

COUNTY GOVERNMENT OF KISUMU



COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – FIRST SESSION

Wednesday 23rd November, 2022

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

(The Temporary Speaker (Hon. Seth Okumu) in the Chair)

PRAYER

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Madam Clerk, take us through the Order Paper of today.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Next order!!

STATEMENTS

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Yes, Hon. Boitone Ratib.

Hon. Boitone (MCA, Nyalenda “A” Ward): Thank you Mr. Speaker. Pursuant to the provisions of the Kisumu County Assembly Standing Orders No. 41 (2) (b), I wish to seek a Statement from the Chairperson, ECDE, Adult Education and Vocational Training Committee regarding bursaries and scholarships.

Aware that, forms 2, 3 and 4 are poised to resume in January and that the Ministry of Education had also announced that the 2022 KCPE candidates are tentatively expected to report to their respective secondary schools in 30th January, 2022. Among these students some of whose parents are not able to provide school fees to see them through if not accorded support in terms of Bursaries and Scholarships.

Hon. Speaker, it is in this regard that I seek for the Chairperson, ECDE, Adult Education and Vocational Training Committee to look into and report on;

1. How prepared the department is in terms of issuance of bursaries and/or scholarships for students for the year 2023.
2. Measures the department has put in place to cushion parents from an impending hardship situation. Thank you Mr. Speaker.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Thank you Honourable Member. I have your Statement here with me and I want to commit it to Committee on ECD and Vocational Training. I direct that they give a Report by Thursday next week. Thank you.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): What is it Hon Jagongo?

Hon Jagongo (North West); Thank you Mr. Speaker, Sir. There was a Statement sought by Hon Nyaoke a month ago. The Statement was in two parts. I had responded to part one two weeks ago and I now want to respond to the second part.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Under which Standing Order are you seeking to reply to the Statement?

Hon Jagongo (North West): Statement time Mr. Speaker.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Honourable Member, I am asking you again, under which Standing Order. As a Chair, I believe that you have to wait until tomorrow to provide responses to Statements raised. It seems you are very ready today. As the Chair, you should be giving your responses on Thursdays. I will however allow you to proceed.

Hon Jagongo (MCA, North West Kisumu Ward): Thank you. The Statement about plans the County Health has put to ensure Public Health Safety in Education and Vocational Training Centres. My response is that the County Department of Health and Public Health Officers In charge of schools who do regular inspections and school supervisions; they issue reports usually handed over to school heads and Department of Education for corrective measures in terms of emergency preparedness. The role of the department is largely advisory with the relevant department that register the schools.

With your permission Mr. Speaker, there was also a Statement raised by Hon Obonyo concerning the generator at Chulaimbo. The reply is that budget allocation was received to transfer the generator from KCH at Chulaimbo. Unfortunately, no contractor was willing to take the job likely due to the fear for the election period and non-payment for contractors resulting from pending bills. Contractors declined to take up the job and so it was not done in time. However, there are plans that it will be done in this financial year.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Thank you Honourable Member. It is interesting that as you are giving response to a Statement, the member who sought the Statement is not present. I would have given him/her the opportunity to say if he is satisfied with the response. I will open it up for members.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): What is it Hon Kanga.

The Chief Whip (Hon Kanga, Market/Milimani Ward): On a point of order. Mr. Speaker, it is pathetic that a member seeks a Statement then the Chair of the Committee goes further to seek for response from the relevant department. He even convenes a committee meeting. Then, when the time comes for the member to listen to the response by the Chair, Hon Jagongo, the member is absent thus unable to interrogate further as the case of Hon Nyaoke and Hon Obonyo.

Mr. Speaker, as the Whip of this House, I urge that Members take their work seriously so that when they seek Statements and responses are given, they are there to interrogate it further rather than making the work of the Committee Chair seem to have gone to waste. Mr. Speaker, it would be proper if the Member would be present because the Chairs of the committees are doing their work but the Members who sought the statements aren't there, thank you Mr. Speaker.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Thank you so much the Chief Whip, Hon. Seth Kanga. I am being informed that Hon. Tom Nyaoke has just walked in the House. Hon. Member you sought a Statement from the Committee on Health Housing and Sanitation and a statement of reply has just been given by Chairperson of the House Committee and we were wondering whether you were around so that we could ask you if you are satisfied with the response. However, you were even absent when the Statement was being replied to and so it would be interesting. So, find time and get the reply from the Chairperson of the Committee on Health. There is also a soft copy on the page, which I believe you have read.

Hon. Nyaoke (MCA, North Nyakach Ward): A point of Order Mr. Speaker!!

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): What is your Point of Order?

Hon. Nyaoke (MCA, North Nyakach Ward): Under a relevant Standing Order, is it possible for the Chair to come back to that again?

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): No, Order! Hon. Member, resume your seat.

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

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Honorable Members, the House cannot stop because you are late. We cannot go back to Statements that have been replied

to just because you are late, and on that note, I will believe the reply that was given will suffice what you asked for.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Now I want to request that we move to the next Order.

MOTION

ADOPTION OF THE REPORT ON THE CONSIDERATION OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF JARAMOGI OGINGA ODINGA TEACHING AND REFERRAL HOSPITAL (JOOTRH) FOR THE YEAR ENDED 30TH JUNE 2022.

BY

HON. VINCENT JAGONGO, MCA, NORTH WEST KISUMU WARD.

(CHAIRPERSON)

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Yes, Hon. Vincent Jagongo

Hon. Jagongo (MCA, North West Kisumu Ward): Mr. Speaker and Hon. Members. Mr. Speaker and Hon Members. Annual reporting is a regulatory requirement for public companies and institutions enshrined in the Constitution of Kenya, 2010 and the Public Finance and Management Act, 2012 the intent being provision of public disclosure of a company or an institution's operating and financial activities over the past year. In this case, the report is typically submitted to the County Assembly to evaluate the Hospital's financial performance.

Pursuant to Article 226(2) of the Constitution of Kenya, 2010 "The Accounting Officer of a National Public Entity is Accountable to the National Assembly for its Financial Management, and the Accounting Officer of a County Public Entity is accountable to the County Assembly for its Financial Management".

The County Assembly of Kisumu received the annual report and financial statements of JOOTRH for the year ended 30th June, 2022 which was tabled before this House in its sitting of Wednesday 19th November, 2022 at 2:30 p.m. and was thereafter committed to the Health, Housing and Sanitation Committee for consideration.

Committee mandate

Mr. Speaker and Hon Members, the Health, Housing and Sanitation Committee as prescribed in the County Assembly Standing Orders Number 193(second schedule), is mandated to oversight on:

All matters relating to County health services, including, in particular County health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of

undertakings that sell food to the public, cemeteries, funeral parlours and crematoria and refuse removal, dumps and solid waste disposal; housing; and sanitation.

Committee **Membership**

The following are the members of the Committee as constituted pursuant to the Selection Committee report that was adopted by this House;

Members;

- | | | |
|--------------------------|---|------------------|
| 1. Hon Vincent Jagongo | - | Chairperson |
| 2. Hon Emily Oginga | - | Vice Chairperson |
| 3. Hon Seth Okumu | - | Member |
| 4. Hon Jennipher Obonyo | - | Member |
| 5. Hon Nereah Okombo | - | Member |
| 6. Hon Seth Kanga | - | Member |
| 7. Hon Carren Ajwang' | - | Member |
| 8. Hon Joachim Oketch | - | Member |
| 9. Hon Kennedy Ooko | - | Member |
| 10. Hon Kennedy Ouko | - | Member |
| 11. Hon Mickey Ochieng' | - | Member |
| 12. Hon Pamela Oyoo | - | Member |
| 13. Hon Lumumba Owade | - | Member |
| 14. Hon Geoffrey Warindo | - | Member |
| 15. Hon Moses Ochele | - | Member |

Secretariat;

- | | | |
|--------------------------|---|------------------|
| 1. Obonyo Angelyne (Ms.) | - | Clerk Assistant |
| 2. Valery Achieng' (Ms.) | - | Hansard reporter |
| 3. Mr. Abraham Odegi | - | Sergeant-at-arm |

Committee **Proceedings**

Mr. Speaker and Hon Members, while considering the report, the Committee held a total of five (5) sittings including which it invited the Hospital's Management on Thursday 4th November, 2022 to closely examine, hear submissions and review submitted documents before it went ahead to produce a comprehensive report.

While taking evidence, the Committee was guided by the existing procedures and modalities of operations of the County Assembly of Kisumu derived from the Constitution of Kenya, 2010; Kisumu County Assembly Standing Orders, common practices and rulings, and directives of the Chair.

Legal Framework

1. Chapter 12 of the Constitution Kenya 2010 - Public Finance Article 201:
 - a. The following principles shall guide all aspects of public finance in the Republic—
There shall be openness and accountability, including public participation in financial matters;
 - b. The public finance system shall promote an equitable society, and in particular-
 - i. The burden of taxation shall be shared fairly;
 - ii. Revenue raised nationally shall be shared equitably among national and County governments; and
 - iii. Expenditure shall promote the equitable development of the country, including by making special provision for marginalized groups and areas;
 - c. The burdens and benefits of the use of resources and public borrowing shall be shared equitably between present and future generations;
 - d. Public money shall be used in a prudent and responsible way; and
 - e. Financial management shall be responsible, and fiscal reporting shall be clear.

2. Direct Personal Liability

Article 226(5) of the Constitution of Kenya 2010 provides that:–

“If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not”.

3. County Assembly Powers and privileges Act, 2017

On the premise of the aforementioned Constitutional provisions all individual Accounting Officer(s) and other Public Officers are jointly and severally liable for any loss of public funds under their control.

The Committee has and will continue to invoke these provisions in its recommendations to hold those responsible accountable.

This is also intended to serve as a deterrent measure on the misuse of Public Resources.

4. Obligations of Accounting Officers

Section 22 of the PFM regulations 2015 provide that:

- (i) *Accounting Officers shall in accordance with Article 226 (2) of the Constitution and section 149 (1) of the Act, be accountable to the County Assembly —*
 - a) *for ensuring the most effective means of achieving desired program outcomes are used;*
 - b) *for maintaining effective systems of internal Control and the measures taken to ensure that they are effective; and*
 - c) *for measures taken to prepare the financial reports that reflect a true and fair financial position of the entity.*

OBJECTIVES

Mr. Speaker and Hon Members. The Committee's objectives while undertaking this considerations were to examine;

- i. The accounts showing appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think fit.
- ii. The reports, accounts and financial workings of the hospital.
- iii. In the context of autonomy and efficiency of these investments, whether its affairs are being managed in accordance with sound financial principles and prudent commercial practices.

METHODOLOGY

Mr. Speaker and Hon Members. In compilation of this report, the Committee used the following methods to gather information.

- a) Studying the report and financial statements submitted to the Assembly by the hospital.
- b) Interviewing key Officers from the Hospital.
- c) Examination of records submitted by the Officers.

ACKNOWLEDGEMENT

Mr. Speaker and Hon Member. On behalf of the Committee allow me to express my utmost gratitude to the Members of the Committee for the dedication they showed and to a larger extent the Honorable Speaker and the Clerk who ensured that necessary facilitation was availed.

I also wish to register my special appreciation to the Committee Secretariat including the accountant, Mr. Geoffrey Omollo, for their unmatched efforts that made the production of this report possible. The commitment and devotion to duty of all those involved in this arduous task made the work of the Committee and production of this report a success. I thank each one of them.

Further, the Committee wishes to thank all the JOOTRH administration for honouring the invitation over a short notice and for their participation in the public inquiry.

It is now my pleasure to present to you this report of the HHS Committee on its consideration of the annual report and financial statement of Jaramogi Oginga Odinga Teaching and Referral (level 5) Hospital for the year ended 30th June, 2022 before this House for adoption.

ANALYSIS OF THE ANNUAL REPORT AND FINANCIAL STATEMENT

Summary of the hospital's income

Mr. Speaker and Hon Member. Analysis of the statement of financial performance shows that during the financial year ended 30th June 2022, JOOTRH operated with a total revenue of Kshs.

605,377,241.85. Out of this, transfers from the County Government amounted to Kshs. 363,925,367.85. There were public contributions and donations to a tune of Kshs. 115,638,484.

Apart from the transfers from the County Government and Public donations/Contributions, the hospital also earned revenue from the following exchange transactions;

- a) Rendering of services at Kshs. 125,602,281
- b) Revenue from rent of facilities at 159,500
- c) Other income at Kshs. 51,600

A further analysis reveals that transfers from the County Government were 60.11% of the total revenue realized by the Hospital.

Summary of the hospital's expenditure. The Hospital's expenditures were as follows;

- a) Medical/Clinical costs at Kshs. 356,721,981.20
- b) Employee costs at Kshs. 66,802,000
- c) Board of Management Expenses at Kshs. 3,177,249
- d) Repair and Maintenance at Kshs. 20,366,421
- e) General Expenses at Kshs. 87,970,947

This analysis shows that during the year under review, the Hospital expended a total of Kshs. 535,038,598.20.

Operational performance

In the financial year under review, the hospital performed better compared to the two previous financial years as can be seen in the table below.

Table 1: Summary of the annual operational performance between financial years 2019 to 2022.

		FY 2019-2020	FY 2020-2021	FY 2021-2022
Bed capacity		524	541	850
Patient Attendance: Inpatient and Out- patient	OPD Visits	185,474	196,279	365,217
	Admissions	12,857	14,607	16,744
Accident and Emergency (Casualty)attendance		56,382	45,239	57,042
Specialized Clinics attendance		56,289	55,351	95,106
Average Length of Stay (In-patients) in Days		6.2 Days	6.9 Days	8.5 Days
Bed Occupancy rate		50.7%	49.4%	77%

Mortality rate		11.0%	10.6%	8.9%
Surgical Theatrealization	Major	2,276	2,573	3,666
	Minor	522	424	797
	Circumcision	1,218	1,210	2,087
	Total	4,016	4,207	6,550
Maternity (Total Deliveries)		3,799	3,971	5,836

5.3 Statement of Financial performance FY 2021/2022

The Hospital realized a net surplus of Kshs. 91,674,446.65 as illustrated below;

Table 2: Statement of financial performance FY 2021/22

DESCRIPTION	AMOUNT
Revenue from non-exchange transactions	
Transfers from the County Government	363,925,376.85
Public contributions and donations	115,638,484
	479,563,860.85
Revenue from exchange transactions	
Rendering of services- Medical Service Income	125,602,281
Revenue from rent of facilities	159,500
Other income (<i>other sales including containers</i>)	51,600
Revenue from exchange transactions	125,813,381
Total revenue	605,377,241.85
Expenses	
Medical/Clinical costs	356,721,981.20
Employee costs	66,802,000
Board of Management Expenses	3,177,249
Repairs and maintenance	20,366,421
General expenses	87,970,947
Total expenses	535,038,598.20
Other gains/(losses)	
Medical services contracts Gains/Losses	21,355,803
Total other gains/(losses)	21,355,803
Net Surplus	91,674,446.65

Statement of Financial position as of 30th June, 2022Table 3: Statement of financial position as of 30th June, 2022

Description	2021/22 (Kshs)	2020/21 (Kshs)
Assets		
Current assets		
Cash and cash equivalents	43,630,023	0.00
Receivables from exchange transactions	15,721,864	0.00
Inventories	56,301,958	0.00
Total Current Assets	115,653,845	0.00
Non-current assets		
Property, plant, and equipment	77,565,375	0.00
Total Non-current Assets	77,565,375	0.00
Total assets	193,219,220	0.00
Liabilities		
Current liabilities		
Trade and other payables	101,483,138	0.00
Total Current Liabilities	101,483,138	0.00
Non-current liabilities		
Total Non-current liabilities		
Total Liabilities	101,483,138	0.00

Net assets		
Revaluation reserve	41,635.35	0.00
Accumulated surplus/Deficit	91,694,446.65	0.00
	91,736,082	0.00
Total Net Assets and Liabilities	193,219,220	0.00

Conclusion on the hospital's financial position;

From the above statement it can be noted that the hospital is operating from a position of strength as the total sum of assets outweighs total sum of liabilities.

OBSERVATIONS

Mr. Speaker and Hon Member, while analyzing the report, the Committee observed as follows;

General Observation

1. THAT from the hospital's statement of financial position as at 30th June, 2022, the total assets outweighs the sum of its liabilities by a factor of 1.9 (ratio of assets to liabilities), which means that the hospital is operating from a position of strength and is strongly solvent.
2. THAT however much the financial statements attempted to provide a measure of comparative analysis of the year under review against the previous one, there is no basis for comparison as the report has failed to fully disclose statements and reports from the previous year.
3. THAT the hospital treated the Kshs. 21,355,803 waiver as revenue to form the sum of Kshs. 91,674,446.65 being the net surplus realized.
4. THAT the hospital has 867 staff of which 358 are regular staff, 112 are County contracted, 35 Locum Nurses, 8 Locum Doctors, 108 JOOTRH contracted staff, 89 interns, and 169 casuals. The hospital has outsourced cleaning, laundry and security services, which is approximated to be taking 12% of the total budget.
5. Revenue
THAT the hospital derives revenue from; Facility Improvement Fund (FIF), County grants and donors. During the financial year under review, the hospital realized improvement in operating revenue from Kshs. 140.3M to Kshs. 294.2M. The key drivers of this revenue were Pharmacy, Laboratory, Maternity and Renal, Bed fees, surgical income and Radiology
6. Deficit

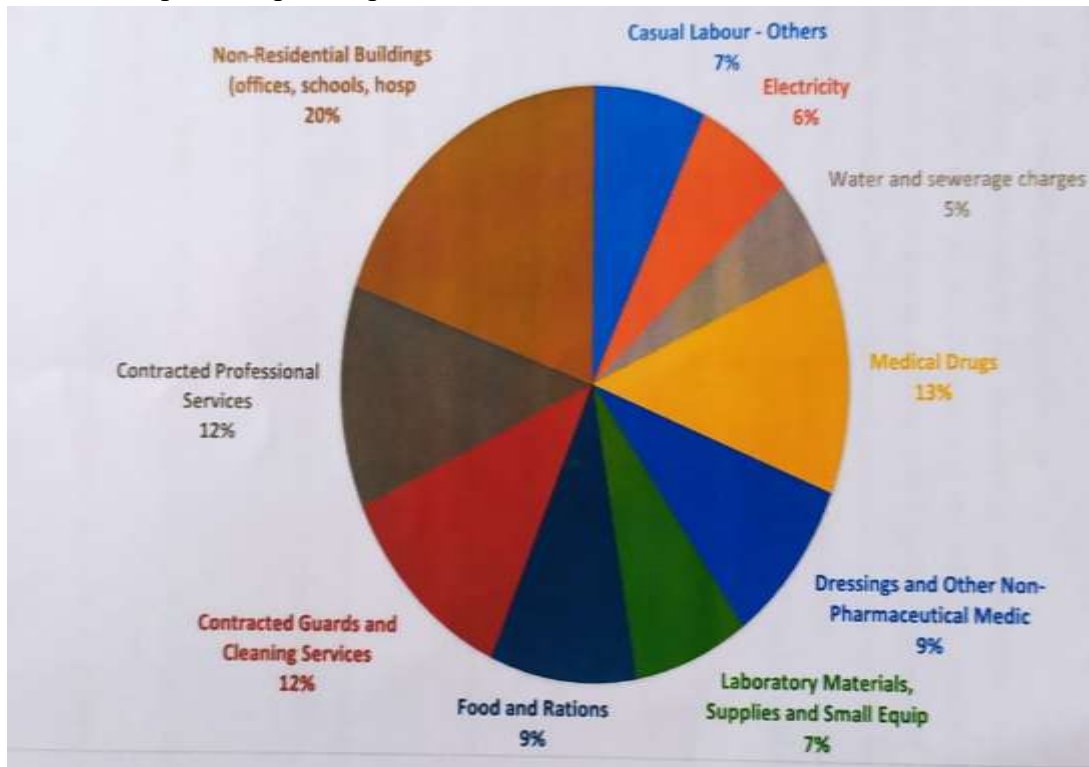
THAT from the CEO's remarks on the report, the hospital has a huge deficit running to billions currently under very high financial constraints. For instance during the financial year under review, the Operational Budget presented by the departments for optimal operation was at 2.3 Billion, Other costs such Salaries and wages, Developments etc. Approaches to 8 Billion giving a total of Approximately 10.3 Billion leaving huge deficit compared to the actual revenue realized.

7. Expenditure

THAT the total expenditures during this period amounted to Kshs. 437,450,483 representing 99.42% of total approved budget. Top drivers of the budget were Medical drugs, Staff remunerations, pharmaceuticals, patients' food, Laboratory, Contracted Services among others. High Utilization rate realized.

Below is a graphical representation of what are considered as to 10 drivers of the hospital's entire expenditure.

Figure 1: The Hospital's top 10 expenditure FY 2021-2022



The Committee found it awkward that an institution that prides itself in the core mandate of health provisioning regards guards and cleaners (12%) with the same depth it does drugs (13%).

8. Revenue from rent.

THAT the Hospital draws rent revenue from three facilities;

- | | |
|---|---|
| a) Hospital restaurant paying | Kshs. 50,000 p/m |
| b) A building being rented to Afya Sacco paying | Kshs. 10,000 p/m |
| c) Interns rental Houses (8 houses) @ | Kshs. 2,500 p/m (Approx. Kshs
20,000p/m) |
| <i>Approximated total per month</i> | <i>Kshs. 80,000</i> |

In the report revenue from rent captured in the FY under review was only Kshs. 159,500. However, the committee noted that, all factors remaining constant, the rental revenue from the above rental facilities should be as high as approximately Kshs. 960,000 in a financial year.

9. Waiver and Exemption Services

THAT in the year under review, the hospital management granted waivers and exemptions for services rendered totaling Kshs. 21,355,803.

The committee felt obliged to question the rationale behind granting such considerable amount of waivers for an institution that is struggling to finance much of its activities.

10. On why the waiver was considered as revenue while in real sense it is a sum expended on services rendered.

THAT the current policy requires waiver to be treated as revenue as it is part of service delivery also known as revenue forgone. The National Government used to reimburse the hospital the amount voted on waiver at the end of every financial year after annual reporting. However since the inception of County Government, the hospital has never received such reimbursement but is optimistic though that these monies will be reimbursed.

11. National Hospital Insurance Fund –

THAT the report indicates that payments received from the NHIF were significantly higher than all the other revenue sources highlighted in the report for the period under review.

12. THAT the some of the presentations in the report highly relied on comparative percentages while reporting the key aspects of the operations of the hospital. In such instances, no clear figures for thorough analysis thus making it impossible to make clear determination in absolute terms.

For example, the committee noted the hospital reporting on the decrease in mortality rate in the year under review as compared to the previous financial year of operation. The indicated percentage drop was not accompanied by actual figures that would have provided a better overview of what the achievements had been made in real terms. The committee therefore was not satisfied that this form of reporting provided a realistic outlook of the gains that the management of the hospital was claiming to have made.

13. THAT the report did not expressly declare the monies received from each every donor separately. Instead, it lumped them under one vote head.

Observation on compliance with Accounting Policies and Principles

1. Accounting policies.

THAT the financial statements have not complied fully to provisions of the PFM Act, 2012 and PFM (County Governments) Regulations, 2015.

2. International Public Sector Accounting Standards (IPSAS)

THAT, one of the IPSAS objective it to enhance the quality and transparency of public sector financial reporting. Cognizant of this, it is right to conclude that the report is not fully compliant as it has not portrayed full transparency.

3. Generally Accepted Accounting Principles (GAAP).

THAT, the accounting officer has NOT fully complied with the Generally Accepted Accounting Principles.

RESPONSES FROM THE HOSPITAL MANAGEMENT

Mr. Speaker and Hon Members, the Committee invited the Hospital Management led by the CEO to a meeting on Thursday 3rd November, 2022 to respond to various issues raised during the Committee's scrutiny of the report. The team responded as follows;

1) On the huge deficit.

THAT, indeed the hospital was operating under an environment of constant cash constraint with much of its goals not being realized as a result of that. However, the management assured members of the committee that working in tandem with the Hospital's current strategic plan, the management was dedicated to ensuring that they restricted the hospital's activities to the budgetary reach of the county's allocation and the possible revenue streams that can be earned in a financial year of operation.

2) On why the statements of the previous years are not expressly disclosed.

THAT it was the first time the hospital was independently doing financial reporting as such reporting were previously done by the County Government.

The Committee however found this response vague as even though the books of all County hospitals were consolidated and reported as a single report, each hospital used to do rudimentary book-keeping for accountability's sake and the hospital therefore has these records and ought to have included them as appropriate.

3) On why the report tried to portray the hospital to be overly focused on hiring more guards than spending more on drugs.

THAT the hospital received support from the National Government in form of Covid-19 Emergency Fund in FY 2020/2021, which was partly used to purchase drugs and that is why the percentage expenditure on drugs indicated low.

4) On whether it was economical contracting guards than hiring.

THAT the National Government sent a notice to all hospitals instructing them to consider contracting guards other than hiring permanently.

- 5) On the low figure reported for, and inadequate collection of rent from the rental facilities.

THAT the discrepancy was attributed to such factor as;

- i. COVID-19 that affected operations of the restaurant and it thus could not generate the required amount payable per month. The Administration was at some point forced to lower rent.
- ii. Internships are periodical meaning the intern houses are never full throughout the year.
- iii. Late payment of rent from tenants.

The management reported that the Afya SACCO was late in payment of rent which the Committee believe was eventually paid. However, the management could not come clear or account for lack of the same in the report.

- 6) On the causes of the high waiver and exemption amount, the management of the hospital responded:

THAT much of the waiver granted was based on;

- i. A directive from the National government requiring hospitals to administer treatment free of charge to COVID-19 patients.
- ii. Humanitarian considerations that targeted the most vulnerable section of the society who sought services at the hospital. These they indicated included, those in remand, street children and families, and a host of other members of the public, who had been identified by the social worker desk affiliated to the hospital, and who were adjudged as being vulnerable and deserving of waivers and/or exemptions on hospital bills owed, due to their inability to settle the same.

The hospital must however cost them when making financial statements to know how much it has spent on the same.

- 7) The hospital management lastly registered their concern to the committee that despite the hospital recording NHIF as the leading revenue collector, there were many instances of delay in remittance of contributions from the national insurance body. This in turn tended to hamper the efficiency and the effectiveness of the hospital in catering for its overall mandate of health provision in times when they were cash constrained due to such delays.

Mr. Speaker and Hon Members, in the same meeting with the hospital management, the committee instructed them to furnish it with;

1. Breakdown of the expenditure of the Covid-19 Emergency Fund.

In the meeting, the management informed the Committee that COVID-19 Emergency Fund was conditional. That is, there were strict areas it was supposed to be expended on, that is access, patient protection and commodity.

However Mr. Speaker,

In the breakdown submitted and annexed herein, the Committee could not comprehend how money that was meant to cushion COVID-19 patients ended up in purchasing medical dental equipment at a cost of Kshs. 91,928,557, among other less than optimal expenses.

2. Breakdown of rent collection throughout the financial year under review amounting to the Kshs. 159,500 captured in the report.

In the breakdown report submitted to the Committee (attached herein), the management only gave a breakdown of the ideal situation of rental income but FAILED to produce what was actually asked of them.

3. Breakdown of monies received from each donor.

On this, the Committee observed blatant refusal to oblige as it was not availed.

4. Breakdown of waivers granted.

The management yet again provided departmental breakdown and absolutely avoided providing breakdown on the specifics that the Committee asked for.

COMMITTEE FINDINGS

Mr. Speaker and Hon Members, the Committee paid a visit to the Hospital on Wednesday 9th October, 2022 to ascertain various issues highlighted in the report under scrutiny among them grey areas surrounding the waiver process. From the visit and in general, the Committee found as follows;

On Committee's the Visit to the Hospital

1. THAT the Hospital is not following the due procedure for the waiver process since the CEO had disbanded the Waiver Committee on suspicion of it being compromised. The entire process and decisions therefore currently lie solely with the CEO which is hugely affected in case of his absence. Again, how he makes judgement on who deserves waiver is questionable.
2. THAT the hospital can only grant partial waiver. This means that for a bill to be waived, a patient is required to pay at least 30% of the total amount billed.
3. THAT while the hospital has reported a total of 358 regular staff, what is actually averagely required is 560. Out of this 358, 14 have already retired, a number are due to retire (aged) and cannot perform to the required optimum level, 10 have left for greener pastures out of the country. Lastly there are staff on/or about to go on maternal leave. The number is still declining as resignations are still coming from those leaving to seek greener pastures.
4. THAT the hospital, just like other health facilities countrywide is sinking down the drain of inadequate human resource. Nurses are leaving the Country at an alarming rate, new facilities are cropping but there is no additional workforce. This means increased workload

to the already inadequate workforce. For example, in the male ward 7b, there are only 2 nurses against 53 patients.

On Non-compliance to GAAP

THAT the report has failed to adhere in entirety to GAAP i.e. the report has not complied with;

- i. Principle of consistency - The report has not portrayed consistent financial reporting procedures throughout (case of percentages and real figures).
- ii. Principle of materiality - There is no full disclosure of all financial data in the report. There has not been captured anywhere the opening balance while in the table for expenditure return FY 2020/2021, there is indicated a balance of Kshs. 125,364.
- iii. Principle of Utmost Good Faith - The management has not portray in honesty in reporting all their transactions.

Other findings

1. THAT by not showing statements of the previous year under claim of the hospital reporting financial statements for the first time is contravention of Section 100 Of the PFM (County Government) Regulations, 2015.
2. THAT the report has acted against the PFM Act, 2012 and the PFM (County Governments) regulations, 2015 by not providing absolute disclosure of finances. For example, in the table for expenditure return FY 2020/2021, there is indicated Kshs. 125,364 which was a balance as at the end of that financial year (2020/2021). However, the amount has not been indicated anywhere in the financial year under review as an opening balance.

COMMITTEE RECOMMENDATION

Mr. Speaker and Hon Members, all said, the committee hereby recommends;

1. THAT members of the public should be encouraged to get insured by enrolling to NHIF as a long term solution to constant pleas for waivers. Times are indeed hard but NHIF takes just Kshs. 6000 a year within which amount it cushions up to Kshs. 300,000 thereabout for cancer patients.
2. THAT the management is expected to make reporting that is accurate and devoid of unnecessary exaggerations. The management of JOOTRH are aware of the scope and the reach of the entire budget of Kisumu County government. It is unrealistic for it to expect their budgetary requests to match almost the entire budget of the county of Kisumu.
3. THAT the CEO should cease monopolizing the hospital, move with speed and reinstate the Waiver Committee so that the process follow the due procedures required. His taking charge of the whole process individually is strongly discouraged and MUST be stopped effective immediately.

4. THAT the accounting Officer should follow and adhere fully to the guiding principles of accounting while reporting.
5. THAT the reasons given for inadequate collection of rent are not convincing and the department of Housing should be instructed to take charge of rent collection at the hospital for it to realize the ideal maximum revenue from the facilities.

Finally Mr. Speaker and Hon Members,

6. By refusing to furnish the Committee with relevant information, the hospital management has contravened provisions of article 185 of the Constitution of Kenya which gives the County Assembly authority to oversight. The hospital management, despite being instructed by the Committee to furnish it with a breakdown of monies received from individual donors, among others, did not cooperate and failed to submit the same as at the time the committee was finishing its report.

For this reason the Committee was not satisfied with the report and financial statements submitted to this House and is inclined to believe that the refusal to provide relevant required details was in bad faith. We therefore recommend that there be carried out an internal audit on the hospital's books of accounts and the subsequent audit report be submitted to the County Assembly within one (1) month.

CONCLUSION

Mr. Speaker and Hon Members, it is now my humble request that this House approves this report by the HHS Committee on its consideration of the annual report and financial statements of Jaramogi Oginga Odinga Teaching and Referral (level 5) Hospital for the year ended 30th June, 2022 before this House for adoption. Mr. Speaker, may I call upon Hon. Oginga to second?

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Yes, Hon. Emily Oginga

Hon. Oginga (Nominated MCA): I second this Report.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Thank you Hon. Members, a Report from the Committee on Health Housing and Sanitation on their consideration of the Annual Report and Financial Statements of JOOTRH for the year ended 30th June 2022, has been moved as a motion by Hon. Vincent Jagongo the Chairperson and seconded by Hon. Emily Oginga. I propose to put a question that we open the report for debate.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Yes, Hon. Gard Olima.

Hon. Olima (MCA, South-West Nyakach Ward): Thank you Mr. Speaker, I rise to oppose this report that this House should not adopt. Mr. Speaker, you know very well that this report was brought to this House, a Financial Statement was given, and there were a lot of issues on even the mandate that was being given to the Committee on Health. Mr. Speaker, if you look at the Report, I didn't expect this from my able Chair to bring such a report for adoption. Mr. Speaker if you go

through the Report, the findings that the committee got at JOOTRH and the recommendations are totally different. Mr. Speaker, there is a finding of the Committee realizing that the hospital is understaffed. The Committee recommended staff should be 560 but there is 358 and the Chair has said that some have proceeded on maternity leave, some have sought greener pastures and the like but in the recommendations there is nothing indicating that they should employ more health care workers to JOOTRH.

Mr. Speaker, looking at the Report, and you are aware that this Assembly lost very senior Members of Staff. We lost a Deputy Clerk, Mr. Nelco Sagwe as a result of Covid-19 pandemic and we also lost a Senior Human Resource Manager, Mr. Lazarus Obera as a result of the same scourge. We similarly lost the Chief Finance Officer of this County due to Covid-19, and many others. Mr. Speaker, the committee finds out in JOOTRH that the money that was given out for Covid-19 contingency is used to buy a Dental Equipment. Then you come here and tell us that there is no recommendation about that and we should just forget about it and people should just die because of Covid-19 and the money was given specifically for Covid-19. Somebody decides to make a literal decision to buy a dental equipment in contravention to what those funds were meant for.

Mr. Speaker, if you still look at the findings if you allow me to read “That the hospital is not following the due procedure” what is it then that the committee has recommended to us so that we make sure that the hospital follows the right procedure of even doing the waiver?

Mr. Speaker, the CEO unilaterally decided to disband the Waiver Committee. There isn't any writing, report, annex showing why he disbanded the waiver committee. Mr. Speaker, we are being told that Kshs 22 million was waived for patients unilaterally by one person called the CEO. In the recommendations of the committee there is nothing to that effect. They have asked the same officer to reconstitute the same committee so that they do the same thing. Mr. Speaker, I am on record in this House saying that this report was good if it would have been given to another committee to do a better job. I knew what I was saying because this committee has brought nothing substantive to this House. We are talking about a facility that needs to provide health services because without good health, you die. We are talking about people dying but when you look at the Report and everything that has been brought, and Mr. Speaker, and this is very serious; that the Chair of the committee and the committee as a whole, comes to this House and tell us that the JOOTRH refused to give them documents. They further recommends to us to give them an additional month to conduct their own Internal Audit, when they refused to give this House documents and the Chair has read it out literally, if you allow me to read ‘that by not showing statements of previous years under claim of the hospital reporting financial statements or the first time is contravention to section 10 of the Public Financial Management Act Regulation 2015 (PFM). That ‘the hospital refused to give them documents’ Mr. Speaker, that is the section I wanted to read. Is that hospital not part of Kisumu County Government that this legislative House needs to oversight? If they cannot give us the documents, what about the patients going there by themselves, to look for those

documents because these are public documents? Anything in that hospital is public. If the Members of this Assembly cannot get a documents stating that the hospital refused, who else can get them?

Mr. Speaker, I want to implore Members that, we throw way this report and constitute an Ad Hoc Committee to investigate this thing further. That is because; a report that has been brought in this House is a joke. If these are what we are going to do into this House, then its name and dignity will never see the light of the day. We wanted recommendations on who waived the Kshs 22 Million, who are these patients that got the waiver and where are these people? Do they come from Kisumu County? Somebody might be saying that some people were waived, who are they? Did the committee even get the names of those people who were granted these waivers? They did not. But, Kshs 22 Million is gone. What do we do with somebody who just decide that a conditional fund like COVID 19 Fund, you just decide to take it from somewhere and purchase a dental equipment without the approval of this House or even notifying this House that ‘ we are going to use this money for other purposes other than what it was brought for’.

Mr. Speaker and Hon. Members, I want to request that we do not approve this report, we do not adopt it but throw it out then we decided to form another Ad Hoc Committee to investigate these matters further and give us proper information on the Status of Jaramogi Oginga Odinga Teaching and Referral Hospital, thank you.

The Temporary Speaker (Hon. Okumu MCA, East Seme Ward): Thank you so much Hon. Olima. I wish you could match your findings of the Committee and the recommendations but, that is for the Chair to reply later. Hon. Members, we are discussing a report on the financial Statement of Jaramogi Oginga Odinga Teaching and Referral Hospital for the year ended 30th June, 2022. Yes the Honourable Tom Nyaoke.

Hon. Nyaoke (MCA, North Nyakach Ward): Thank you Mr. Speaker. We still need to repeat that such important document should always be given in hard copies. Some of us here are very serious when going through such a documents not just passing by through mobile phones. If it continues like this, then we are going to demand for the provision of tablets so that we are able to peruse through these documents as fast as you may consider.

Mr. Speaker, be it as it may, the Chairperson Health Housing and Sanitation Committee has read very long report but you would quickly look at the observations. That is observation 6.2; on Compliance with Accounting Policies and Principles. Mr. Speaker, if you look at those very important points, you will find out that under the accounting policies that the financial statements have not been complied with fully and this is in line with the provisions of the PFM Act 2012 and PFM County Government Regulation 2015. Subsequently, one of the International Public Sector Accounting Standards (IPSAS) is to enhance the quality and competency of the Public Sector Financial while taking cognizant of this, it is right to conclude that the report is not fully compliant as it is and also do not portray full transparency. Last but not list, if you look at the accounting

officer, he has not fully complied with the general accepted accounting principles. These are very grave issues that we really cannot just wish away. I would temporarily concur with the Member who had just spoken that very serious and elaborate action should be taken about this particular report and if possible a serious and competent, although I don't want to say that the committee is not competent but maybe the time constrains. The Committee may have not had enough to go through this, so Mr. Speaker I really wish we give this a serious ruling so that the final report should be prepared that is to the best of our knowledge. Thank you.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Honourable Members, we are discussing a report from the Committee of Health and Sanitation on their consideration of financial statement of Jaramogi Oginga Odinga Teaching and Referral Hospital for the year ended 30th June 2022. It seems Members are satisfied with the report and I would call if somebody can call the mover to reply.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): What is it Hon. Adegga?

Hon. Adegga (MCA, Kajulu Ward): Thank you Mr. Speaker, I call the mover to reply.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): What is it the Hon. Deputy Leader of Majority?

Deputy Leader of Majority (Hon. Owade, MCA, South East Nyakach Ward): Mr. Speaker, from what has been tabled in this House, I believe that the committee particularly the chair have done a recommendable job. They have come up with recommendation and I am aware that the Kshs. 22 million that the Hon. Member is taking about was explained and it is in the report. Those people whom their bills were waived some of them are prisoners, as you know most of them have no known relatives and when they are taken to the hospitals and they fail to pay, their bills are waived.

Hon. Olima (MCA, South West Nyakach Ward): Point of information Mr. Speaker!!

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Hon. Olima whom do you want to inform?

Hon. Olima, (MCA, South West Nyakach Ward): Mr. Speaker, the House.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Then just allow the Hon. Member to conclude then you inform the House.

Hon. Olima (MCA, South West Nyakach Ward): Mr. Speaker, from what he is saying is what I want to inform the House on what he is saying that the waivers are for the prisoners. Mr. Speaker from where I seat...

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Order!! Hon. Member, do not sneak in contributing without me giving you an opportunity so, please resume your seat Hon. Member I give you guidance thank you. I humbly request that you give the Hon. Member time to finish and then you will give the House the statement and we proceed.

Deputy Leader of Majority (Hon. Owade, MCA, South East Nyakach Ward): Mr. Speaker, when you talk of Kshs 22 million waiver, the list should be long but then we cannot say 100 people or how many people were waived but we were convinced and told and shown the list because I am a member of that House Committee and can attest to it. Mr. Speaker, the only issue that we were not informed is the new committee which has not been constituted but there is a reason because their term expire. This new Committee was going to be constituted and the moment that committee is constituted, work will start. On that day Mr. Speaker we were supposed to ask for a waiver and we sat down with the CEO and the secretary. To say that the CEO give waivers without consultation is not true Mr. Speaker. In regards to the employment of nurses it's a concern and I don't know whether the Hon. Olima is really sure that we did not recommend for the employment of more staff, which is there in the record. Thank you Mr. Speaker.

The Temporary Speaker (Hon. Okumu, MCA East Seme Ward): Thank you the Hon. Member. Honourable Members, I want to remind you that the Hon. Adegwa had called the mover to reply but the Hon. Olima had some information to give this House. I need to get some information. Immediately you conclude, the Chair will have the floor to reply.

Hon. Olima (MCA, South West Nyakach Ward): Mr. Speaker, thank you for again according me this chance to inform this House. Mr. Speaker, I want to inform this House and especially through...

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): Honourable Member, please restrict your information to the House.

Hon. Olima (MCA, South West Nyakach Ward): Madam Speaker, yes the House. What has been stated by the Deputy Leader of Majority Hon. Owade that prisoners don't pay? I believe that the Prison Department has the budgetary allocation for medical expenses for prisoners being attended in our health facilities that includes their meals. Madam Speaker, no prisoner can be taken to the hospital or any prisoner who can walk from a prison facility to the hospital and back. They are always assigned prison wardens or staff and they have an allocation which includes their meals which other people outside here cannot get access to. Mr. Speaker that is what I wanted to inform Hon. Owade who is my junior...

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): Order!! Order!! Hon. Olima, please resume your seat.

(Laughter)

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): Hon. Olima, we will no longer allow you to make it personal with the Honourable Member of South East Nyakach...

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): Deputy Leader of majority, please resume your seat.

(Laughter)

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): Order!! Honourable Members, I believe that it is becoming a trend and as the Speaker in the Chair, I have noticed and I direct the Hon. Olima you refrain from demeaning the person of the Honourable Lumumba Owade. Hon. Owade, please allow me to give Hon. Jagongo the chance to reply to issues raised by Members in relation to the report. Please resume your seat. Honourable Members, let me guide you that every time you see the Speaker rise on his feet, you don't stand until the Speaker resumes his seat and that is the parliamentary practice and norms of the House.

Honourable Member, I want to request you to please allow Hon. Jagongo to proceed with the reply.

Hon. Ochele (MCA, East Kano/Wawidhi Ward): Mr. Speaker, I rise on a Point of order!!

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): Honourable Member, what order do you want? What word do you want to give and to whom?

Hon. Ochele (MCA, East Kano/Wawidhi Ward): Madam Speaker, congratulations you look nice and appealing in that seat.

(Laughter)

Hon. Ochele (MCA, East Kano/Wawidhi Ward): Madam Speaker, it is like tailor-made for you.

(Laughter)

Hon. Ochele (MCA, East Kano/Wawidhi Ward): Madam Speaker, I just want to echo my voice that I support the report as tabled by the Chairperson, Health Committee and as he replies, I believe that he will reply in a way that my junior colleague Hon. Olima will be satisfied. Thank you.

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): What is it the Deputy Leader of Majority?

Deputy Leader of Majority (Hon. Owade, MCA, South East Nyakach Ward): Thank you Mr. Mr. Speaker. I just want to inform the House that, when I said prisoners, the report does not imply all the poisoners because there are some of the prisoners that have relatives who are visited and can pay. Mr. Speaker, on the extreme cases, a majority of them were prisoners but not all prisoners. Thank you.

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): What is it Hon. James Omollo?

Hon. Omollo (MCA, West Nyakach Ward): Thank you Mr. Speaker. Before the mover replies, let me be the last Member.

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): Honourable Member, you will be the last Member. Please proceed.

Hon. Omollo (MCA, West Nyakach Ward): Thank you Mr. Speaker. I like the way the report has been done because I was personally present when officers from the JOORTH were invited to appear before the House Committee and the recommendations thereof should be followed up because there are very good recommendations in this report which if adhered to the letter, I believe that we will make a big change in our referral health facilities. This is a big hospital and it cuts across all the Counties serving notably Vihiga, Kakamega, Siaya, Homabay and Kisumu.

Mr. Speaker, if all these recommendations the House Committee has noted because I don't know how best they can be implemented. Madam Speaker, if all of them are implemented, then we are good to go. Thank you I support the report.

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): The Honourable Chair!!

Hon. Jagongo (MCA, North West Kisumu Ward): Thank you Mr. Speaker. I have noted the concerns of the Honourable Members who have contributed to this report. Mr. Speaker, if you look at their concerns they are part of the Committee's recommendations and we highlighted that the management is expected to make reporting that is timely and accurate and devoid of unnecessary exaggerations. I believe that is part of our recommendations. These recommendations will be forwarded back to that health facility so that they can be implemented. Mr. Speaker, we equally said that the Accounting Officer should adhere fully to the Guiding Principles of Accounting while reporting and that is also a recommendation that we presented.

Mr. Speaker, another issue that we noted was that the reasons given for the inadequate collection of revenue are not convincing. The Department of Housing should be instructed to take charge of the Rent Collection at the hospital for it to realize the optimum revenues from the facilities.

Mr. Speaker, finally, I reiterated that by the facilities failing to furnishing the Committee with relevant information, the facility management has contravened the provisions of Article 185 of the Constitution of Kenya which gives the County Assembly the mandate to oversight the hospital

management despite being instructed by the committee to furnish it with a breakdown of funds received from individual development partners among others and failed to submit the same at the time the committee was finishing the report. For this reason, the committee was not satisfied with the report and financial statement submitted to the House and is inclined to believe that the refusal to submit the details was in bad faith. We therefore recommend that an internal audit be carried out on the books of account and the subsequent audit reporting be submitted to this Assembly within one month. Mr. Speaker, I want to thank you for the opportunity and I would like to thank the Members for contributing and we believe that we are going to adopt this report the way it is. Thank you.

The Temporary Speaker (Hon. Okumu, MCA, East Seme): Hon. Members, a motion has been moved on a report by the Standing Committee of Health, Housing and Sanitation on their consideration of the Annual Financial Statement of JOOTRH for the year ended 30th June 2022 which was moved by Hon. Jagongo, seconded by Hon. Emily and debated on by Hon. Members. I therefore want to put a question on the adoption of the same.

(Question put and agreed to)

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): The report of the Standing Committee of Health, Housing and Sanitation on their consideration of the Annual Financial Statement of JOOTRH for the year ended 30th June 2022 is hereby adopted today 23rd November 2022 at 1548 hours.

Honourable Members, I direct that the recommendations of this report be submitted to JOOTRH and the Department of Health and that they recommend that we expect an Internal Audit Report of the same facility in the next one month. Thank you.

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): Next Order!

ADJOURNMENT

The Temporary Speaker (Hon. Okumu, MCA, East Seme Ward): Honourable Members, there being no any other business to transact, the House stands adjourned to Thursday, 24th November 2022 at 2.30 p.m. Thank you.

(House rose at 04:52 p.m.)

Addendum

Hansard Team

Zablon Otiende – S.H. Reporter (Acting Editor)

Edward Odanga - Hansard Reporter

Fanuel Okode Odanga - Hansard Reporter

Patrick Okoyo Odanga - Hansard Reporter

Jesca Otieno - Hansard Reporter

Jacklyne Otieno - Hansard Reporter

Valery Ochieng' - Hansard Reporter