

## COUNTY GOVERNMENT OF KISUMU



### COUNTY ASSEMBLY OF KISUMU

### **THE HANSARD**

#### *Official Report*

#### **THIRD ASSEMBLY – THIRD SESSION**

**Thursday 16<sup>th</sup> May, 2024**

**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): Mr. Clerk, take us through the Order Paper of today.

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

#### **PAPERS LAID**

AUDITOR GENERAL'S REPORT

ON

KISUMU COUNTY SOCIAL HEALTH INSURANCE FUND FOR THE FY ENDED 30<sup>TH</sup>  
JUNE, 2021, 2022, AND 2023

CITY OF KISUMU FOR THE FY ENDED 30<sup>TH</sup> JUNE, 2023

COUNTY GOVERNMENT OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND  
FOR FY ENDED 30<sup>TH</sup> JUNE, 2023

KISUMU COUNTY EMERGENCY FUND FOR FY ENDED 30<sup>TH</sup> JUNE, 2023

COUNTY GOVERNMENT OF KISUMU RECEIVER OF REVENUE -REVENUE  
STATEMENTS FOR FY ENDED 30<sup>TH</sup> JUNE, 2023

COUNTY GOVERNMENT OF KISUMU REVENUE FUND FOR FY ENDED 30<sup>TH</sup> JUNE,  
2023.

COUNTY EXECUTIVE OF KISUMU FOR FY ENDED 30<sup>TH</sup> JUNE, 2023

GULF WATER SERVICES COMPANY LIMITED FOR FY ENDED 30<sup>TH</sup> JUNE, 2023

NYANAS WATER COMPANY LIMITED FOR FY ENDED 30<sup>TH</sup> JUNE, 2023

KISUMU COUNTY COVID-19 EMERGENCY RESPONSE FUND FOR FY ENDED 30<sup>TH</sup>  
JUNE, 2023

BY

HON. KENNETH OOKO, AHERO WARD.

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Hon. Leader of Majority.

**Leader of Majority** (Hon. Ooko, MCA, Ahero): Thank you Mr. Speaker. Allow me to lay the following Papers. Pursuant to the provisions of Section 32 of the Public Finance Management Act 2012, I wish to table today Thursday 16<sup>th</sup> May, 2024 the report of the Auditor General on the following;

1. Kisumu County Social Health Insurance Fund for the FY ended 30<sup>th</sup> June, 2021, 2022, and 2023.
2. City of Kisumu for the FY ended 30<sup>th</sup> June, 2023.
3. County Government of Kisumu Car Loan and Mortgage Scheme Fund for FY ended 30<sup>th</sup> June, 2023.
4. Kisumu County Emergency Fund for FY ended 30<sup>th</sup> June, 2023.
5. County Government of Kisumu Receiver of Revenue - Revenue Statements for FY ended 30<sup>th</sup> June, 2023.
6. County Government of Kisumu Revenue Fund for FY ended 30<sup>th</sup> June, 2023.
7. County Executive of Kisumu for FY ended 30<sup>th</sup> June, 2023.
8. Gulf Water Services Company Limited for FY ended 30<sup>th</sup> June, 2023.
9. Nyanas Water Services Company Limited for FY ended 30<sup>th</sup> June, 2023 and;
10. Kisumu County COVID-19 Emergency Response Fund for FY ended 30<sup>th</sup> June, 2023.

Thank you.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Honourable Members, I direct that these Audit Reports be committed to the Select Committee of Public Investments and Accounts and a report on each to be brought back to this House within a period of 21 days. Hon. Chairperson, I want to remind you that you have 13 reports to work on. Please find time, make a schedule so that you can liaise with the Office of the Auditor General for the scrutiny of these reports.

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

## STATEMENT

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Hon. Tom Nyaoke.

**Hon. Nyaoke** (MCA, North Nyakach): Thank you Mr. Speaker. I wish to give a Personal Statement pursuant to the provisions of relevant Standing Order..

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): What is the relevant Standing Order Honourable Member?

**Hon. Nyaoke** (MCA, North Nyakach): Mr. Speaker, I want to believe that it is Standing Order 42 (b).

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Honourable Member, could you please look at your Standing Order. We don't have Standing Order No. 42 (b).

**Hon. Nyaoke** (MCA, North Nyakach): Apologies Hon. Speaker. It is Standing Order No. 42 (a).

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Honourable Member, I know you have your Standing Order.

**Hon. Nyaoke** (MCA, North Nyakach): Mr. Speaker I do, but it is not with me now but I contemplate it is what I am going to talk about.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): So, for the purposes of the orders of the House, can you give the correct Standing Order.

**Hon. Nyaoke** (MCA, North Nyakach): Hon. Speaker, it is a very interesting Statement. I just beg for your indulgence to allow me to present my statement.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Honourable Member, I really love to do that but, you know our Standing Order provides for ways to give Statements and I don't know what you want to give, I don't have any Statement before me...

**Hon. Nyaoke** (MCA, North Nyakach): Very well. I now have the Standing Order with me and it is Standing Order No. 42. Mr. Speaker, do I have to state the same? Or should I proceed?

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Honourable Members, could you please make reference to that standing order so that Members can comprehend.

**Hon. Nyaoke** (MCA, North Nyakach): Mr. Speaker and Honourable Members, this is the provisions of Standing Orders no. 42 which states that; and i quote;

*“During the Statement Hour a member may seek the indulgence of the House to explain matter of personal nature. Although there will be no question put before the House but such a matter may not be debated”*

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Please proceed.

**Hon. Nyaoke** (MCA, North Nyakach): Mr. Speaker, I believe that you are all aware that as a House particularly in my area and of course some parts of Kisumu County have experienced a lot of deluge. Mr. Speaker, I really wish to take this rare opportunity to appreciate all the people that have tried to come to our aid that includes the County Government of Kisumu led by...

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Order!! Order!! Honourable Member, I thought that you were making a Personal Statement but what I have heard you make a Statement of Topical Concern.....

**Hon. Nyaoke** (MCA, North Nyakach): Mr. Speaker, of course that is personal to me. I still believe that it is personal because no Member has gotten the time and opportunity to raise such kind of statement here in this House. So, I have the leverage of putting it across in this floor. Mr. Speaker, of course to me it is personal.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Honourable Member, I am really struggling to allow you proceed with your statement especially when you mention floods which in my believe is not personal...

**Hon. Nyaoke** (MCA, North Nyakach): Mr. Speaker, it is personal and this is because, in fact I was one of the people who were affected by this deluge because even my personal belongings were destroyed so I have all the due rights to speak about this matter.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Honourable Member, so let me allow you to proceed and we see how it pans out.

**Hon. Nyaoke** (MCA, North Nyakach): Thank you Mr. Speaker for being sympathetic with me and coming to my aid. I had already commenced my statement by thanking the indulgence of His Excellency the Governor who did come to our assistance and of course the rest of the propel of Nyakach who equally came to our aid by assisting in raising funds and offering other material things in kind to assist some of us who were seriously affected. Mr. Speaker, we still pray that should this deluge or disaster persist, we call it disaster because if you see some of our areas and even where we sort for refuge now we still have a lot of troubles in those areas.

Mr. Speaker, I want to send this humble appeal and that is the reason as to why I took this opportunity to make it a personal statement to really appreciate those who have already taken steps to offer us assistance however little it is and I still wish to reiterate that those who are still willing to assist, we are still in need of such kind of assistance. So, take your time and come pay us a visit with whatever little that you have and that is my personal appeal that I wish to make in the floor of this House. Mr. Speaker, Members of this House who are not been affected in their areas of jurisdictions, please take the excess of what you have come pay us a visit and assist us as much as you can. On behalf of Kabonyo/Kanyagwal where the Honourable Oiko Pete comes from, we do suffer the same fate and therefore including you as the Speaker, we request a lot of your indulgence and willingness to please pay us a visit and give us more assistance. Thank you for according me this opportunity and I wish to again appreciate you.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Thank you for that Honourable Member. The Honourable Member (Hon. Nyaoke), I still want to guide you and this is because you brought a statement which I believe that affects a number of people and not only you. It was my belief that you wanted to appreciate people who came to offer you their assistance as the Honourable Member for North Nyakach but, you are seeking help for yourself. This is because that is what we call personal. But, when you are seeking help on behalf of other people, then it becomes a matter of Topical Concern that should be brought before these Honourable Members to deliberate upon and look for ways to assist. So, I direct that for the kind of assistance you required, you might be required to bring to this House a Statement while making reference to the provisions of Orders No. 41 (2) (b) or Orders 1 (3) of the Kisumu County Assembly Standing Orders. So, that Honourable Members can be accorded time to deliberate and see how they can assist the people of Nyakach affected by the deluge. Otherwise, thank you so much.

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

## MOTION

ADOPTION OF REPORT OF THE SELECT COMMITTEE OF PUBLIC ACCOUNT AND INVESTMENT ON ITS EXAMINATION OF THE AUDITOR GENERAL'S REPORT AND FINANCIAL STATEMENT OF LUMUMBA COUNTY HOSPITAL FOR THE FINACIAL YEAR ENDED 30<sup>TH</sup> JUNE, 2022

BY

HON. KEN OUKO, MCA, WEST KISUMU

(CHAIRPERSON, SELECT COMMITTEE OF PIC/PAC)

Hon. Speaker, on behalf of the Public Accounts and Investments Committee (PICPAC), and Pursuant to Kisumu County Assembly Standing Orders 188, I wish to present to this House the

report of the Committee on the audited financial statements of Lumumba Sub-County Hospital, financial year 2021/2022.

The County Assembly exercises oversight over County Government entities/investments and their expenditure Pursuant to Article 185(3) of the Constitution of Kenya 2010, through the Public Accounts and Investments Committee which, in turn, derives its mandate from the County Assembly Standing Orders.

It's instructive that Article 229 (8) of the Constitution of Kenya, 2010, requires the County Assembly, within three months after receiving an audit report, to debate, consider the report and take appropriate action.

The Committee held 2 sittings during which it received both written and oral evidence from the Accounting Officer on audit queries raised by the Auditor-General on the financial statements of Lumumba Sub-County Hospital FY 2021/2022.

Honorable Speaker, I wish to register my appreciation to fellow Honorable Members of the Committee, the Offices of the Speaker and the Clerk of the Assembly, Committee Secretariat and the Office of the Auditor General for facilitation and technical support that made the production of this report possible.

I also thank the management of Lumumba Sub-County Hospital for honoring committee invitations and timely submission of responses.

Special appreciation goes to the Hansard department for ensuring that all our meetings with Accounting Officers are broadcasted live.

Honorable Speaker, on behalf of the Public Accounts and Investments Committee, I now wish to table the report on the consideration of the Auditor General's report on the Financial Statements of the Lumumba Sub-County Hospital for the year ended 30, June 2022 and urge this Honorable House to adopt it.

**Establishment and Mandate of the Public Accounts and Investments Committee**

Hon. Speaker, the Public Accounts and Investments Committee is established under Standing Order No. 188 of the Kisumu County Assembly Standing Orders and is mandated to undertake the following functions;

- i). Examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the House as the committee may think fit;
- ii). Examination of the working of the Public Investments
- iii). Examine the reports and accounts of the Public Investments and,
- iv). Examine in the context of the autonomy and efficiency of the public investments,

whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

Composition of the Public Accounts and Investments Committee

The Committee as currently constituted comprises of the following Honorable Members,

*Table 1: Committee Membership as at April 2023*

	NAME	POSITION
	MEMBERS	
1.	Hon. Ken Ouko	Chairperson
2.	Hon. Geoffrey Warindu	Vice Chairperson
3.	Hon. Seth Okumu	Member
4.	Hon. Nancy Matara	Member
5.	Hon. Rueben Rakwach	Member
6.	Hon. James Were	Member
7.	Hon. James Omollo	Member
	SECRETARIAT	
1.	Austine Ochieng	Committee Clerk
2.	Chrispine Oguta	Clerk Assistant
3.	Wycliffe Owade	Research
4.	Patrick Okoyo	Hansard
5.	CPA Naboth Odero	Internal Auditor
6.	Faith Judith	Seargent-at-arm
7.	CPA Mollen Achayo	Fiscal Analyst
8.	CPA Charles Agengo	Internal Auditor

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REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE LUMUMBA SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30, JUNE 2022

Hon. Speaker, Ms. Pamela Olilo, Medical Superintendent and the Accounting Officer appeared before the Committee on 31<sup>st</sup> February, 2024 at 10.30am to adduce evidence on the Audited Financial Statements of the Lumumba Sub-County Hospital for the year ended 30, June 2022. The following officials accompanied him;

1. Mr. Samuel Ochieng – Hospital Administrator
2. Mr. Alfred Otieno – Accounts Clerk

The following officer represented the Office of the Auditor General in the meeting of 31<sup>st</sup> February 2024;  
Kennedy Ongoi – Office of the Auditor General

Opinion of the Auditor General; Disclaimer Opinion

Hon. Speaker, the opinion of the Auditor General on the Financial Statements of Lumumba Sub-County FY 2021/2022 was a Disclaimer of Opinion. This is the worst opinion that an Auditor can give.

A disclaimer of opinion is an opinion issued by an auditor indicating that the auditor was unable to obtain sufficient evidence to form an opinion on the financial statements being audited. This occurs when the auditor believes that the information available to them is insufficient, unclear, or lacks credibility, making it impossible to provide a clear opinion on the accuracy of the financial statements.

Hon. Speaker, the purpose of an audit is to provide assurance to stakeholders that the financial statements are presented fairly and accurately. When an auditor is unable to provide this assurance, they issue a disclaimer of opinion. This type of opinion is seen as a significant red flag, as it indicates that the financial statements are unreliable and potentially misleading.

Basis for Disclaimer Opinion

Hon. Speaker, the following issues formed the basis of Disclaimer of opinion;

1. Non-Compliance with the Prescribed Financial Reporting Template
2. Inaccuracies in the Financial Statements
3. Variance in the Transfers from Other Government entities
4. Inaccuracies in the Statement of Changes in Net Assets
5. Inaccuracies in the Statement of Cash Flows
6. Unbalanced Trial Balance
7. Unreconciled Variances Between the Financial Statements and Supporting Schedules or Ledger
8. Variances Between NHIF Receipts and Bank Statements

9. Inaccuracies in the Trade and Other Payables
10. Unsupported Rendering of Services – Medical Service Income
11. Inaccuracies in the Cash and Cash Equivalents
12. Failure to Open Facility Improvement Bank Account
13. Unsupported Receivables from Exchange Transactions
14. Inaccuracies in the Property, Plant and Equipment
15. Inaccuracies in the Property, Plant and Equipment
16. Lack of Ownership Documents for Land and Buildings
17. Lack of Valuation Reports on Land and Buildings
18. Lack of Fixed Assets Register
19. Undisclosed Furniture, Fittings and Office Equipment
20. Inaccuracies in the Inventories
21. Inaccuracies in the Statement of Comparison of Budget and Actual Amounts
22. Lack of Statute Guiding Existence and Operations of the Hospital
23. Non-Provision of Procurement of Goods and Services Related to Clinical or Medical Expenses
24. Failure to Implement E-Procurement System
25. Non-Compliance with Kenya Quality Model for Health Policy Guidelines
26. Failure to Establish Audit Committee and Operations of Internal Audit Unit
27. Ineffective Governance by the Board of Management

Hon. Speaker, having considered the management responses and having met with the Accounting Officer and the Office of the Auditor General, the Committee makes the following observations;

#### COMMITTEE OBSERVATIONS

1. That the management failed to adhere to Section 164(1) of the Public Finance Management Act, 2012 which requires Accounting Officer of a County Government entity to prepare financial statements of the entity in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.
2. That Management over casted non – exchange transaction by Kshs. 95,730 as a result of recording Kshs.1, 334,180 as transfers from other government entities instead of correct amount of Kshs.1, 238,450.
3. The management in their verbal response attributed the overcast to the difference between the claims submitted amounting to Kshs.1, 334,180 (relating to transfers from other government entities- NHIF) and the actual receipts of Kshs.1, 238,450
4. That the financial statement report presented by management was unbalanced by Kshs 223, 207,802 being difference between assets side, Kshs. Kshs.235, 079,954 and liability side, 11, 872,152.
5. That management under casted the cash flow by Kshs.110,970

6. That Management reported nil net operating cash flow while it had net operating cash inflow of Kshs 1,781,023
7. That Management reported nil net increase in cash and cash equivalent instead of Kshs 1,620,679
8. The statement of cash flows reflected cash and cash equivalents balance of Kshs.2,330,578 which differed with the correct position of Kshs.3,291,786 i.e. net increase in cash and cash equivalent of Kshs 1,620,679 and opening cash and cash equivalent of Kshs 1,671,107
9. The trial balance used to prepare the financial statements reflected total debit and credit balances of Kshs.247,453,995 and Kshs.24,113,593, therefore did not balance
10. That the management failed to support expenditures amounting to Kshs. 700,359 relating to Medical/Clinical Costs during the time of audit and the time of committee deliberations
11. The committee observed that management was treating invoices as receipt and thus the cause of the variance of Kshs Kshs.95,730.
12. That the management failed to support trade payables amounting to Kshs. 231, 998 during the time of audit and as at the time of committee deliberations
13. That the management failed to provide evidence to support medical service income amount of Kshs.5,112,434 during the time of audit
14. The Auditors submitted in the Committee meeting that the issue had been satisfactorily explained by the management
15. The cash book was neither checked by the next senior officer or internal auditor nor did the accountant capture either voucher number or cheque number in the cash book
16. That the management failed to adhere to Section 5(a) of the Kisumu County Health Facilities Improvement Fund Act, 2021, which states that ‘each public health facility shall open and operate a bank account called Facility Improvement Bank Account in respect of each facility’.
17. That a letter of ref GN 133 VOL.XI/ (174) dated 24 March 2022 by the Chief Officer Health, instructed the management not to comply with Section 5(a) of the Kisumu County Health Facilities Improvement Fund Act, 2021
18. The Management failed to record additions/acquisitions during the financial year under review
19. The title documents provided for audit showed that the land on which the Hospital is built is in the name of the defunct Municipal Council of Kisumu.
20. That the management failed to disclose in the financial statements’ values of land and buildings
21. That the management failed to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015, which provides that ‘the Accounting Officer

- shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws’.
22. That the management failed to disclose Hospital’s furniture, fittings and office equipment, contrary to Paragraphs 26 and 27 of International Public Sector Accounting Standards (IPSAS) 17, which states that ‘an item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.
  23. That the management contravened Section 162(1) of the Public Procurement and Asset Disposal Act, 2015 which states that “*an accounting officer of a procuring entity shall ensure that all inventory, stores and assets purchased are received, but shall not be used until taken on charge and as a basis for ensuring that all procured items are properly accounted for and put in proper use as intended by the procuring entity.*”
  24. That the management failed to prepare budget estimates for revenue contrary to the requirements of Regulations 28(1) and (2) of the Public Finance Management (County Governments) Regulations, 2015.
  25. That contrary to the requirements of Public Procurement & Asset Disposal Act, 2015, the Management did not competitively procure goods/services relating to medical/clinical costs of Kshs. 1,585,511 during the year under review. Further, there were no supporting procurement documents provided for verification at the time of audit and during committee deliberations as such it was not possible to ascertain the validity of the transactions.
  26. That the management failed adhere to Section 9(1) (e) of the Public Audit Act, 2015, which states that ‘without prejudice to the powers given under the Constitution and this Act and for the purposes of carrying out his or her duties effectively, the Auditor-General, or an officer authorized for the purpose of this Act, shall have powers of unrestricted access to-(i) all books, records, returns, reports, electronic or otherwise and other documents of entities listed under Article 229 (4) of the Constitution’.
  27. That the management failed to adhere to Regulation 49(2) of the Public Procurement and Asset Disposal Regulations, 2020 which states that ‘the conduct of e-procurement procedures for the supply of goods, works and services shall be carried out by a procuring entity using an e-procurement system which is integrated to the State Portal.’
  28. That the management failed to adhere to Executive Order No. 2 of 2018 which states that 'effective 1st of July, 2018, all public procuring entities shall maintain and continuously update and publicize through the websites of the Public Procuring Entity, e-Citizen, Public Procurement Regulatory Authority platforms, public notice boards and/or official government publications
  29. That the hospital did not meet a number of key specifications as prescribed by the Kenya Quality Model for Health policy guidelines with reference to their medical personnel staffing.
  30. That the management through a letter, has requested the County Government to help bridge the deficit.

31. That the management failed to adhere to Section 155(1)(a) of the Public Finance Management Act, 2012 which requires a County Government entity to have appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.
32. That the management failed to adhere to the institutional setup for administration and management of Health Services in Kisumu County, under the sub-heading, “Conduct of Meetings” which states that ‘the Board and sub-Committees shall convene once per quarter in each financial year (i.e. four full board meetings)’.

#### COMMITTEE RECOMMENDATIONS

1. That going forward, the management must adhere to Section 164(1) of the Public Finance Management Act, 2012 on the preparation of its financial statements.
2. That going forward, the management must ensure that the financial statements reflect the true and fair position of the hospital as required by Section 164(3) of the Public Finance Management Act, 2012, on financial reporting.
3. That Pursuant to Article 226(5) of the Constitution of Kenya, 2010, which states that, *if the holder of a Public Office or a political office, directs or approves the use of Public Funds contrary to the law or instruction, the person is liable for any loss arising from that use and shall make good, the loss, whether the person remains the office holder or not*, the Accounting Officer for Department of Medical Services, Public Health, and Sanitation immediately initiate the recovery of Kshs. 700,359 relating to Medical/Clinical Costs from Pamella Olilo, who was the Accounting Officer of the facility during the year under review. A report on the initiation of the recovery be submitted to this Assembly within a period of 90 days upon adoption of this report.
4. That in future, the management should properly classify current assets by separating receivables from the actual cash.
5. That the County Executive Committee member for Finance, ICT and Economic Planning constitute a Task force within 30 days upon adoption of this report to ascertain the accuracy and value of the pending bills, as at 30 June, 2022.
6. That a report of the Task force be submitted to this Assembly within 90 days upon constitution of the Task force.
7. That going forward, the management the management must adhere to the Public Audit Act, 2015, Section 62(c) on timely provision of information to the auditors
8. That going forward, the management must ensure that the Cashbook is checked by the next senior officer
9. That going forward, the management must comply with Section 5(a) of the Kisumu County Health Facilities Improvement Fund Act, 2021
10. That going forward, the Chief Officer Health must not give instructions that contravenes the law

11. That going forward, the management must ensure that all additional fixed assets acquired during the financial year are recorded
12. That the Accounting Officer department of Health initiate the process of transferring the title deed from defunct Municipal Council of Kisumu to Lumumba Hospital and a report on the same be submitted to this Assembly within a period of 90days upon adoption of this report
13. That the accounting officer initiates, with immediate effect, valuation of all land and buildings and a report on the same be submitted to this Assembly within a period of 90 days upon adoption of this report.
14. That going forward, the management must adhere to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015, which provides that ‘the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws’.
15. That going forward, the management must adhere to Paragraphs 26 and 27 of International Public Sector Accounting Standards (IPSAS) 17.
16. That going forward, the management must adhere to Section 162(1) of the Public Procurement and Asset Disposal Act, 2015.
17. That going forward, the management must adhere to Regulations 28(1) and (2) of the Public Finance Management (County Governments) Regulations, 2015.
18. That going forward, the management must adhere to the Public Procurement & Asset Disposal Act, 2015.
19. That going forward, the management must adhere to Section 9(1) (e) of the Public Audit Act, 2015
20. That going forward, the management must adhere to Regulation 49(2) of the Public Procurement and Asset Disposal Regulations, 2020.
21. That the going forward, the management must adhere to Executive Order No. 2 of 2018.
22. That the Accounting Officer, Department of Medical Services, Public Health and Sanitation demonstrate to this Assembly by way of a report corrective measures taken to adhere to the Kenya Quality Model for Health policy guidelines within 90 days upon adoption of this report.
23. That going forward, the Management must to adhere Section 155(1)(a) of the Public Finance Management Act, 2012.
24. That going forward, the management must adhere to the institutional setup for administration and management of Health Services in Kisumu County, under the sub-heading, “Conduct of Meetings”.

**Hon. Ouko** (MCA, West Kisumu): May I call upon Hon. Nancy Matara to second. Thank you, Mr. Speaker.

**Hon. Matara** (Nominated, MCA): Thank you, Mr. Speaker for giving me this opportunity to equally second and deliberate on this report. Mr. Speaker, Sir, I want to say that this is a House

Committee where am also a member. Mer. Speaker, I want to thank this House Committee Members for the good work and especially for the secretariat for doing a good job. I want to say that this report is an eye opener for improper resource management of Lumumba Sub- County Hospital, which will lead us to poor service to our people.

Mr. Speaker, Sir, I want to say that the Laws and Regulation on the PFM Act, 2012, were not adhered to and now we are asking the Select Committee on Implementation to seriously take up this matter whenever it comes to their docket. That, this House Committee should follow-up on the implementation our recommendations and adhere to what we have passed. Through this, we are going to go far. Mr. Speaker, with those few remarks, I want to ask Members to adopt the report and I stand to second.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Honourable Members, a motion has been moved on a report by the Committee of Public Accounts and Investment on their consideration on the Report of the Auditor General on Financial Statement of Lumumba Sub-County Hospital for the year ended 30<sup>th</sup> June 2022. This is a Motion which was moved by the Chairperson, Hon. Kennedy Ouko seconded by Hon. Nancy Matara and now I propose to put a question that the motion on this report is opened for debate.

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Yes, Hon Tom Nyaoke.

**Hon. Nyaoke** (MCA, North Nyakach Ward): Thank you Mr. Speaker. My appreciation goes to the Select committee of PIC/PAC that came up with this report. Although the report is talking about the period that is ending that is 30<sup>th</sup> June 2022. All the same, Mr. Speaker they have looked at very important issues that they have brought before this House for consideration for adoption.

Mr. Speaker, we have looked at the details of the some of the issues that they have handled, and a raft of recommendation that they have presented in this report. Mr. Speaker, it is evident that most of our people that we put in these positions have not or I wonder whether they look at this particularly Article 226 (5) of the Constitution 2010. In most cases we have lots of reports talking of officers who have not or who have failed, maybe by knowing or unknowingly failing to adhere to this particular Law. Mr. Speaker, it is important to note and I actually beg that the officers that are put in these particular positions, if possibly we should be making them to recite this clause Mr. Speaker as prayers every morning in their places of work. Mr. Speaker, this is a very serious article which states that;

*'If a holder of public office or political office directs or approves the use of public fund contrary to the Law or instruction, the person is liable for any loss arising from that use and shall make good the loss whether the person remains the office holder or not.*

Mr. Speaker, this is the fundamental principle that I believe and do recommend that the persons that we put in these offices should be able to recite and know the consequences of giving such

instructions which do not comply with the Law. Mr. Speaker, I have seen what this House Committee has recommended and therefore these are very important recommendations that the Chief Officer in charge of this Department should commence the repossession of the Ksh.700 thousand, which was misused by a particular individual.

Mr. Speaker, we challenge the Select Committee on Implementation that indeed they are supposed to take this matter seriously and we are waiting to see when and at what time this money is going to be recovered Mr. Speaker. If the recovery of that amount is done and we get back the report in this House, it is when some of these officers are going to take this House seriously. It is therefore my prayer that the Committee on Implementation and I hope some of the Members of that House Committee are here and are also listening. That we need and we will take close look at the report. We have them with us and we shall be taking notes when the time comes. That is because a specific period of time has been given there by this House Committee which has given the recommendation that the recovery must start at a particular time and we need to see this money being recovered.

Mr. Speaker, I want to call upon my fellow Honourable Members that adopting this report now is very important so that we realize these very good recommendations given by this House Committee so that we proceed going forward. I am able to see the list of the recommendations they have given. Actually, they are many but all those are for the good of the financial management of our institutions in this particular County. Mr. Speaker, I beg to support.

**The Temporary Speaker** (Hon. Okumu MCA, East Seme): Yes Hon. Peter Henry Obaso.

**Hon. Obaso** (Nominated): Thank you Mr. Speaker. Let me start by first applauding this Select Committee for the job well done on this report. As a matter of facts, any institution that fails to comply with the financial regulations and policies is doomed to fail and that is what we are witnessing here. From this report, they have failed to comply with regulations and we can see the variances and the irregularities in this report. So, I want to urge the concerned department to employ those who will raise the of the financial management within that institution.

Secondly, my attention was brought to a certain recommendation No. 13 and it states ‘Non-compliance with Kenya Quality Model for Health Policy Guideline. From this report, you can see as a Level Four hospital which Lumumba is one; it still does not meet the threshold to be called so. It lacks a Renal Unit, a Mortuary, and it is also understaffed. I believe that a hospital like Lumumba which we uphold with high regard, I believe that it should be well equipped with the required Human Resource Personnel as well as equipment so that it can continue giving quality services to our people. With those few remarks, I beg for the adoption of the recommendations, thank you.

**The Temporary Speaker** (Hon. Okumu MCA, East Seme): Yes, the Hon. Bennie Pete Oiko.

**Hon. Oiko** (MCA, Kabonyo/Kanyagwal Ward): Mr. Speaker, in a row, we have been handling the Audited Accounts of Health Facilities in Kisumu County. This also gives us a good picture for this one of 30<sup>th</sup> June, 2022 which is not so long ago. That means, some good work is being done in our health facilities so that they are being audited and we know our financial management positions in this health facilities.

Mr. Speaker, this one is also a Disclaimer Audit Opinion implying that things are not okay. The management of finances in this Lumumba Health facility is not properly done. That is the picture we are getting here. On this picture, we are seeing the staff who as the Medical Doctor, the Hospital Administration and the Accounts Clerk. The Auditor is also informing this House that the records in this facility are not properly kept. It is upon us to raise this matter with the County Executive so that in the coming years this mistake are not repeated because if a lot of money is being pumped into the health facility and the financial records are poorly kept it gives a poor picture of management Mr. Speaker, we need to take this matter seriously with the County Executive so that we see value for our money. We may assume there is misappropriation of funds but the main problem is just poor record keeping. Like when we look, at the Trial Balance, we are being informed that the expenditure side which is the Debit side is Kshs 247,453 ,995 shilling, that is the Expenditure and the Income is barely Kshs 24,113, 539 shillings, this gives a picture that the person indicated here as Accounts Clerk may not have any little knowledge on finance. Yet, an Accounts Clerk should have the basic financial knowledge. So, one would wonder how they were able to spend that kind of money if they did not receive it.

Mr. Speaker, when we go to page seventeen, we are also being informed of Poor Record Keeping on money received from National Hospital Insurance Fund and the bank statement. Figures don't add up because, the personnel we have engaged there does not understand financial matters, and it will be hectic for a Medical Doctor to advice "the customer to go bank the money" The medical doctor's work is to attend to the patients. This is just the same story in this report and since we have now known what ails our health facilities we need to make good recommendations and ask the Standing Committee of Health and Sanitation to also help us on this.

Mr. Speaker, when we go to page 22, the Facility Improvement Act was enacted by this House and this was in the Financial Year 2020/2021 Mr. Speaker, we are being informed that no account was opened for these funds. So, one would ask, the collection was being done and being spent direct or where was the money being kept? The other question is, was the hard cash that was being collected or what was happening? But since we have been given the picture that we don't have people with good knowledge in finance, any dirty thing could have happened.

Mr. Speaker, I have also come across a report here, where a times the health facilities were being instructed to collect money and the then Chief Officer was giving that instruction, that meant the

soft system of collected money would have failed and then they were now collecting hard cash which can happen in an institution. This matter surfaced in a certain House Committee but, because we were not aware of this, we thought it is the current administration doing it, yet this happened before June 2022. So, the select committee on Implementation should be made aware that the record which was being referred to, were the records before 30<sup>th</sup> June, 2022 it is not the current bosses who gave instructions...

**The Temporary Speaker** (Hon. Okumu, MCA, East Seme): Order!! Honourable Member, matters before a House Committee that has not been brought before this House, I don't believe that you should not discuss them in the plenary. You can save that and go and share the same in the House Committee. I believe you stand guided.

**Hon. Oiko**(MCA, Kabonyo/Kanyagwal): Yes Mr. Speaker, I obliged. We hope we shall give good direction so that our health facilities are properly managed. Because we are now getting the picture of what ails our facilities when it comes to financial management. I support the Report, and we move ahead.

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

**Hon. Okoyo** (MCA, Central Kisumu): Mr. Speaker, going by the mood of the House. May I call the Mover to reply.

**The Temporary Speaker** (Hon. Okumu (MCA, East Seme): Yes, the Hon. Kennedy.

**Hon. Ouko** (MCA, West Kisumu): Thank you Mr. Speaker. First, I would like to appreciate the Honourable Members who have contributed towards this motion by endorsing our report and we are happy but a little bit disappointed to some extent that this is one of our roles as Members of the Assembly and more so as oversight role given to us.

Mr. Speaker, many a times we find commentators commenting on this. I know that if all our officers would go through the PFM Act 2012, County Government Regulation then we will be home and dry. I also want to commend Hon. Nyaoke and Hon. Obaso for contributing on this and reminding Members to go through these laws. We also have the Public Procurement and Asset Disposal Act, 2015 which is equally important that they should also endeavour to have these laws so that next time when they come here they can comply. The work of the Standing Committee on Finance and ICT is expected to monitor but our role as PIC/PAC Committee is to evaluate. So we have done all the evaluation and brought the reports here. We are happy that you are appreciating this and going forward we will still do what is expected of us. Thank you.

**The Temporary Speaker** (Hon. Okumu (MCA, East Seme): Thank you Honourable Members, A report from the Select Committee of Public Investment and Public Accounts on their consideration of the Auditor General's report on the Financial Statement of Lumumba Hospital

for the year ended 30<sup>th</sup> June, 2022 has been moved as a motion, seconded and debated upon, 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): Thank you Honourable Members, the Select Committee of Public Investment and Public Accounts report on their consideration of the Auditor General's report on the Financial Statement of Lumumba Hospital for the year ended 30<sup>th</sup> June, 2022 is hereby adopted today 16<sup>th</sup> May, 2024 at 15:35 hours. I direct that this report together with the recommendations be published and sent to the department for their implementation. Further, I so direct that the Select Committee on Implementation to help follow up with the implementation of the resolution in this report. Thank you.

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

### **ADJOURNMENT**

**The Temporary Speaker** (Hon. Okumu (MCA, East Seme): Honourable Members, there being no any other business to transact, the House stands adjourned to Tuesday, 21<sup>st</sup> May, 2024 at 2.30 p.m.

*(House rose at 03.36 p.m.)*

*Addendum*

**Hansard Team**

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