simotwo	Member

Acknowledgement

I take this opportunity to thank the officers of the Hon. Speaker and Clerk of the County Assembly of Bungoma for the support received as it discharged its mandate. I also appreciate committee members for dedicating their time to examine the Bungoma County Government Scholarship and Bursary Report and Financial Statements of the Education and Vocational Training Department as at 30th June 2024. Further, I would also like to appreciate the members of staff who worked with us for their commitment in coming up with the report.

It is therefore my pleasant duty and privilege on behalf of the committee on Education and Vocational Training, to table this report and recommend it to the house for consideration and adoption.

The report is duly signed by the Chair, Honourable Benjamin Otsiula, MCA Khasoko Ward Chairperson Sectoral Committee on Education and Vocational Training.

Hon. Speaker, I need your guidance concerning chapter two.

Mr. Speaker: Give us the introduction part of chapter 2.1 then you give us 2.3 onwards.

Hon. Benjamin Otsiula: Thank you, Hon. Speaker.

Guiding Principles and Legal Parameters in the Examination of the Bungoma County Education Support Scheme Reports and Financial Statements

Introduction

The Scholarship and Bursary Report and Financial Statements as at 30th June 2024 was tabled on 5th September 2024 and committed to the sectorial committee for interrogation and recommendation to the House.

Education importance to a society needs not to be overemphasized for its benefits are immense. In a summarized way, it helps people to become better citizens, know between good and bad. It shows us the importance of hard work and at the same time help us to grow and develop a society to live in knowing and respecting rights laws and regulations .

While progress has been made in our country and county, such new universal provisions of basic free education user costs remain a significant barrier to education access. These costs often directly affect lower income families and learners feeding a cycle of disadvantaged and inequitable access to quality education.

The County Government formally established the County Scholarship and Bursary support program in 2018 with the objective being to assist bright and needy students who have been enrolled in National and Extra County Schools

Committees for Scholarship and bursary program

The following are key committees in bursary and scholarship schemes operations.

a) The County Education Support Scheme Committee

It comprises of 9 members amongst them is the chief officer-education-who is the chairperson, officer from education department who is to be the secretary, chief officer-Finance or representative, two persons appointed by CECM-Education after recommendations from the county education board, two persons appointed by CECM-Education from the community who are knowledgeable in matters education and other two persons appointed by the CECM-Education to represent special groups.

The key functions amongst others; Ensure that money held in the scheme is spent as per the purpose for which the scheme is established, receive gifts donations, grants or endowments made to the scheme, prepare financial statements and submit to the Auditor general, vet approve and endorse recommendations from ward committees amongst other functions.

b) Ward bursary and scholarship committees-The committee consists of 5 members as follows: The ward administrator who is the secretary of the committee; two members representing special interest groups from among youth, persons with disabilities and marginalized communities within the ward; two persons from the community who are knowledgeable on education matters. The chairperson is elected by members during the first sitting-

The key functions are to: Receive bursary application forms, Vet bursary applicants using established criteria, and identify the beneficiaries within the ward using the guidelines provided

c) County scholarship committees-Is nominated by the CECM In charge of education after consultation with various stakeholders. The Committee is comprised of 9 members representing various interests groups such as religious groups, persons living with Disabilities. The chairperson is the while the Committee is to approve the vetted list forwarded from the ward bursary and scholarship committees. The committees may also organize visitations to ascertain the neediness of the scholarship.

Process of identifying the students

Students are invited to apply at ward level. The prospective applicants were required to be:

1. Disciplined according to the latest school or college report
2. Be admitted, continuing or student with an offer letter for admission to special school secondary school, vocational training Centre, tertiary institution or recognized university in Kenya
3. Needy and vulnerable bright students
4. Resident of the ward they were applying from

Applicants are then vetted at the ward level by ward bursary and scholarship committees who forward their recommendations to the County Scholarship Committee. The county scholarship committee undertakes home visitation to ascertain the suitability of the students for scholarship.

Board of Trustees / Fund Administration Committee,

As at 30th June, 2024, the following were the members of Board of Trustee and Management.

1. Chairperson-Nicholas T. T. Kiboi
2. Fund Administrator/Secretary-Selina Nyongesa
3. Member –Moris Kiboi
4. Member – Fred Kikete
5. Member –Bukhuni Makhanu
6. Member –Wambiya Katoyi
7. Member –Godfrey Watulo
8. Member – Bishop Lirhu Wafula

Management Team;

- i. Dr. David Wamamili-CECM.
- ii. Nicholas T. T. Kiboi -Chairperson.
- iii. Selina Nyongesa - Fund Administrator.
- iv. Julius Wafula - Fund Accountant
- v. Eunice Imbweya – Director
- vi. Gilbert Cheshari - Finance Officer
- vii. Wycliffe Matumbai - Economist

Fund Allocation versus Releases since Inception

Since its inception in 2018, the fund has received a cumulative allocation of Kshs. 1,935,700,000 while a total of Kshs. 1,649,000,000 has been released to date. The table below gives the breakdown per financial year;

Financial yrs.	Allocations	Releases
FY 2018/2019	190,000,000	190,000,000
FY 2019/2020	240,000,000	170,000,000

FY 2020/2021	110,000,000	110,000,000
FY 2021/2022	550,000,000	550,000,000
FY 2022/2023	524,000,000	524,000,000
FY 2023/2024	321,700,000	105,000,000
Total	1,935,700,000	1,649,000,000

SCRUTINY OF EXPENDITURE FINANCIAL YEAR 2023/2024

The County Education Support Scheme Fund had an approved budget of Kshs. 321,700,000 as per the approved 2nd supplementary budget. The report submits an actual expenditure of Kshs. 167,941,910 representing a 52.2% absorption rate. On this, the Department submission was that only Kshs. 90,000,000 million was received by close of financial year while Kshs. 216,700,000 was remitted in August of this financial year, leaving a deficit of Kshs. 15,000,000. The Committee took note of these discrepancies in reporting and notes that absorption was therefore 28% and not 52.2% as projected.

The number of beneficiaries for scholarship was 647 while 45,000 learners benefited from the Bursary Fund.

The Fund is listed to have an expenditure of Kshs. 100,034,430 broken down as follows;

Description	Amount
General Expenses	40,000
Committee allowances	1,380,000
Printing and stationary	107,000
Bank charges	196,085
Education Support Scheme Fund (Scholarship and bursary)	94,830,770
Scholarship launch	2,312,875
Fuel consumption	68,900
Senate interrogation at KICC	540,800
Report writing on financial and non-financial	558,000
Total	100,034,430

Based on the submissions from the above table, the operating expenses amounted to Kshs. 5,203,660 which translates to 5.2% of the Total expenditure. This is above the 3% threshold as required by the Regulations.

Hon. Speaker,

It was established, that the Current receivables for the fund stood at Kshs.224, 415,800 which includes Kshs. 7,715,800 as loan repayment due and Kshs. 216,700,000 as transfers from Treasury which was received in August of this financial year.

The fund had an opening balance of Kshs. 138,327,309 brought forward on July 1st 2023 held in KCB account number 1182244041. There is also a declaration of Kshs. 4,969,621 as bank balances relating to the fund. The two accounts had Kshs. 1,282,196 at KCB and Kshs.

3,687,425 at CBK. This contradicted the disclosure during the 4th Quarter Financial statement that put the bank balance at KCB as Kshs. 243,234,110

OBSERVATIONS AND RECOMMENDATIONS

COMMITTEE OBSERVATIONS

1. The committee made the following observations;
2. There were a lot of discrepancies between the disclosures on the funds financial statement and the Fourth Quarter Consolidated Financial Statement. For instance the consolidated financial statement puts the expenditure on the fund at Kshs. 90,000,000 while the funds Statement put this at Kshs. 167,941,910. Additionally, the figures of expenditures tabled by the Department appears to be different from those figures submitted by Treasury in the Consolidated Financial statement pointing to erroneous entry by the Reporting Unit at Treasury or submission of different figures to Treasury and County Assembly by the Department
3. In the financial year 2022/23, the Department did not utilize all the allocated funds to the tune of Kshs. 138,327,309. These funds were utilized during the 1st Quarter of 2023/24.
4. In the financial year 2023/24, the Education support scheme fund had a total allocation of Kshs. 321,700,000 where Bursary Fund had Kshs. 140,000,000 and Scholarship Fund Kshs. 180,000,000 while Kshs. 1,700,000 was allocated under Ward Based Project.
5. The amount not transferred from National Treasury stood at Kshs. 216,700,000 by the close of the financial year without clear explanation.

RECOMMENDATIONS

The Committee made the following recommendations;

1. **THAT**, the Department should liaise with the treasury to prevent discrepancies between the figures in the financial statements and the approved budget.
2. **THAT**, all funds should be utilized within the financial year.
3. **THAT**, adequate allocation should be given to scholarship fund to cater for the number of beneficiaries provided.
4. **THAT**, the Department should be making timely requisition to Treasury so that funds do not remain unutilized at the end of a given Financial Year.

The adoption schedule is duly signed and executed by members of the committee. We also have annexures; the minutes of adoption and the report on financial statements for the period ended 30th June, 2024 from the department for Bungoma County Education Support Scheme. Hon. Speaker, at this point allow me call the Hon. Aggrey Mulongo, member for Kibingei to second.

Hon. Aggrey Mulongo: Thank you, Mr. Speaker Sir for giving me this time to second the motion. The department has really tried to come up with some figures that are not consistent.

Mr. Speaker, we need to adopt this report the way it is because with that inconsistency and the budgeting of the department, we should at least show them that they need to have proper time to put everything in this budget and utilize it accordingly. According to our recommendation, we've mentioned that they should at least give the treasury the budget that they are supposed to utilize.

With the scholarship issue, according to us, the report took time and this is an issue that was before the developments now, at the moment the department should now focus on relevant issues relating to the devolved functions.

I support the report Mr. Speaker.

Mr. Speaker: Thank you Hon. Aggrey for seconding the report of the committee, Hon. Members, allow me propose a motion for debate.

(Motion proposed)

Yes Leader of Majority then I will have Hon. Makari

Hon. Joseph Juma: Thank you, Hon. Speaker. Let me also thank the mover who is the chairperson of this committee Hon. Benjamin Otsiula and the seconder who is Hon. Aggrey Mulongo, although I didn't get him so clearly on some issues but Mr. Speaker, he seconded.

As we deliberate on this scholarship and bursary issue, it is unfortunate that now it's not within our mandate but it is really painful that after this Assembly approving the fund, my government was not ready to implement it and more so even the department was not willing to spend it. The fund was meant for the needy and when it was forcefully implemented, we had some balances on the account of the department. The department had only paid around KShs.10, 000 per student. It was quite unfair though the fund was scrapped off as per the law but again we are also looking at the willingness from the executor who is the executive. They were not willing.

As we pass this report, I don't know the fate of those schools and those students. As a County, we should come up clearly with what will be the way forward on this now that most of the students were in schools, they spend what they spend but now funds are not there. As we move forward, I do urge and request this House that as we focus on our mandate, those are the ECDs and VTCs, let's ensure that we make a good impact and change in this VTCs and ECDEs to show that as a County, we are focused to change. Thank you Mr. Speaker, I support.

Hon. George Makari: Thank you, Hon. Speaker. Allow me support the motion as moved ably by Hon. Otsiula and seconded not so very well by Hon. Aggrey, the weak link in the committee.

Mr. Speaker: Hon. Makari, sometimes understand this issue of age.

(Laughter)

Hon. George Makari: Thank you, Hon. Speaker. First of all, let me support what the Hon. Leader of Majority has just contributed. It is a nice report. In fact it's better than what Public Administration gave us yesterday. You see, the Education Committee observed the things that are very pertinent in the report.

Yesterday when you looked at what my friend Hon. Simotwo seconded even the use of KShs. 7million that was not budgeted was not observed but the Education Committee has observed very key issues. As I support the report, operating expenditure which is capped at KShs.3Million in the Act, at three percent they used KShs.5.2Million that's translating to five percent. That is breaking the law with impunity.

Then on page 13, you observe that money came but there was a loan of KShs7 million. Here the committee did not explain properly because I don't know where the department accessed a loan of KShs.7million and now, when money came there was a repayment of KShs.7 Million. Maybe my chair Hon. Otsiula when he's responding he can tell us where and how the department went and borrowed KShs7 million for what and from where.

Above everything else, and this has been a very consistent item in our reports, discrepancies in reports. These departments have accountants in their departments. I don't know if these people are not learned or they are learned because there is a time even us in Finance we have tabled here a report, you find that whatever they disclosed in the first and second Quarter is not in the final year report and it is supposed, Hon Speaker, to be consistent up to the end of the year. So you look at the discrepancies in education in the circulations on the fund's financial statements, I do not know who will cure this problem in our County. And I'm sorry because the Liaison Officer nowadays, I don't know if you sacked him or not. I never see him in this Assembly. He never comes. He could be reporting such nonsense from the Executive.

You see, quarterly reports and even final year reports must be consistent. Whatever was disclosed, if there was expenditure in the first quarter, the same should be reported in the second quarter. Consistently up to the last quarter, now giving us a full disclosure of what happened during the quarters, but here, a lot of discrepancies. I want to implore upon the committees that let us be very keen on this discrepancies in our committees, so that they have to come and explain. We should not even table a report until they can be able to explain why there are discrepancies in their reports.

Lastly, what I am aware of is that not all scholarship monies were utilized. I don't know if the chair is aware. I don't know that was 2023/2024 or 2024/2025? There was money that had

remained around Ksh80 million. And you find that some of our students even left school with the balances, and they won scholarship with the balances over Kshs 200,000. No monies were paid for them. I want to ask the committee, kindly go back and now try to look at the monies that remained. Even if the fund has been banned by the Controller of Budget, this money that remained, what are they going to do with it, because the money had already come from the Exchequer? It was in Bungoma and not in Nairobi. So what is going to happen with those balances?

Mr. Speaker: Yes, you are just walking. What is the message? It is okay. Now you need to teach me the sign language, so that I understand you.

Hon. Francis Chemion: Thank you, my learned friend, Hon. Speaker.

Mr. Speaker: Hon. Chemion, Proceed.

Hon. Francis Chemion: Hon. Speaker, I have learned today that it is the only reservation for lawyers. Yes, that is what I have learned. Hon Speaker, there are two things I want to talk about in this report.

One, this report has not given timelines on how to act. You have just given recommendations. What are the timelines for the department to respond to all these recommendations? You should have put something and the seconder of the motion is the Chair of Implementation and is a member of this committee. And all the time, the seconder has been saying that committees bring flat reports, flat recommendations. So I thought being a member of this committee should have assisted the Chair to give timelines for the actualization or implementation of those very good recommendations. Because indeed they have good recommendations but they lack timelines.

Secondly, may be that this fund is going to be wind up. What will happen with all this that is hanging? With all the recommendations, what will happen? Should we leave like that, or we do more? So I would recommend that the committee doesn't stop from where they have reached. They should go back and now dig more, get more information, ensure that the department avails all the necessary documentation so that you can now report back again.

We have another report over the same because it is going to be wound up, and anything that is going to be wound, we need to get proper winding information.

Mr. Speaker: Thank you, Hon. Chemion. Hon. Otsiula. Don't respond to the first statement made by Hon. Chemion, just proceed. Leave it out. I will handle him when we will be out there. Proceed.

Hon. Benjamin Otsiula: Thank you, Hon. Speaker. First, I wish to appreciate all the members who have contributed to this motion and the concerns they have raised, because they meant for the well-being of the Department of Education and our County at large.

I also agree with the Majority Leader concerning the fund. The manner in which the fund was being administered was wanting. And I think it is clear from the report that funds provided were not being used or utilized.

The report clearly states that at the end of every financial year, either we experience shortages, either money was not provided on time, or the money that was on the accounts was not being utilized within the required period of time. It is true as the Majority Leader puts, that now our students on this funding of the education might be in jeopardy. However, with the restrictions now emanating from the COB, it requires a lot of keen observation and also maybe the outcome that will come out of the case that is pending in court that might in turn reshape the issue of this bursary and scholarship regulations currently that we are having.

Therefore, I agree that as a committee we are going to take a keen consideration on that particular issue so that we see how we can address it going forward. To respond on the issue of Hon. George Makari, he alluded to the regulations and wondered how the department spent way beyond the 3 per cent stipulated threshold on the operating expenses. It is a concern that we also raised but we realized that the department was not having very clear answers on why they went way beyond the required threshold of 3%. It points a picture of a department which was not being run professionally, thus there was this excess of which the department was also not very clear on how the money was being expended.

On the issue of loan, a loan of Kshs 7,715,800 as alluded to by Hon. Makari requiring an explanation. During the interrogation, this committee requested for documents in proof of this particular loan.

It was very difficult and members were very sceptical on this particular one. We requested these documents to be availed before this report was compiled. As far as the documents indicated that there was this loan repayment, there was no substantive document and evidence to back up the fears of the committee. Therefore, I also agree with Hon. Makari that this particular figure raised eyebrows.

To respond to what Hon. Chemion has said, as far as the recommendations are concerned, I know maybe he wanted the recommendations to come out in a stern manner, but looking at the nature of the recommendations, for example, you are saying that all funds should be utilized within the financial year. I don't think there is any need to peg timelines on that kind of a recommendation. We are saying funds should be utilized within the whole year. And we are saying the department should liaise with the Treasury to prevent discrepancies. That means, again, we do not require timelines on that kind of recommendation.

We are also saying that adequate allocations should be given to the scholarship fund to cater for the number of all beneficiaries provided. So I think according to the way the recommendations are pegged, we would not have been giving maybe 30-day period requirement for the department to comply. It was a little bit difficult, and that maybe explains why my senior brother, Hon. Chemion, is worried that the compliance could be an issue.

But if you look at the report and observations, that was the best way that the Committee would have framed the recommendations. Otherwise, I thank all the members and the Committee for their deliberations, and I call upon them to support the report.

Mr. Speaker: Thank you, Hon Otsiula. Hon. Members, allow me proceed and be able to put a question to the motion beforehand as moved and seconded by Hon. Otsiula and Hon. Mulongo respectively.

(Question put and agreed to)

The Committee's report, observations and recommendations are hereby adopted accordingly by this House.

ADJOURNMENT

Mr. Speaker: Hon. Members that was the last item on our Order Paper. We will adjourn our sitting now and resume today at 2:30 p.m. We will adjourn accordingly.

The House rose at 10:52 a.m.