

COUNTY GOVERNMENT OF KISUMU



COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – SECOND SESSION

Wednesday 08th March, 2023

House met in the Main Chamber at 9:00 a.m.

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

PRAYER

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

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

COMMUNICATION FROM THE CHAIR

The Speaker (Hon. Oraro): Honourable Members, welcome to this session. In the Speaker's gallery is Ms. Sarah Ziegler from University of Ludwig Maximilian. Welcome to our Assembly and feel free.

The Speaker (Hon. Oraro): Next order!

PAPER LAID

THE KISUMU COUNTY FISCAL STRATEGY PAPER 2023/2024

BY

HON. KENNEDY OOKO, MCA, AHERO WARD

(LEADER OF MAJORITY)

The Speaker (Hon. Oraro): Hon. Jennifer Obonyo.

Deputy Whip (Hon. Obonyo, MCA, South West Kisumu Ward): Thank you Mr. Speaker. Allow me to lay this Paper on behalf of the Leader of Majority.

The Speaker (Hon. Oraro): Please proceed.

Deputy Whip (Hon. Obonyo, MCA, South West Kisumu Ward): Thank you Mr. Speaker. Pursuant to the provisions of Kisumu County Assembly Standing Order No. 221 (1) and 3 (1), I wish to lay today Wednesday 08th March, 2023, the Kisumu County Fiscal Strategy Paper 2023/2024. Thank you.

(The Deputy Whip lays the CFSP before the House for consideration)

The Speaker (Hon. Oraro): Honourable Members, I confirm the receipt of the Kisumu County Fiscal Strategy Paper for financial year 2023/2024 as presented by the Deputy Chief Whip on behalf of the Leader of Majority. I want to commit this Paper to the Budget and Appropriations Committee to work on it. Thank you.

The Speaker (Hon. Oraro): Next order!

MOTION

ADOPTION OF THE REPORT BY HEALTH, HOUSING AND SANITATION COMMITTEE
ON CONSIDERATION OF THE REPORT AND FINANCIAL STATEMENTS KISUMU
COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE, 2022

BY

HON. VINCENT JAGONGO, NORTH WEST KISUMU WARD.

(CHAIRPERSON, HEALTH, HOUSING AND SANITATION COMMITTEE)

The Speaker (Hon. Oraro): Hon. Vincent Jagongo.

Hon. Jagongo (MCA, North West Kisumu Ward): Thank you Mr. Speaker. 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,

Disclaimers: The electronic version of the Official Hansard Report is for information purposes only. A Certified Version of this report can be obtained from the Hansard Editor

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 KCRH for the year ended 30th June, 2022 which was tabled before this House in its sitting of Tuesday 25th October, 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 17th 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 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 the KCRH 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 Health, Housing and Sanitation Committee on its consideration of the annual report and financial statement of Kisumu County Referral (Level 4) Hospital for the year ended 30th June, 2022 before this House for adoption.

5.0 ANALYSIS OF THE ANNUAL REPORT

Management Briefs

Mr. Speaker and Hon Members, the report indicates that, as at the end of the year ending June 2022, the Kisumu County Referral Hospital was under the management of the county department of health and operationalized through; a Board of Management, an Accounting Officer who is also the Medical Superintendent of the hospital, and a Hospital Management Team. However, the specific offices and officers who held direct fiduciary responsibility as at the period ending June 2022 were; Medical Superintendent (Dr. Roseline Atieno), Deputy Medical Superintendent (Dr. Thaddeus Massawa), Hospital Administrator (Evans Oloo), Director Nursing (Millicent Oloo), Head of Finance (Bella Oyugi) and Head of Supply Chain (Charles Ogunde).

The committee further notes that the following agencies are charged with direct oversight of the operations, activities and management of the hospital;

- i. Clinical Research and Standards Committee.
- ii. Audit committee
- iii. County Assembly
- iv. Hospital Management Committee
- v. Hospital Management Team
- vi. Hospital finance Committee

Analysis of the Hospital's Statement of Performance Against their Objectives

Mr. Speaker and Hon Members, the Committee noted that during the period under review, the hospital had set out to pursue the following objectives;

1. To offer quality healthcare services under one roof in a most effective and efficient for the satisfaction of the customer.
2. Modernize infrastructure machinery and equipment.
3. To attain financial sustainability
4. To strengthen the human resource capacity.
5. To develop the facility health management information system.

An analysis of the hospital's statement of performance against the listed objectives indicates descriptions of the activities and targets and levels of achievement of the set objectives as summarized below;

Objectives	Reported Performance Indicators	Committee Review of Reported Performance
To offer quality Health Services under one roof in a most effective and efficient to the satisfaction of the customer	<ul style="list-style-type: none"> -Improved quality of healthcare. -Expanded client base. -Improved facility reputation. -Strengthened partnership with communities, public and private sector. 	<p>Performance reporting on improvements on quality, expanded client base, partnerships and reputation are not specific and are immeasurable.</p> <p>The committee questions:</p> <ol style="list-style-type: none"> i. How the quality of healthcare has improved? ii. How the client base has expanded? From what number of clientele to what how much improvements? No data on approximate number of clients the hospital attended to during the period under review as a comparison to a baseline figure in order to determine an expansion in clientele iii. What improvement index can be used to determine reputational adjustments? iv. How many partners has the hospital been able to engage in order to determine any performance improvement? <p>Without quantifiable reports on the foregoing issues raised by the committee, the hospital would be considered to not have met this specific objective.</p>
Modernize infrastructure, machinery and equipment	<ul style="list-style-type: none"> -Investor identified by the county government to help with development of master plan. -MESS program under the National Government 	<p>Report not clear on specific infrastructure, machinery nor equipment modernized nor identified for modernization.</p> <p>The report is not clear on how the master plan and the MESS program relates to and shall help in modernizing infrastructure, machinery and equipment in line with the hospital objectives.</p>

	operation.	Without this data, this objective therefore remains largely unachieved.
To attain financial sustainability	-All our clients are able to receive services irrespective of mode of healthcare financing	This performance report on clients being able to receive services irrespective of mode of financing is not clear on financial sustainability of the hospital. The committee therefore questions; <ul style="list-style-type: none"> i. What are the sources of resources for the hospital ii. Are the resources mobilized by the hospital enough to sustain its operations iii. Is the hospital relying on any or some external sources of funding iv. What is the cumulative hospital own source budget envelope as a comparison of its expenditure to determine sustainability?
To strengthen the human resource capacity.	Improved service delivery. Improved staff retention	<ul style="list-style-type: none"> i. Not clear on staff capacity and gaps if any? And how the available human resource has impacted performance to warrant improvement. ii. The retention reported is too qualitative and should have been weighed against available numbers and the rate of exit during the period under review.
To develop facility Health Management Information System.	-Efficient data collection, management and dissemination. -Improved diagnosis and treatment. -Improved access to relevant health infrastructure and data.	<ul style="list-style-type: none"> i. What data collection and dissemination system has the hospital adopted to warrant the efficiency reporting? ii. How the diagnosis and treatment improved has: what system of information management has been adopted to help in this respect? iii. How has access to health infrastructure and data improved and what system has enabled any such improvement?

Mr. Speaker and Hon Members, a review of the performance report provided by the hospital reveals a largely qualitative report without clear measurable performance indicators. From the report, it is not possible to establish any changes in the hospital clientele and number of people served in any given month let alone the period under review, it is not possible to establish the staffing levels of the hospital and any gaps therein, and the infrastructural or equipment improvements in the hospital for the period under review. However, details of the average

patients attendance is captured under the section of management discussions and not in the performance section as highlighted below.

Analysis of Management Discussions

Mr. Speaker and Hon Members, an analysis of the management discussions on the hospitals annual report and financial statements reveals that this report for the year ending June 2022 is the first time the hospital was preparing any such a report. It is therefore not easy to draw comparisons with any prior years.

However, the hospital was able to report the following performance indicators;

- i. The facility has a bed capacity of 180
- ii. Average outpatient attendance - 221692 pts.
- iii. In-patient attendance – 9346pts.
- iv. Average length of stay (ALOS) – 8.4days
- v. Bed Occupancy Rate – 110.1%
- vi. Accident and emergency attendance – 352pts
- vii. Specialized clinic attendance – 101480pts.
- viii. Mortality Rate – 7 deaths in every 1000 population.
- ix. No. of surgeries done – 1276 cases

These indicators indicate that the facility surpassed the 100% bed occupancy requirement by 10.1% and that the 8.4 days ALOS is due to mental illness cases and maternal cases of caesarean sections and surgical cases. The hospital also reported that the medical cases contributed to high mortality by over 60% of the total cases.

A summary of the financial performance of the hospital reported as at June 2022 revealed that the hospital received/ realized total actual revenue of Kshs. 104,774,667.35 against total expenditure of Kshs. 87,533,470.15 indicating 83.5% budget absorption rate.

The total revenue realized by the hospital as at June 2022 was Kshs. 104,774,667.35 comprising of two sources; transfers from the County Government amounting to Kshs. 70,181,923.35 and revenue receipts from rendering service amounting to Kshs. 34,592,774.

Analysis of the environmental and sustainability reporting by the hospital

Mr. Speaker and Hon Members, in section XI of the report, the hospital provides a report of how they facilitate and adhere to environmental and sustainability considerations in their activities, operations and management. In its reporting, the hospital cites the following as its key environmental and sustainability considerations, plans and strategies;

1. Environmental performance: reliance on County policy on environment under the department of environment as well as the use of the hospital incinerator

2. Employee welfare through reliance on policies on public service recruitments and engagements
3. Market place practices; responsible competition, responsible supply chain relations, responsible market and advertisement, and product stewardship
4. Waivers on hospital and mortuary bills as corporate social responsibilities

Despite enumerating the foregoing issues as the key environmental and sustainability strategies of the hospital, the committee review and analysis of the same reveals the following;

1. Environmental performance; the reliance on County-wide policy on environment is not enough. The hospital needs to formulate specific and unique environment management policy guidelines unique to the environmental issues of the KCRH Hospital and within the broader provisions of the county-wide policy. The aspect of incineration is not only the waste management strategy of the hospital. The report ought to provide a more comprehensive mechanisms of waste management
2. Employee welfare: the report is not comprehensive on staffing status of the hospital, staffing gaps and needs and cost-benefit analysis plans that have been put in place to meet employee needs and fill the staffing gaps sustainably
3. Market place practices are not adequately explained with regards to how they help in fostering sustainability and environmental management
4. Corporate social responsibility: A comprehensive detail of the waivers granted during the period under review is not provided.

Medical Superintendent's Brief on the Financial Statement of the Hospital.

Mr. Speaker and Hon Members, from the brief, the Committee was able to deduce as follows;

1. The revenue sources for the hospital include transfers from the County and receipts in rendering services, totaling to Kshs.104,774,667.35.
2. During the year, the hospital utilized Kshs.84,533,470.15 for payment of supplies of goods and services, leaving cash and cash equivalent of Kshs.17,740,345.95 as at 30th June 2022.
3. The financial statements show historical trade payables of Kshs.148,808,525, out of which Kshs.87,271,041 relates to historical pending bills that are not yet settled.
4. The hospital expects to receive Kshs.20,157,625, including Kshs.12,104,845 from County transfers and Kshs.8,52,780 for both NHIF and Kisumu County Social Protection Scheme MARWA.

Analysis of statement of financial performance for the year ended 30th June 2022

1. Revenue: In that year, the hospital generated a total revenue of Kshs.130,013,384, with the majority of it coming from transfers from the County Government (Kshs.60,500,000) and rendering of medical services (Kshs.47,226,616).
2. Expenses: The total expenses incurred by the hospital during the year were Kshs.145,035,338. The largest expenses were medical/clinical costs (Kshs.68,549,354) and general expenses (Kshs.46,278,166).
3. Net Surplus: The hospital incurred a net loss of Kshs.20,371,853 in the year 2021/22.

Analysis of statement of financial position as of 30th June, 2022

The statement indicated as follows;

1. Revenue:
 - Total revenue for the year is Kshs. 130,013,384.
 - The majority of the revenue comes from rendering medical services (Kshs. 47,226,616) and transfers from the County Government (Kshs. 60,500,000).
 - There were no grants from donors and development partners.
2. Expenses:
 - Total expenses for the year 2021/22 are Kshs. 145,035,338.
 - The largest expense is medical/clinical costs (Kshs. 68,549,354), followed by general expenses (Kshs. 46,278,166), and employee costs (Kshs. 15,502,235).
 - The hospital incurred a net loss for the year 2021/22, with a deficit of Kshs. 20,371,853.
3. Assets:
 - Total assets as of 30th June 2022 are Kshs. 355,782,885.
 - The largest asset is property, plant, and equipment (Kshs. 308,082,135), followed by non-current assets (Kshs. 309,102,825), and cash and cash equivalents (Kshs. 17,740,346).
 - There were no investment properties.
4. Liabilities:
 - Total liabilities as of 30th June 2022 are Kshs. 148,808,525.
 - The largest liability is trade and other payables (Kshs. 148,808,525).
 - There were no provisions, refundable deposits from customers/patients, or service concession liability.

Analysis of statement of changes in net asset for the year ended 30th June 2022

1. Revenue: The total revenue for the year was Kshs. 130,013,384, with the majority of the revenue (around 36%) coming from transfers from the County Government, and the remaining revenue coming from rendering of medical services and transfers from other government entities.
2. Expenses: The total expenses for the year were Kshs. 145,035,338, with the majority of the expenses (around 47%) going towards medical/clinical costs.
3. Net Surplus: The hospital had a net deficit of Kshs. 20,371,853 for the year, which indicates that they spent more than they earned.
4. Liabilities: The hospital had total liabilities of Kshs. 148,808,525, which is significantly higher than the cash and cash equivalents they had on hand.

Analysis of statement of cash flows for the year ended 30th June 2022

1. The hospital received Kshs 48,395,155 in transfers from the County Government and Kshs 22,286,768 from other government entities. It also received Kshs 34,592,744 from rendering medical services and Kshs zero (0) from grants, subsidies, and finance or interest income. Therefore, the total receipts for the year were Kshs 105,274,667.
2. On the other hand, the hospital incurred Kshs 49,250,014 in medical/clinical costs, Kshs 9,171,755 in employee costs, Kshs 219,000 in Board of Hospital expenses, Kshs 4,716,803 in repairs and maintenance, Kshs 20,963,888 in general expenses, and Kshs 500,000 in refunds paid out. Thus, the total payments made by the hospital for the year were Kshs 84,821,460.
3. The net cash flow from operating activities is Kshs 20,453,207 (total receipts - total payments).
4. The hospital used Kshs 3,212,010 in investing activities, which is the purchase of property, plant, equipment, and intangible assets.
5. The hospital did not receive any proceeds from or repay any borrowings or receive any capital grants, so the net cash flows used in financing activities are zero.
6. The net increase in cash and cash equivalents for the year is Kshs 17,241,197 (net cash flow from operating activities - net cash flows used in investing activities).
7. The cash and cash equivalents at the beginning of the year (July 1, 2021) were Kshs 499,149, and the cash and cash equivalents at the end of the year (June 30, 2022) were Kshs 17,740,346.

Analysis of statement of comparison of budget and actual amounts for the year ended 30th June 2022

Findings:

1. The actual revenue on a comparable basis is Kshs 11,604,845 less than the final budget, representing a performance difference of 80.66%.
2. The actual expenses on a comparable basis are Kshs 11,604,845 less than the final budget, representing a performance difference of 90.07%.
3. The largest variances between budgeted and actual amounts are in the medical/clinical costs and employee costs.
4. The budget notes explain the reasons for the variances between budgeted and actual amounts, including non-payment of expenditures, accrued expenses, and adjustments made due to the operationalization of the Kisumu County FIF Act 2022.

OBSERVATIONS

Mr. Speaker and Hon Members, from the above analysis, it can be observed that;

1. THAT during the year under review the hospital generated a total revenue of Kshs.130,013,384, with the majority of it coming from transfers from the County Government (Kshs.60,500,000) and rendering of medical services (Kshs.47,226,616).
2. THAT the total expenses incurred during the year were Kshs.145, 035,338. The largest expenses were medical/clinical costs (Kshs.68, 549,354) and general expenses (Kshs.46, 278,166).
3. THAT during the year under review the hospital incurred a net loss of Kshs.20, 371,853.
4. THAT the hospital's largest asset is property, plant, and equipment (Kshs. 308,082,135), followed by non-current assets (Kshs. 309,102,825), and cash and cash equivalents (Kshs. 17,740,346).
5. THAT the hospital had total liabilities of Kshs. 148,808,525, which is significantly higher than the cash and cash equivalents they had on hand.

RECOMMENDATIONS

Mr. Speaker and Hon Members, from the above findings and observations, the Committee recommends as follows;

1. THAT going forward, the hospital should consider enhancing their reporting structure to include key figures and statistical indicators that are important for the management of the hospital. This would make it easier for the management to track progress, identify gaps,

and make informed decisions based on quantitative data. The report should also provide information on the hospital's clientele, staffing levels, infrastructure, and equipment improvements.

2. THAT the medical superintendent develops and submits to the Assembly within 60 days upon adoption of this report, a comprehensive environmental management guidelines specific to the KCRH hospital and in line with County Environment management policy
3. THAT the medical superintendent develops and submits to the Assembly within 30 days upon adoption of this report, a comprehensive resource mobilization and sustainability strategies for operational efficiency and sustainability of activities and services within the hospital.
4. THAT the hospital should improve its revenue generation strategies to avoid incurring a net loss. They can explore other revenue streams such as partnerships, collaborations, or fundraising activities to supplement the current revenue sources.
5. THAT the hospital should review the medical/clinical costs, which are the largest expenses, to see if there are any areas they can reduce expenses while still providing quality medical services.
6. THAT the hospital should focus on managing its revenue and expenses effectively by exploring ways to increase its revenue, such as expanding services, while also managing its expenses carefully to ensure that it operates within its budget. It need also consider implementing a cost-saving strategy to reduce unnecessary expenses without affecting the quality of care. This would help to ensure that the hospital remains financially sustainable in the long run.
7. THAT the historical pending bills should be settled to minimize the trade payables. This will help to reduce the liabilities and improve the financial position of the hospital.
8. THAT the hospital should consider diversifying the assets portfolio to minimize the concentration risk. This will help to spread the risk across different asset classes, minimizing the impact of losses in a particular asset class on the hospital's financial position.
9. THAT the hospital should develop a cash management strategy to optimize the utilization of the cash and cash equivalents. This will help to maximize the returns on the available cash and improve its liquidity position.

10. THAT the medical superintendent submits to the County Assembly a comprehensive report justifying the zero contributions of the following service streams to the hospital revenue basket; Non-pharmaceutical services, accidents and emergencies, anesthesia services, nutrition and cancer center within 30 days upon adoption of this report.
11. THAT the hospital should develop environmental management policy guidelines and sustainability strategies to ensure that it is operating in an environmentally responsible manner. This would include developing a plan to reduce waste, conserve energy, and minimize carbon footprint. This can be achieved by seeking the help of environmental experts to develop a comprehensive strategy.
12. THAT the hospital submits the reports and financial statements for the year ended 30th June, 2022 to the Auditor General for purposes of annual auditing.
13. THAT the auditor general audits the hospital's reports and financial statements for the year ended 30th June, 202 and submit the audit report to this Assembly pursuant to section 229(4) of the constitution of Kenya 2010.

CONCLUSION

Mr. Speaker and Hon Members, it is now my pleasure to present this report of the Health, Housing and Sanitation Committee on its consideration of the annual report and financial statements of Kisumu County Referral (Level 4) Hospital for the year ended 30th June, 2022 before this House for adoption. May I call upon Hon. Emily Oginga to second.

The Speaker (Hon. Oraro): Hon. Oginga.

Hon. Oginga (Nominated MCA): Thank you Mr. Speaker. I rise to second the report as presented by the Chairperson.

The Speaker (Hon. Oraro): Honourable Members, now that the report by the Health, Housing and Sanitation Committee has presented a report on the Annual Financial Statements for the Kisumu County Level Four Hospital for the year ended 30th June, 2022 and seconded. As per our Standing Orders I want to propose a question for debate on the motion. Hon. Ratib Boitone.

Hon. Boitone (MCA, Nyalenda "A" Ward): Thank you Mr. Speaker. Before I make submissions on the motion, I want to ask the Chairperson of this committee to consider reading the figures correctly when presenting the report. We are dealing with millions of shillings here.

Mr. Speaker, I believe one of the objectives of these facilities is to provide quality health services to the people. I don't know how this is possible when at times there are no drugs. If you go to these hospitals, you will find a number of their equipment are not working. You can be a referred

to another facility because of a very simple test. This is a worrying trend that must be looked into by the Medical Superintendent. I also heard the Chair say that staffing, infrastructure, and some other sectors that cannot be properly ascertained.

That means that there is a gap that this report needs to have addressed. I therefore implore my Chairperson to take that into consideration. When he brings a report, let it be one with comprehensive and conclusive factors considered.

Mr. Speaker, on the issue of bed capacity; it states about 180 beds, whereas you find that the percentage of occupancy is at 110%. This should therefore mean that patients often share beds. When patients are sharing beds and they have different ailments then it becomes a major concern and it isn't right. Mr. Speaker, I do not know what the committee is going to do about it but something must be done to bring this issue into the light so that sharing of beds in the health facility becomes a thing of the past.

Consequently, he talked about Waste Management where the provision of these waste management services isn't properly taken care of. I hope this is addressed and next time when the Committee brings a report, this should be taken off.

Mr. Speaker, there is also one point here that has always come to our attention, especially we the MCAs. Many a times, you see patients are held back in hospitals for not having cleared the hospital bills. For instance, a patient is detained for not paying a bill of about Kshs. 20,000 and he/she is supposed to be discharged, but is detained for an additional week at a cost of around Kshs. 540 or so per day.

Mr. Speaker, remember that this is a patient that could not pay Kshs. 20,000. So, by the time the family goes out there sourcing for the money from us the MCAs, to assist in offsetting this bill, the bill increases from its initial Kshs. 20,000 to Kshs. 30,000. Looking critically on the status of this patient, they are no longer on bed, and could possibly be sleeping on the floor or corridors. This is a trend that the committee needs to look into. My suggestion is that during this detention period, these patients' bills should remain as at the time they ought to have been discharged because they aren't offered bed and meals services. With those few remarks, I want to support the report with the aforementioned observations, thank you.

The Speaker (Hon. Oraro): Yes, Hon. James Were. I have noticed you Hon. Mildred; I shall give you a chance after Hon. Were.

Hon. Were (MCA, Nyalenda 'B' Ward): Thank you Mr. Speaker, I also stand to make my comments on my report. I want to commend the committee on a job well done. It is a very elaborate and comprehensive report. I am interested in the observation and recommendations, and considering that our facility should be offering quality medical services to our people. This would mean that we must be having a good human resource and the financial capability to purchase adequate pharmaceutical and non-pharmaceutical equipments.

Mr. Speaker, the first observation of the report; that during the year under review, the hospital realized total revenue of Kshs. 130 million. I believe that our facility should generate more than that Kshs. 130 million. If we enhance our Own Source Revenue well, we can generate more. Generating more revenue means that we can have enough money to purchase drugs and to pay more of our staff.

Mr. Speaker, on to recommendation 4 on the report; that our facility should improve on revenue generating strategies. I remember some years back, we went to benchmark with our sister County in Nakuru, where we visited the Nakuru Referral Hospital. We learnt that that facility was generating more than Kshs. 1 billion, and I believe we can also do this because our facility is bigger than that of Nakuru.

Mr. Speaker, let us encourage the management of our facility and the County at large, so that we can also adopt such like recommendations and ensure that our facility goes cashless. We must also account for every coin that is generated. I believe that by adopting this Mr. Speaker, we shall be having enough for us.

Mr. Speaker, this goes in tandem with recommendation number 9. That when we develop a Cash Management Strategy to Optimize the Utilization of Cash and Cash Equivalence. Mr. Speaker, we shall have helped our county. I also believe our people shall get the best services that it requires. Mr. Speaker, otherwise, I beg to support the report, thank you.

The Speaker (Hon. Oraro): Honourable Mildred Ajumbo Biko.

Hon. Biko (MCA, Central Seme Ward): Thank you Mr. Speaker for giving me the opportunity to air my voice on this motion. I am delighted with the recommendations and their observations. In fact, it is almost everything that I noted down so I will not repeat. However, there is one thing which has captured my attention that this hospital is boasting of the largest asset. I do not know whether in the world or where? But they are talking of Property Plant and Equipments worth Kshs 308 million. So, this hospital has property, it has equipment that can make it generate money. In terms of assets from the Kshs 308 million, I do not know what they are doing with the assets on equipment. Is this equipment depreciating and when was it bought? If they are still giving us the same figure for equipment combined with the plant is worth that amount, then the committee needs find out the condition of the equipment so that you do not keep on reporting that the equipment is still worth that amount.

Mr. Speaker, I have also noted in the report where it is stated that the Bed Occupancy of the hospital is at one hundred and ten per cent. It means therefore that in this hospital we have patients streaming in every minute. Can you imagine that in every minute, a bed is occupied yet the beds are only one hundred and eighty? Honourable Boitone has noted that concern and has talked about it. It means that patients are sharing beds. However, apart from the beds, we also need to know if there are patients that are sleeping down on the floor. That is because you are giving us a bed capacity of eighty and you are not telling us if you have some extra mattresses whereby other patients could also be sleeping on the floor.

Mr. Speaker, in addition, I am also worried about the expenditure that is more than the total amount which is given by the County Government and their Own Source Revenue. This means that this hospital; if they do not get money from the County, they cannot stand on their own. Yet, this is one of the biggest hospitals in Nyanza Region. Patients visit or come to this Health facility from as far as Migori, Siaya, Bomet yet they are making losses. This is a very sad state of affairs. I have looked at the observation and recommendation of the committee and I commend the committee because they have done a wonderful job to come out with every item that they have highlighted. This shows that we really want this hospital to improve on its services.

Mr. Speaker, I also got interested on item number nine under the recommendations of the committee about the Cash Management System. There is no way this hospital will improve if we do not focus on this particular recommendation. That is because, if we do not implement the Cash Management System, there is no way we will improve. Otherwise, I want to support the committee's work; they have done a good job and we hope there will be more improvement, thank you Mr. Speaker.

The Speaker (Hon. Oraro): Honourable Reuben Rakwach- East Kolwa Ward.

Hon. Rakwach (MCA, East Kolwa Ward): Thank you Mr. Speaker for also giving me a chance to add my voice on this report from the Health Housing and Sanitation Committee.

Mr. Speaker, I wish to state that I support the report; this is a very good work that has been done by the committee members under their able Chairperson Honourable Vincent Jagongo. It is a very fabulous work. The recommendations are so good. However, I only have a problem somewhere under the Analysis of Statement of Financial position as at 30th June, 2022 under item number three that is Assets. That is because the figures here are not adding up. Total assets are reported as being Kshs 355,782, 885 while the largest asset which is reported as plant and equipment is Kshs 308, 082,135 followed by a non-current asset which is reported as Kshs 309,102,825. Then cash and cash equivalent Kshs 17,740,346. Mr. Speaker, it is not clear because if you add all the assets then we should get this figure that was given to represent the total assets but when you compute or sum up all this figures, it surpasses by over Kshs. 600,000,000 million. So, maybe I urge the committee to do something on that so that it becomes clearer.

Mr. Speaker, I support the report and urge the member of the public not to take it as that, Honourable Members of the Assembly are just looking for bread from the Government that our party leader does not recognize. While some errant Members of the County Assembly of Kisumu were looking for bread, Members of the Health Committee were busy burning the midnight oil to come up with this fabulous report, I support the report thank you very much.

The Speaker (Hon. Oraro): Yes Hon. Obaso.

Hon. Obaso (Nominated MCA): Thank you Mr. Speaker, let me also add my voice to the report. First of all, I want to commend the committee for a job well done.

Secondly, if you analyze this report effectively, you will realize that these hospitals are making loses. When you compare the expenses and what they collect, there is a big difference/deficit of about Kshs. 20,000,000 million. So, I will just urge the committee to add more recommendation on and focus expense management and proper revenue collection. For those few remarks I beg to support thank you.

The Speaker (Hon. Oraro): Yes Hon. Carren Odhiambo.

Hon. Ajwang (MCA, Kaloleni Shaurimoyo Ward): Thank you Mr. Speaker, I call the mover to reply.

The Speaker (Hon. Oraro): What is it Hon. Nereah.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B” Ward): Thank you. Mr. Speaker before the mover replies, I also want to add my voice in commending the good job that the chair and my fellow Members in the committee have done.

Mr. Speaker, page 10 of this report gives an elaborate measure put in place by KNH in regards to emergencies. Mr. Speaker, I would wish that we as County, especially our referral hospital JOOTRH, emulate the system put in place so as to help us handle so many emergency cases like those of Boda-boda accidents that are experienced at the hospital.

Mr. Speaker, my only recommendation to the Health Department would be that let them focus more on empowering our Level 2 and Level 3 Hospitals because health is more about primary care, more preventive than curative. Mr. Speaker as an Assembly, I would wish that we recommend more facilitation in terms of allocation be forwarded to our health center to empower our hospitals and also have additional staff be deployed to our health facilities to be able to handle emergency cases so that fewer clients are taken care of at the referral hospitals limiting many patients going to the referral hospitals when their cases could be handled at the health facilities. Mr. Speaker, I beg to support. Thank you.

The Speaker (Hon. Oraro): Honourable Members, the mover has been called upon to reply but let me give it to any other two or three Members who wish to contribute before the mover replies. Hon. Bill Odhiambo, I believe that you want to contribute. The floor is yours.

Hon. Bill (MCA, Kobura Ward): Thank you Mr. Speaker. I want to commence by informing the Health and Sanitation Committee that, this is good work done.

Secondly, from the report, this hospital is making loses and it is my belief that where it is placed, it is receiving a lot of patients from all corners of the Nyanza and it should not be making loses. So, it is my belief that if we go with the recommendations from the CEC Member on what the facility is planning to do, which is the improvement of Level I, II Hospitals, you will realize that, the workload will be reduced. Mr. Speaker, when this is actualized, I know we will not be

making loses. Mr. Speaker, this is not good and we should empower all the other health facilities so that the workload does not end at the Kisumu County Referral Hospital. Mr. Speaker, these loses will equally reflect badly in the books of accounts of the County Government and this will exacerbate the situation and trigger loss in allocations to other Departments.

Mr. Speaker, I arise to support, but it is my prayer that, if we support the improvement of other small health facilities, these loses will be mitigated. Thank you.

The Speaker (Hon. Oraro): Honourable Members, I have not seen any other Member rise on his/her feet. So, I will give permission to the mover to reply.

Hon. Jagongo (MCA, North West Kisumu Ward): Thank you Mr. Speaker. I want to say that, Members of this House we are all aware where we have come from. Again, we are all aware that prior to the year 2021 Kisumu County was chosen to be one of the piloting counties on Universal Healthcare. During that time, patients were not being levied for services rendered in all health facilities when they had sort for treatment.

Mr. Speaker, when this House approved the Facility Improvement Fund Bill, 2022 (FIF) which was made into an Act by the Governor, it was put into operation early last year. So, it is barely a year since we started realizing revenues from the healthy facilities. Mr. Speaker and Honourable Members, if you look at this report, it is stated that, this was the first time they were reporting these figures. Mr. Speaker, this financial year, it is my belief that we will have something to compare with on what has transpired from that time with this financial year and what transpired that time. I believe that, these loses were incurred as a result of the UHC operations where members of the public were not paying anything when they visited the health facilities and these services were being offered for free and that time, the Government was expected to remit funds to the county which they did not honour their end of the deal to supplement the UHC operations.

Mr. Speaker, I have noted the concerns of Honourable Members and as a team, we are going to work on them. I believe that there are some recommendations that we requested that the Department of Health furnish us with some of the documents. It is my appeal that, if we comply with all the recommendations provided by the House Committee, thirteen of them then, we will move somewhere.

Otherwise, I want to appreciate all the Members for their contribution and support to this report. Thank you so much.

The Speaker (Hon. Oraro): Honourable Members, now that the Standing Committee of Health, Housing and Sanitation report on its consideration of the Annual Report and Financial Statement for Kisumu County Referral Level 4 Hospital for the year ended 30th June, 2022 has been moved and presented by Hon. Vincent Jagongo, seconded and debated. As per the provisions of Kisumu County Assembly Standing Orders, I want to put a question?

(Question put and agreed to)

The Speaker (Hon. Oraro): Honourable Members, the Standing Committee of Health, Housing and Sanitation report on its consideration of the Annual Report and Financial Statement for Kisumu County Referral Level 4 Hospital for the year ended 30th June, 2022 has been adopted today Wednesday, 08th March, 2023 at 10:16 hours. I want to direct that, the recommendations be communicated for the purposes of implementation.

Consequently, I similarly want to direct that the Committee of Implementation to follow up on the same. Thank you.

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

ADJOURNMENT

The Speaker (Hon. Oraro): Honourable Members, there being no any other business to transact, the House stands adjourned to today Wednesday, 08th March, 2023 at 02:30 p.m.

(House arose at 10:20 a.m.)

Addendum

The Hansard Team

Zablon Otiende – Senior Hansard Reporter (Ag. Editor)

Edward Odanga – Hansard Reporter

Fanuel Okode – Hansard Reporter

Patrick Okoyo – Hansard Reporter

Jacklyne Otieno – Hansard Reporter

Jesca Otieno – Hansard Reporter

Vallery Achieng’ – Hansard Reporter