

COUNTY GOVERNMENT OF KISUMU



COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – FOURTH SESSION

Thursday, 03rd April 2024

House met in the Main Chamber at 02:30 p.m.

(The Temporary Speaker (Hon. Emily Oginga) in the Chair)

PRAYERS

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable members, I direct that the quorum bell be rung for the first five minutes.

(Quorum bell being rung)

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable members, in the House this afternoon, I am not able to spot the Chief Whip however, I can see the Leader of Majority. Leader of Majority, do we have the requisite quorum to enable us commence business?

Majority Leader (Hon. Ooko, MCA, Ahero): Thank you Madam Speaker, we have enough quorum to transact the business for today. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): That is fair enough. Mr. Clerk, please take us through the Order Paper for the day?

The Temporary Speaker (Hon. Oginga, Nominated Member): Next order!!

COMMUNICATION FROM THE CHAIR

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable members, I know this message has not reached us before. One of us lost a child. So, we'd like to come together and stand with our brother, Hon. Ratib Boitone, who lost a child on Monday. It is our prayer that the child's soul to rest in peace. Thank you. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Next order!!

PAPERS LAID

THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE FOLLOWING ENTITIES

1. SOCIAL HEALTH INSURANCE FUND FOR THE FINANCIAL YEAR 2023-2024
2. KISUMU COUNTY WATER AND SEWERAGE COMPANY FOR THE FINANCIAL YEAR 2023-2024
3. JARAMOGI OGINGA ODINGA TEACHING AND REFERRAL HOSPITAL FOR THE FINANCIAL YEAR 2023-2024

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Honourable Kennedy Ouko.

Hon. Ouko (MCA, West Kisumu): Thank you, Madam Speaker. Pursuant to the provisions of Order No. 182 (6) of the Kisumu County Assembly Standing Orders, I wish to the table today, Thursday, 03rd April 2025, reports of the Select Committee of Public Investments and Accounts on the Examination of the report of the Auditor-General on the Financial Statement of the following entities;

- a) Social Health Insurance Fund for the Financial Year 2023-2024,
- b) Kisumu County Water and Sewerage Company for the Financial Year 2023-2024,

- c) Jaramogi Oginga Odinga Teaching and Referral Hospital for the Financial Year 2023-2024. Thank you.

(Hon. Ouko tables before the Assembly House Committee reports before the House for consideration)

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, I would like to confirm or acknowledge receipt of the House Committee report by the Select Committee on Public Investments and Accounts on the Examination of the report of the Auditor-General on the Financial Statement of the following entities;

- a) Social Health Insurance Fund for the Financial Year 2023-2024,
- b) Kisumu County Water and Sewerage Company for the Financial Year 2023-2024,
- c) Jaramogi Oginga Odinga Teaching and Referral Hospital for the Financial Year 2023-2024.

Honourable members, I direct that these reports be committed to the Select Committee on House Business for scheduling for discussion in the House. Thank you. .

The Temporary Speaker (Hon. Oginga, Nominated Member): Next Order!!

NOTICES OF MOTIONS

EXTENSION OF THE ADJOURNMENT OF THE HOUSE FOR THE SHORT RECESS
FROM 03RD APRIL 2025 TO 10TH APRIL 2025

BY

KENNEDY OOKO, MCA, AHERO

(LEADER OF MAJORITY)

THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS
OF THE FOLLOWING ENTITIES

1. SOCIAL HEALTH INSURANCE FUND FOR THE FINANCIAL YEAR 2023-2024
2. KISUMU COUNTY WATER AND SEWERAGE COMPANY FOR THE FINANCIAL YEAR 2023-2024

3. JARAMOGI OGINGA ODINGA TEACHING AND REFERRAL HOSPITAL FOR
THE FINANCIAL YEAR 2023-2024

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Leader of Majority.

Leader of Majority (Hon. Ooko, MCA, Ahero): Thank you Madam Speaker. I would wish to give a Notice of Motion for the Extension of the Adjournment of the House for the Short Recess from 03rd April 2025 to 10th April 2025. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Honourable Kennedy Ooko.

Hon. Ooko (MCA, West Kisumu): Thank you, Madam Speaker. That, pursuant to the provisions of Order No. 45 (1) of the Kisumu County assembly Standing Orders, this House adopts the reports of the Select committee on Public Investments and Accounts on the Examination of the report of the Auditor-General on the financial statement for the following entities;

1. Social Health Insurance Fund for the Financial Year 2023-2024,
2. Kisumu County Water and Sewerage Company for the Financial Year 2023-2024,
3. Jaramogi Oginga Odinga Teaching and Referral Hospital for the Financial Year 2023-2024. Thank you, Madam Speaker.

The Temporary Speaker (Hon. Oginga, Nominated Member): Next order!!

MOTION

REPORT OF THE SELECT COMMITTEE ON PUBLIC INVESTMENTS AND
ACCOUNTS ON THE EXAMINATION OF THE REPORTS OF THE AUDITOR-
GENERAL ON THE FINANCIAL STATEMENTS OF RABUOR SUB-COUNTY
HOSPITAL FOR THE FINANCIAL YEAR 2021-2022 AND THE FINANCIAL YEAR
2022-2023

BY

HON. KENNEDY OOKO, MCA, WEST KISUMU

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

The Temporary Speaker (Hon. Oginga): Yes, Honourable Kennedy Ouko, Chairperson, PIC/PAC Committee.

Hon. Ouko (MCA, West Kisumu): Thank you, Madam Speaker. Allow me to move a motion on the examination of the report of the Auditor-General on the financial statement of Rabuor Sub-County Hospital for the Financial Year 2021-2022 and the Financial Year 2022-2023.

Honourable 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 Rabuor Sub County Hospital for the financial years 2021/2022 and 2022/2023.

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.

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 Rabuor Sub County Hospital FY 2021/2022 and 2022/2023.

Honourable 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, the Committee Secretariat, and the Office of the Auditor General for the facilitation and technical support that made the production of this report possible.

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 Rabuor Sub County Hospital for the year ended 30, June 2022 and 30, June 2023 and urge this House to adopt it.

Establishment and Mandate of the Public Accounts and Investments Committee

Honourable 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;

- a) 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;
- b) Examination of the working of the Public Investments
- c) Examine the reports and accounts of the Public Investments and,
- d) 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 February 2025

	NAME	POSITION
	MEMBERS	
	Hon. Ken Ouko	Chairperson
	Hon. Tom Onditi	Vice Chairperson
	Hon. Mickey Ochieng	Member
	Hon. Habil Nyasuna	Member
	Hon. Nancy Matara	Member
	Hon. Rueben Rakwach	Member
	Hon. James Were	Member
	Hon. James Omollo	Member
	Hon. Seth Okumu	Member
	SECRETARIAT	
	Austine Ochieng'	Committee Clerk
	Chrispine Oguta	Clerk Assistant
	Patrick Okoyo	Hansard Officer
	Faith Judith	Sargent-at-arm

	Wycliffe Owade	Researcher
	CPA Naboth Odera	Internal Auditor
	CPA Mollen Achayo	Fiscal Analyst
	CPA Charles Ageng'o	Internal Auditor

LEGAL FRAMEWORK & GUIDING PRINCIPLES

Legal Framework

Honourable Speaker, the Committee was guided by the following legal instruments;

Constitution of Kenya 2010: Article 229 (4) of the Constitution of Kenya, 2010 requires the Auditor General, within a period of six months after the end of each financial year, to audit and report, in respect of that financial year, on;

The accounts of the National and County governments,

The accounts of all funds and authorities of the National and County governments,

Accounts of all courts,

The accounts of every commission and independent office established by this constitution,

The accounts of National Assembly, the Senate and the county assemblies,

The accounts of the political parties funded from the public funds,

The public debt and

The accounts of any other entity that legislation requires the Auditor General to Audit

Honourable Speaker, Article 229(8) further states that “within three months after receiving an audit report, parliament or county assembly shall debate and consider the report and take appropriate action”.

Direct Personal Liability: Article 226(5) of the Constitution is unequivocal 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.

Honourable Speaker, Public Audit Act 2015; Section 7 mandates the Auditor General to: (i) Give assurance on the effectiveness of internal controls, risk management and overall governance at National and County Government; (ii) Undertake audit activities in state

organs and public entities to confirm whether or not public money has been applied lawfully and in an effective way

Honourable Speaker, Section 203(1) of the Public Finance Management Act, 2012 enacts that; a public officer is personally liable for any loss sustained by a County Government and is attributed to; (i) The fraudulent or corrupt conduct, or negligence of the officer or, (ii) The officer's having done any act prohibited by Sections 196, 197, and 198

Honourable Speaker, Public Finance Management Act, 2012: Section 149 (1) of the Public Finance Management Act, 2012 which states that "An accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is –

Lawful and authorized; and

Effective, efficient, economical, and transparent"

Guiding Principles

Hon. Speaker, in the execution of its mandate, the Committee was guided by Constitutional and statutory principles on Public Finance Management.

These principles include the following;

Constitutional Principles on Public Finance: Article 201 of the Constitution of Kenya 2010 provides for fundamental principles aimed at guiding all aspects of Public Finance. It states that the principles are; inter alia;

Openness and Accountability including public participation in financial matters;

Public money shall be used in a prudent and responsible way; and

Financial management shall be responsible and fiscal reporting shall be clear.

The Committee considered these legal provisions and guiding principles as the basis for holding to account public officers directly and personally liable for any loss of Public Funds that may occur under their watch.

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF RABUOR SUB COUNTY HOSPITAL FY 2021/2022 AND 2022/2023

Honourable Speaker, the Medical Superintendent, Ms. Elizabeth Okatch appeared before the Committee on 23rd January 2025 to adduce evidence on the Audited Financial Statements of the Rabuor Sub-County Hospital for the year ended 30, June 2022 and 30th June 2023.

The following Officer accompanied the Medical superintendent;

1. Ms. Elizabeth A. Olwa - Hospital Administrator
2. The following officers represented the Office of the Auditor General in the Committee meeting;
3. Mr. Victor Nyamweya – Office of the Auditor General
4. Ms. Daisy Mukoya- Office of the Auditor General
5. Mr. Barry Mbori - Office of the Auditor General

BASIS FOR QUALIFIED OPINION FY 2021/2022

.1. Non-Disclosure of Employee Cost Paid in-kind by the County Government

The statement of financial performance reflects employee cost of Ksh. 1,042,208 for casuals and contractual staff as disclosed in Note 6 to the financial statements. The Hospital received services from eight (8) medical staff employed and paid by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit verification.

In the circumstances, the accuracy and completeness of employee costs of Ksh. 1,042,208 could not be confirmed.

Management Response

The management takes note of the audit findings regarding the employee costs reflected in the statement of financial performance for casuals and contractual staff amounting to Ksh. 1,042,208, as disclosed in Note 6 to the financial statements. We also take note of the concern regarding the expenditure for the eight (18) medical staff employed and paid by the County, which was not disclosed in the financial statements due to the unavailability of the payroll for audit verification.

Management Actions:

Engagement with Kisumu County Government:

We have formally communicated with Kisumu County Government, requesting the payroll details for the eighteen-medical staff for the financial year 2021/2022. This is critical for updating Note 6 and revising the financial statements accordingly.

Committee Observations

- a) That the Hospital received services from eight (8) medical staff employed and paid by the County. However, the expenditure was not disclosed in the financial statements, and the payroll was not provided for audit verification contrary to Section 62(1)(b) of the Public Audit Act, 2015, which states that “a person shall not without justification, fail to provide information required under this Act.”

- b) That the Management has formally communicated with the Kisumu County Government, requesting the payroll details for the eighteen-medical staff for the financial year 2021/2022.

Committee Recommendations

That going forward, the management must adhere to Section 62(1)(b) of the Public Audit Act, 2015 on timely provision of information to the auditors.

That the matter is resolved

3.2. Unsupported Cash and Cash Equivalent Balance

The statement of financial position reflects a cash and cash equivalent balance of Ksh. 540,689 as disclosed in Note 27 to the financial statements. However, bank reconciliation statements were not provided to support the balance.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Ksh. 540,689 could not be confirmed.

Management Response

The management takes note of the audit findings regarding the unsupported cash and cash equivalent balance of Ksh. 540,689 as disclosed in Note 27 to the financial statements.

Following your observation, we have undertaken a comprehensive review and reconciliation of our financial records. Please find the following actions and updates:

Revised Financial Statements

The financial statements have been revised, and Note 27 has been reconciled to reflect the accurate cash and cash equivalents balance of Kshs. 289,214.

Committee Observations

- a) That the Management failed to provide bank reconciliation statements for an amount of Ksh. 540,689 relating to cash and cash equivalents at the time of audit.
- b) That the Management contravened Regulation No. 90 (1) of Public Finance Management Regulations 2015 which states that Accounting Officers shall ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the County Treasury with a copy to the Auditor-General.

Committee Recommendations

That going forward the Management must adhere to Regulation No. 90 (1) of Public Finance Management Regulations 2015.

That the issue is resolved

3.3 Inaccuracies in the Statement of Financial Position

The statement of financial position disclosed cash and cash equivalents balance of Ksh. 540,689 and no balance for total assets, total liabilities, net assets, and total net assets and liabilities.

In the circumstances, the accuracy and completeness of the financial statement could not be confirmed.

Management Response

The management takes note of the audit findings noted in the statement of financial position, specifically the discrepancy in the disclosed cash and cash equivalents balance and the omission of totals for assets, liabilities, net assets, and total net assets and liabilities.

Upon review, the following corrective measures have been taken:

Correction of Cash and Cash Equivalents Balance: The balance for cash and cash equivalents has been adjusted from Ksh. 540,689 to the correct figure of Ksh. 289,214, as reflected in the revised financial statements.

Inclusion of Missing Balances: The revised financial statements now include accurate figures for total assets, total liabilities, net assets, and total net assets and liabilities, with exception of PPE and Inventory (addressed later in this document)

Committee Observations

- a) That the Management disclosed cash and cash equivalents balance of Ksh. 540,689 and no balance for total assets, total liabilities, net assets, and total net assets and liabilities.
- b) That during Committee deliberations, the Management had revised financial statements to include accurate figures for total assets, total liabilities, net assets, and total net assets and liabilities.

Committee Recommendation

That the matter is resolved

3.4 Inaccuracies in the Statement of Cash Flows

The statements of cash flows reflects net increase/ decrease in cash equivalents Nil balance instead of re-casted deficit balance of Ksh. 417,779. In addition, the statement reflects cash and cash equivalents as at 1 July 2021 of Ksh. 540,689 which was not supported. Further, the statement reflects cash and cash equivalent balance of Ksh. 122, 910 as at 30 June 2022 which differs from cash and cash equivalent balance of Ksh. 540,689 reflected in the statement of financial position resulting to an unexplained variance of Ksh. 417,779. In the circumstance, the accuracy and completeness of the statement of cash flows could not be confirmed.

Management Response

The management takes note of the audit findings regarding the inaccuracies in the Statement of Cash Flows, specifically the unexplained variance of Ksh. 417,779, the unsupported balance of Ksh. 540,689 as at 1 July 2021, and the discrepancy in the cash and cash equivalents balance as at 30 June 2022. We understand that these discrepancies impact the accuracy and completeness of the statement.

To address this:

Correction of Opening Balance (1 July 2021):

The balance of Ksh. 540,689 as at 1 July 2021 was reviewed and supported with appropriate documentation, such as bank statements and Banking analysis, to ensure it aligns with the actual cash balance at the beginning of the period which was 689.10.

Revised Cash Flow Statement:

We restated the Statement of Cash Flows to reflect the accurate cash balance and the adjusted deficit balance of Ksh. 417,779 to Kshs. 689.10, as identified in the audit. The restatement will ensure consistency between the Statement of Financial Position and the Statement of Cash Flows.

Committee Observations

The hospital management's statement of cash flows reports cash and cash equivalents of Ksh. 540,689 as of 1st July 2021. Further, the statement reflects cash and cash equivalent balance of Ksh. 122, 910 as at 30 June 2022, resulting in an unexplained variance of Ksh. 417,779.

Honourable Speaker, that as at the time of committee deliberations, the Management had reviewed and supported the balance of Ksh. 540,689 as at 1 July 2021 with appropriate documentation, such as bank statements and Banking analysis.

Committee Recommendation

That the issue is resolved

3.5 Inaccuracies in the Statement of Changes in Net Assets

The statement in changes in net assets reflects Nil balance for revaluation gain, accumulated surplus/deficit, and capital grants despite the facility recording a deficit of Ksh. 417,779 in the year under review.

In circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

Management Response

The management takes note of the audit findings raised regarding the inaccuracies in the Statement of Changes in Net Assets, particularly the Nil balances for revaluation gain, accumulated surplus/deficit, and capital grants, despite the facility recording a deficit of Ksh. 417,779 in the year under review.

Management Taken:

We have taken corrective action by updating the relevant entries in the financial statements. The deficit of Ksh. 417,779 has now been accurately reflected under the accumulated deficit, and any other adjustments necessary for revaluation gains and capital grants have been made to ensure completeness and accuracy.

Additionally, we are implementing enhanced internal controls to ensure that similar discrepancies do not occur in future periods.

Conclusion:

With these corrections, the Statement of Changes in Net Assets now reflects the accurate balances, including the accumulated deficit and other relevant adjustments. We are confident that the accuracy and completeness of the statement have been restored.

We are also prepared to provide any further documentation or clarification required to confirm the adjustments made.

Committee Observations

- a) That the statement in changes in net assets reflected a Nil balance for revaluation gain, accumulated surplus/deficit, and capital grants despite the facility recording a deficit of Ksh. 417,779.
- b) That during committee deliberations, the Management had taken corrective action by updating the relevant entries in the financial statements and the deficit of Ksh.

417,779 had been accurately reflected under the accumulated deficit, and any other adjustments necessary for revaluation gains and capital grants.

Committee Recommendations

That the matter is resolved

3.6 Unreconciled Variances between National Hospital Insurance Fund and Hospital Outstanding Claims

The statement of financial performance reflects a Nil amount for medical contracts as disclosed in Note 25 to the financial statements. The amounts differ from claims reimbursed from the National Health Insurance Fund (NHIF) amount of Ksh.1,288,000 which was paid to the Hospital resulting to an explained variance of Ksh. 1,288,000.

In circumstances, the accuracy and completeness of revenue from medical services contracts could not be confirmed.

Management Response

The management takes note of the audit findings the unreconciled variance of Ksh. 1,288,000 identified between the NHIF claims reimbursement and the Nil amount reflected for medical contracts in the statement of financial performance.

To address this issue, the following actions will be taken:

Reconciliation of NHIF Claims: A detailed reconciliation was carried out between the NHIF outstanding claims and the medical services contracts revenue to ensure all claims have been accurately recorded and appropriately reflected in the financial statements. This revealed a figure of Kshs. 2,519,548, and not Kshs. 1,288,000.

Adjustment in Financial Reporting: We revised the statement of financial performance to include the NHIF claims of Ksh. 2,519,548 as revenue from medical contracts, thereby rectifying the previously reported Nil amount. This will ensure the accuracy of the financial position and performance of the hospital.

Internal Control Improvements: We will implement a more robust process for reconciling NHIF claims and revenue recognition on a monthly basis to prevent similar discrepancies in the future. This will include ensuring that all claim payments from NHIF are properly captured and accurately reflected in the financial records.

We will also liaise with the finance team to ensure that proper documentation and reconciliation processes are in place moving forward, thus improving the accuracy of medical contracts revenue recognition.

Thank you for bringing this matter to our attention. We will keep you informed of the adjustments made and provide the necessary supporting documentation for the revised figures.

Committee Observations

That the statement of financial performance reflected a Nil amount for medical contracts differing from claims reimbursed from the National Health Insurance Fund (NHIF) amounting to Ksh.1,288,000 resulting in an unexplained variance of Ksh. 1,288,000.

That a detailed reconciliation carried out between the NHIF outstanding claims and the medical services contracts revenue revealed a figure of Kshs. 2,519,548, and not Kshs. 1,288,000.

Committee Recommendations

That going forward, the Management must undertake reconciliation of NHIF claims and revenue recognition on a regular basis.

That the matter is resolved

3.7 Variance in Receivables from Exchange Transactions

The statement of financial position reflects a Nil balance in respect to receivables from exchange transactions as disclosed in Note 28 to the financial statements. The amount ought to include dues from NHIF whose records indicate a balance of Ksh. 41,927 resulting to an unexplained variance of Ksh. 41,927.

In circumstances, the accuracy and completeness of the receivables from exchange transactions could not be confirmed.

Management Response

The management takes note of the audit findings regarding the variance of Ksh. 41,927 raised in relation to the receivables from exchange transactions, specifically the outstanding balance from NHIF as per their records.

Upon investigation, we identified the following points:

Reconciliation of Accounts:

We have reconciled our accounts with NHIF and Note 28 now reflects a receivable of Kshs. 2,519,548.

Corrective Action:

We have adjusted our financial records accordingly to reflect the correct amount of receivables from exchange transactions as soon as the reconciliation with NHIF is completed.

In the event that further discrepancies are discovered during the reconciliation process, we will provide updated and accurate figures for your review.

Confirmation of Completeness and Accuracy:

We are implementing additional controls to ensure that all receivables from exchange transactions, including those from NHIF, are accurately captured and disclosed in future financial statements. This will include a monthly reconciliation process to prevent such variances in the future.

We appreciate your attention to this matter and will ensure that the necessary adjustments are made to reflect the accurate receivables.

Committee Observations

- a) That the Management recorded a Nil balance with respect to receivables from exchange transactions while the balance ought to include dues from NHIF whose records indicate a balance of Ksh. 41,927 resulting in an unexplained variance of Ksh. 41,927.
- b) That the Management reconciled the accounts with NHIF and the correct amount of receivables from exchange transactions was revealed to be Kshs. 2,519,548.

Committee Recommendations

That the matter is resolved

3.8 Non-Disclosure of Donated Drugs

The statement of financial performance reflects a Nil balance in respect of grants and development partners as disclosed in Note 8 to the financial statements. However, data from Kenya Medical Supplies Agency (KEMSA) revealed that the Hospital received donations and program commodity drugs worth Ksh. 15,224,886 as disclosed in donated drugs KEMSA data and Universal Health Coverage (UHC) of Ksh. 697,195 as disclosed in UHC KEMSA data which were not disclosed in the financial statements.

In circumstances, the accuracy and completeness of the grants from donors and development partners balance could not be confirmed.

Management Response

The management takes note of the audit findings regarding the non-disclosure of donated drugs in the financial statements. Upon review, we confirm that the Hospital received donated

drugs from KEMSA valued at Ksh. 15,224,886 and Universal Health Coverage (UHC) drugs valued at Ksh. 697,195, as per the data from KEMSA and UHC.

The omission of these donations in the financial statements was due to an oversight during the preparation of the disclosures, as the relevant information was not adequately reflected in the notes to the financial statements. This issue has since been recognized, and corrective action is being taken to ensure full disclosure of all donations received.

We amended the financial statements are amended to properly reflect the donated drugs, including the correct balances and associated notes in the financial statements. We will also implement additional procedures to ensure that all future donations and grants, including donated drugs, are accurately recorded and disclosed in line with applicable accounting standards.

Regarding the accuracy and completeness of the grants from donors and development partners, we acknowledge the importance of confirming these balances and will collaborate with KEMSA and relevant stakeholders to verify the amounts and ensure proper reconciliation.

To address the concern over the accuracy and completeness of the receivables from exchange transactions, we will also review and confirm all outstanding receivables to ensure full and accurate disclosure in the financial statements.

Committee Observation

Honourable Speaker, that contrary to Section 138(8) of the Public Finance Management Act, 2012, which requires that recipients of grants or donations from development partners to record the value of such grants or donations in their books of account, and Regulation 71(5) of the Public Finance Management Regulations, 2015, which mandates the disclosure of gifts, donations, or sponsorships in the annual and quarterly financial statements, management failed to disclose donations amounting to Ksh. 15,224,886 from KEMSA and Ksh. 697,195 from Universal Health Coverage (UHC).

Committee Recommendations

- a) That moving forward, the Management must adhere to the provisions of Section 138(8) of the Public Finance Management Act, 2012 and Regulations 71(5) of Public Finance Management Regulations, 2015.
- b) That the matter is resolved

3.9 Non- Disclosure of Property, Plant, and Equipment Balance

The statement of financial position reflects a Nil property, plant and equipment balance as disclosed in Note 31 to the financial statements. However, review of records and physical

verification revealed that the entity had several non-current assets that have not been valued and disclosed in the financial statements. Further, ownership documents were not provided for audit.

In circumstances, the accuracy and completeness of the property, plant and equipment balance could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the non-disclosure of the property, plant, and equipment (PPE) balance in the statement of financial position, as well as the lack of valuation and supporting ownership documents.

Management Actions:

Regarding the Hospital's failure to maintain a Fixed Asset Register and its disclosure of a Nil balance for property and equipment in the financial statements.

The Hospital has taken the following steps to address this issue:

1. Asset Listing Completion

A comprehensive asset listing has been completed, covering all hospital assets, including land, buildings, office furniture, and essential medical equipment such as incubators, baby cots, and labor ward resuscitators.

Valuation Process Initiated

Honourable Speaker, we have formally requested assistance from the County Government Valuers to determine the fair value of the listed assets. This is a necessary step to ensure that the Hospital's financial statements accurately reflect the value of its property and equipment.

Fixed Asset Register Implementation

Following the completion of the valuation exercise, the Hospital will update and maintain a Fixed Asset Register. This register will be aligned with the best practices in asset management and financial reporting standards to ensure proper tracking, control, and accountability of all assets.

Committee Observation

- a) That the Management recorded a Nil balance in relation to property, plant, and equipment. However, review of records and physical verification by the auditors revealed that the entity had several non-current assets that had not been valued and disclosed in the financial statements.

Committee Recommendations

- b) That the accounting officer to immediately initiate the process of valuation of all Property, Plant, and Equipment.

The matter is unresolved.

3.10 Unconfirmed Inventory Balance

The statement of financial position reflects a Nil balance for inventories. However, no inventory valuation report and no evidence of conducting of the annual stock take to confirm the quantities, value and status of closing inventory balances were provided for audit.

In circumstances, the accuracy and completeness and valuation of the Nil balance could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings concerning the Nil balance for inventories and the absence of supporting documents, including the inventory valuation report and evidence of the annual stock take.

Explanation of the Circumstances: The inventory existed but had not been valued – listing showed in the appendix.

Conclusion: We are committed to providing full cooperation during the audit process and will work to resolve this issue as quickly as possible by ensuring that all necessary documents and explanations are submitted for review.

Committee Observations

That the Management recorded a Nil balance for inventories. However, no inventory valuation report and no evidence of conducting the annual stock take to confirm the quantities, value, and status of closing inventory balances was provided for audit, Contrary to the provision of IPSAS 12 which requires periodic verification of inventory

During committee deliberations, management acknowledged the omission and confirmed that corrective measures had been taken to align with the requirements of IPSAS 12.

Committee Recommendations

That going forward, the management must adhere to the provisions of IPSAS 12 which requires periodic verification of inventory

That the matter is resolved

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

4.1 Inaccuracies in the Presentation and Disclosure of the Financial Statements

Review of the financial statements reflects the following errors and inaccuracies;

Page iv on the key entity information and management did not disclose gazette notice number establishing the Hospital as a Level 4 under background information.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the omission of the gazette notice number that formally establishes the Hospital as a Level 4 facility in the background information section of the report.

The gazette notice number is held by the County Government of Kisumu, and as such, management does not have direct access to this document.

Rabuor Sub County Hospital is a level 3A hospital established under gazette notice number Vol. CXX11-NO.24 of the year 2021 and is domiciled in Kisumu County under Medical Services, Public Health and Sanitation Department. The hospital is governed by a Board of Management.

Committee Observation

That the hospital management failed to adhere to the Public Finance Management Act 2012, Section 164 (1) which state that: “At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.”

Committee Recommendations

That going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.

That the matter is resolved

Page iv on Board of Management and Key Management Team, key details e.g. passport photos, age, professional and academic qualifications have not been included in the financial statement.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the absence of key details, including passport photos, age, and professional and academic qualifications, of the Board of Management and Key Management Team in the financial statement.

We understand the importance of providing such information for full transparency and compliance with applicable reporting standards. However, we were not able to trace the details on The Board that served in the financial year 2021/2022.

Committee Observation

That the hospital management failed to adhere to the Public Finance Management Act 2012, Section 164 (1) which state that: “At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.”

Committee Recommendations

That going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.

That the matter is resolved

The statement of performance and statement of financial position were approved by Head of Finance, however, the name and ICPAK number were not disclosed in the financial statements.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the omission of the name and ICPAK number in the statement of performance and the statement of financial position. This was an oversight during the preparation of the financial statements.

To address this, we will ensure that:

The name and ICPAK number of the Head of Finance have been included in the revised financial statements, as required by the relevant accounting standards and regulations.

Going forward, this will be implemented to ensure that all mandatory disclosures, including the name and ICPAK number, are incorporated before the approval of the financial statements.

Committee Observation

That the hospital management failed to adhere to the Public Finance Management Act 2012, Section 164 (1) which state that: “At the end of each financial year, the accounting officer for

a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.”

Committee Recommendations

Honourable Speaker, that going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.

That the matter is resolved

The statement of the financial position does not indicate the total net assets and liabilities as well as the accumulated surplus/deficit of Ksh. 417,779 reflected in the statement of financial performance.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the omission of the total net assets and liabilities, as well as the accumulated surplus/deficit of Ksh. 417,779 in the statement of financial position.

Upon review, it has been identified that the accumulated surplus/deficit of Ksh. 417,779 was not clearly reflected in the statement of financial position. This omission was unintentional, and the necessary adjustments have been made to ensure that the total net assets and liabilities are accurately presented, with the accumulated surplus/deficit properly reflected. The corrected statement will be provided in the next set of financial statements, ensuring compliance with the applicable accounting standards.

Committee Observations

- a) That the Management did not indicate the total net assets and liabilities as well as the accumulated surplus/deficit of Ksh. 417,779 in the statement of financial position.
- b) That the hospital management failed to adhere to the Public Finance Management Act 2012, Section 164 (1) which state that: “At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.”

Committee Recommendations

That going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.

That the matter is resolved

The statement of comparison of budget and actual amounts did not disclose any amount for the original budget, final budget, and actual on comparable basis.

Management Response

Honourable Speaker, the management takes note of the audit findings that the statement comparing budget and actual amounts did not clearly disclose the original budget, final budget, and actual amounts on a comparable basis.

The management adopted quarterly budgeting for operational flexibility and better alignment with resource inflows. However, the quarterly budgets were consolidated into an annual budget, which is now included in the revised financial statements for compliance with statutory requirements.

Committee Observations

That the Management failed to disclose statement of comparison of budget and actual amounts for the original budget, final budget, and actual on comparable basis.

That the management adopted quarterly budgeting for operational flexibility and better alignment with resource inflows. However, the quarterly budgets were consolidated into an annual budget, which is now included in the revised financial statements.

That the hospital management failed to adhere to the Public Finance Management Act 2012, Section 164 (1) which state that: “At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.”

Committee Recommendations

That going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.

That the matter is resolved

The statement of cash flows was not supported by accompanying notes to the financial statements.

In the circumstances, the presentation and disclosures of the financial statements were not in conformity with the Public Accounting Standards Board reporting template.

Management Response

Honourable Speaker, the management takes note of the audit findings pointing out the omission of the notes accompanying the statement of cash flows. We acknowledge that, as per International Financial Reporting Standards (IFRS) and generally accepted accounting principles (GAAP), the statement of cash flows should be accompanied by explanatory notes that provide additional context and details, including but not limited to the breakdown of cash

flows, significant non-cash transactions, and reconciliation of net income to net cash provided by operating activities.

We understand the importance of these notes to enhance the clarity and transparency of the financial information presented. Moving forward, we will ensure that the necessary notes are included, and that they are comprehensive, accurate, and aligned with the applicable financial reporting framework.

In the revised financial statement this has been corrected and effected.

Committee Observations

- a) That the Management failed to support the statement of cash flows by accompanying notes to the financial statements.
- b) That the hospital management failed to adhere to the Public Finance Management Act 2012, Section 164 (1) which states that: “At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.”

Committee Recommendations

That going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.

That the matter is resolved

4.2 Failure to Transfer Revenue to the County Revenue Fund Account

The statement of financial performance reflects rendering services – medical services income of Ksh. 74,190 as disclosed in Note 11 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account. This was contrary to Regulation 81(1-3) of the Public Finance and Management (County Governments) Regulations 2015. Further, the Hospital collects the revenue manually and issues manual receipts and which are not banked promptly to the revenue collection account.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the failure to transfer the revenue of Ksh. 74,190 from medical services income to the County Revenue Fund Account. We recognize that this is in violation of Regulation 81(1-3) of the Public Finance and Management (County Governments) Regulations 2015.

Upon review, the failure to transfer the amount to the County Revenue Fund Account occurred due to an oversight in the revenue management process. The hospital has implemented a manual revenue collection system, which has, at times, led to delays in banking the collected

funds. Additionally, the manual receipts issued are not always banked promptly, further exacerbating the issue.

Management Actions:

Immediate Transfer of Funds: we currently do daily deposits to the Bank.

- a) Review and Strengthen Revenue Collection Procedures: The hospital is committed to improving the internal controls surrounding revenue collection, including the timely banking of manual receipts. A strict policy has been introduced to ensure that all funds are deposited into the revenue collection account within 24 hours of receipt.
- b) Automation of Revenue Collection: We currently operate an Mpesa PayBill system for all on collections. No cash is currently collected in the hospital. (Note - PayBill – 4135433 – A/c Name: Patient’s name) – to co-op CRF a/c – from June 2024. Daily recon.
- c) Training for Staff: Staff responsible for handling revenue will undergo training to ensure they are well-versed in the relevant financial regulations and best practices for revenue collection and banking.

We are committed to complying with the Public Finance and Management Regulations and will take the necessary steps to prevent recurrence of such issues in the future. We will also implement regular reviews to ensure continuous improvement in the management of revenue collection.

Committee Observations

- a) That the statement of financial performance reflected rendering services – medical services income of Ksh. 74,190. However, the amount was not transferred to the County Revenue Fund Account contrary to Regulation 81(1-3) of the Public Finance and Management (County Governments) Regulations 2015 on the processing of receipts into the County Revenue Fund.
- b) That the Hospital Management collects the revenue manually and issues manual receipts which are not banked promptly to the revenue collection account.
- c) That at the time of committee deliberations, the Management had taken the following corrective measures: Immediate Transfer of Funds, review and Strengthen Revenue Collection Procedures, automation of Revenue Collection and training of staffs.

Committee Recommendations

That going forward the Management must adhere to Regulation 81(1-3) of the Public Finance and Management (County Governments) Regulations 2015.

That the matter is resolved

4.3 Non- Compliance with Universal Health Coverage Requirements

Honourable Speaker, the review of the Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by ninety (90) staff or 89% of the authorized establishment, as indicated below;

Staff Requirements	Level 4 Std	Number in Hospital	Variance	Percentage (%)
Medical Officers	16	1	15	94
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurse	75	10	65	87
Totals	101	11	90	89

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	%
Bed Capacity	150	18	132	88
Incubators (Newborn)	5	0	5	100
Cots	5	2	3	100
Resuscitaire In Theatre	1	0	1	100
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machines	5	0	5	100
Functional Operating Theatres Maternity and General	2	0	2	100

Honourable Speaker, these deficiencies contravene the First Schedule of Health Act ,2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In circumstances, the Hospital will not be able to deliver on its mandate.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding non-compliance with the Kenya Quality Model for Health (KQMH) Policy Guidelines in terms of staffing, equipment, and facilities.

The discrepancies in staffing and equipment are duly noted, and we would like to clarify the situation as follows:

- i. Staff Deficits: The staffing shortfalls indicated in the audit report are indeed concerning. It is important to note that the recruitment and employment of medical professionals are under the responsibility of the County Government, and not directly within the control of the Hospital's Board/Management. While we continue to highlight these staffing needs to the relevant authorities, it is beyond the management's immediate ability to address these deficits independently. We have consistently communicated the urgency of these issues to the County Government and are committed to working closely with them to ensure that adequate staffing levels are met.
- ii. Equipment and Facility Deficits: Similarly, the lack of required medical equipment and functional facilities such as incubators, ICU beds, dialysis machines, and operating theatres is a significant concern. This is again an issue that falls under the purview of the County Government for provision and maintenance. The Hospital management has raised these concerns with the relevant authorities in the past and continues to do so. We are actively working with the County Government to ensure that the necessary resources are provided to meet the standards outlined in the Health Policy Guidelines.
- iii. Action Plan: While these issues are primarily the responsibility of the County Government, the Board and Hospital management remain committed to addressing them. We will continue to highlight the staffing and equipment deficits to the appropriate authorities, and we will closely monitor progress in these areas. We will also work on interim measures to ensure the quality of care is maintained, despite the existing challenges.

Committee Observation

Honourable Speaker, the hospital did not meet several key specifications outlined in the Kenya Quality Model for Health policy guidelines, particularly in the areas of medical personnel and equipment.

Committee Recommendations

The County Executive Committee (CEC) Member for Health should take necessary measures to ensure the facility progressively complies with the Kenya Quality Model for Health policy guidelines.

The matter is unresolved

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT, AND GOVERNANCE

5.1 Lack of a Risk Management Policy

Honourable Speaker, management of the Hospital did not have in place a risk management policy contrary to Regulation 158(1) of the Public Finance Management County Government

Regulations, 2015 which requires each county government entity to develop risk management strategies and a system of risk management to enable the county to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources.

In the circumstances, the effectiveness of the Hospital's risk management measures could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the absence of a formal Risk Management Policy at the time of the audit.

The Hospital management understands the importance of having a comprehensive risk management framework in place to ensure effective and efficient management of public resources.

We are pleased to inform you that, in response to this concern, the Hospital has since prepared a Risk Management Policy. The policy outlines the approach to identifying, assessing, and mitigating risks, in alignment with the requirements stipulated in Regulation 158(1) of the Public Finance Management County Government Regulations, 2015.

The policy is currently under final review and will be formally adopted and implemented as soon as possible. Additionally, relevant staff will be trained on the new risk management procedures to ensure effective application across the Hospital.

We appreciate your understanding and would like to assure you that efforts are underway to ensure full compliance with the regulations and to strengthen the Hospital's risk management framework moving forward.

Committee Observations

- a) That the Management did not have in place a risk management policy contrary to Regulation 158(1) of the Public Finance Management County Government Regulations, 2015 which requires each county government entity to develop risk management strategies and a system of risk management to enable the county to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources.
- b) That at the time of committee deliberations, the Hospital had prepared a Risk Management Policy.

Committee Recommendations

That the matter is resolved

5.2 Failure to maintain an Asset Register

Note 31 of the financial statements discloses Nil balance in respect to property and equipment held by the Hospital. Audit review indicated that the Hospital owns land and buildings including office furniture and hospital equipment such as baby cots and labour ward resuscitators. However, no asset register was maintained indicating the cost, date of acquisition and net book values of the assets.

In the circumstances, the effectiveness of the controls on assets management were not adequate.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the absence of a maintained Asset Register for property and equipment, which resulted in a Nil balance being disclosed in Note 31 of the financial statements.

We would like to clarify that the Hospital does indeed own various assets, including land, buildings, office furniture, and hospital equipment such as baby cots and labor ward resuscitators. However, due to challenges with inadequate supporting documentation, the Asset Register was not adequately updated and maintained as required.

While this situation has led to a lapse in meeting the expected standards for asset management, we want to assure you that the Hospital has already taken proactive steps to address this issue. We are in the process of compiling and updating the Asset Register, and efforts are being made to gather all necessary documentation to confirm the cost, date of acquisition, and net book values of the assets.

The challenges faced in updating the Asset Register have primarily been due to the unavailability of some supporting documents, but we are working diligently to retrieve or reconstruct the required information. Once the documentation is obtained and the register is updated, the relevant controls over asset management will be strengthened, ensuring that future reporting complies with the required standards.

Committee Observations

- a) That the Management disclosed a Nil balance with respect to property and equipment held by the Hospital. However, a review by the auditors indicated that the Hospital owns land and buildings including office furniture and hospital equipment such as baby cots and labour ward resuscitators.
- b) That the management failed to maintain a fixed asset register to control its assets, contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015, which states that the Accounting Officer is responsible for

maintaining a register of assets under their control or possession, as prescribed by the relevant laws.

Committee Recommendations

That going forward, the management must adhere to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015.

That the matter is unresolved

5.3 Weak Internal Controls on Collection and Management of Revenue

The statement of financial performance reflects revenue from rendering of services- medical service income of Ksh. 74,190 as disclosed in Note 11 to the financial statements. However, a review of the Hospital systems and records revealed that the hospital collects the revenue manually and issues manual receipts and does not bank the revenues promptly to the collection account.

In the circumstances, the existence of internal controls on the collection and management of revenue could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the manual collection of revenue and the delay in banking the revenue promptly. We would like to clarify the situation and outline the steps being taken to address these concerns:

Thank you for raising this concern regarding the revenue from rendering medical services, amounting to Ksh. 74,190, as disclosed in Note 11 to the financial statements. After reviewing the issue, I acknowledge that the hospital currently collects revenue manually and issues manual receipts, as noted in your findings. Additionally, it has been observed that the revenue is not promptly banked into the collection account.

Management Actions:

i. Improved Revenue Collection Process:

We have implemented a more robust system for tracking revenue by ensuring that all collections are through a Mpesa Paybill Number.

A formal process for reconciling manual receipts with recorded revenue will be introduced to ensure completeness and accuracy in financial reporting.

ii. Prompt Banking of Revenues:

We will establish and enforce a policy requiring that all revenue collected manually be deposited into the collection account on a daily basis. This will help minimize the risk of cash discrepancies and ensure that all funds are appropriately accounted for.

We have introduced weekly and monthly bank reconciliation procedure to confirm that deposits are made in line with the collected revenue.

iii. Internal Controls:

We reviewed and strengthened internal controls surrounding cash handling to ensure that appropriate segregation of duties is in place. This will include assigning specific individuals responsible for cash collection, recording, and banking to minimize the risk of errors or misappropriation.

We plan to conduct periodic training for staff involved in revenue collection to ensure they are aware of and follow best practices for managing hospital funds.

We are committed to addressing these concerns and improving our revenue management practices. We will also follow up with an action plan to ensure full compliance with accounting standards and better alignment with the hospital's financial policies.

Committee Observations

- a) That the hospital Management collects revenue manually and issues manual receipts and does not bank the revenues promptly to the collection account.
- b) That at the time of committee deliberations, the Management had implemented a more robust system for tracking revenue by ensuring that all collections are through a Mpesa Paybill Number and were in the process of establishing a policy for prompt banking of revenues and strong internal controls.

Committee Recommendations

That the matter is resolved.

BASIS FOR QUALIFIED OPINION FY 2022/2023

6.1 Misstatement of Financial Statements Balances

The financial statement reflects revenue and expenses for the year ended 30 June 2023 However, the financial statements figures indicated different balances compared to the supporting ledgers balances as follows:

Audit Component	Financial statement	Ledger	Variance
	(Kshs)	(Kshs)	(Kshs)
Transfers from County Government	2,021,724	1,153,896	867,828
Rendering of Service	3,333,535	846,370	2,487,165
Medical/ Clinical costs	2,067,011	1,791,103	275,908
Employee Costs	946,600	710,000	236,600
Board of Management Expenses	78,000	54,500	23,500
Repairs and Maintenance	258,793	268,793	(10,000)
General Expenses	428,768	284,500	144,268
Medical Services Contracts Gains/Losses	-	2,168,995	(2,168,995)
Receivables from exchange transactions	1,292,380	3,792,730	(2,500,350)
Trade and other payables	741,000	3,436,270	(2,695,270)

In the circumstances, the accuracy of the balances presented in the financial statements could be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the variances between the financial statement figures and the supporting ledger balances for the financial year ended 30 June 2023.

To address these discrepancies, a revised set of financial statements has been prepared, correcting all identified variances to ensure alignment with the supporting ledgers. A summary of the corrections is outlined below:

Audit Component	Financial Statement	Ledger	Variance	Action Taken
Transfers from County Government	2,021,724	1,153,896	867,828	Corrected and reconciled
Rendering of Service	3,333,535	846,370	2,487,165	Corrected and reconciled
Medical/Clinical Costs	2,067,011	1,791,103	275,908	Corrected and reconciled
Employee Costs	946,600	710,000	236,600	Corrected and reconciled
Board of Management Expenses	78,000	54,500	23,500	Corrected and reconciled
Repairs and Maintenance	258,793	268,793	(10,000)	Adjusted and reconciled
General Expenses	428,768	284,500	144,268	Corrected and reconciled
Medical Services Contracts	-	2,168,995	(2,168,995)	Reclassified correctly
Gains/Losses				
Receivables from Exchange Transactions	1,292,380	3,792,730	(2,500,350)	Adjusted and reconciled
Trade and Other Payables	741,000	3,436,270	(2,695,270)	Adjusted and reconciled

The revised financial statements have been resubmitted to ensure they accurately reflect the organization's financial position and performance.

We appreciate your understanding and welcome any further recommendations to enhance our financial reporting process.

Committee Observations

- a) That the financial statement figures indicated different balances compared to the supporting ledger balances with respect to revenue and expenses.

- b) That during committee deliberations the Management had a revised set of financial statements, correcting all identified variances to ensure alignment with the supporting ledgers.

Committee Recommendations

That the matter is resolved

6.2 Failure to Prepare a Trial Balance

The financial statements reflect total expenditure amount of Kshs. 3,779,172, total revenue of Kshs. 5,355,259 and total net assets and liabilities of Kshs. 2,656,825. However, the Hospital did not prepare the trial balance in support of the financial statement balances.

In the circumstances, the accuracy and completeness of all the balances reflected in the financial statements could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the absence of a trial balance supporting the financial statement balances.

The trial balance has since been prepared and is attached in the Appendix section for your review. We trust this addresses the concern.

Committee Observation

That the hospital Management did not prepare the trial balance in support of the financial statement balances.

Committee Recommendations

That going forward, the hospital must ensure that a trial balance is prepared and maintained as part of the financial reporting process to enhance accuracy and completeness.

That the matter is resolved

6.3 Understatement Receivables from Exchange Transactions

Honourable Speaker, the statement of financial position as disclosed in Note 26 to the financial statements reflects a balance of Kshs. 1,292,380 as medical services receivables from NHIF. However, analysis of NHIF Data reveals that the Fund owes the facility an amount of Kshs. 3,792,730.00 leading to unexplained variance of Kshs. 2,500,350.

In the circumstances, the accuracy and completeness of the medical services receivables' balances of Kshs. 1,292,380 could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings over the variance of Kshs. 2,500,350 noted between the medical services receivables disclosed in Note 26 of the financial statements (Kshs. 1,292,380) and the NHIF data (Kshs. 3,792,730) arose due to an initial reconciliation discrepancy.

We have since conducted a comprehensive reconciliation, and the accurate receivables balance of Kshs. 3,589,129 has been appropriately adjusted and recorded in Note 26. For verification, the reconciled NHIF schedule is attached in the Appendix.

Committee Observation

- a) That the financial statements reflected a balance of Kshs. 1,292,380 as medical services receivables from NHIF. However, analysis of NHIF Data revealed that the Fund owes the facility an amount of Kshs. 3,792,730.00 leading to unexplained variance of Kshs. 2,500,350.

Committee Recommendations

The accounting officer must;

Immediately initiate a reconciliation process with NHIF to resolve the variance of Ksh. 2,500,350.

enforce compliance with the contract terms that require NHIF to settle genuine claims within 30 days,

develop and implement a structured follow-up mechanism to ensure outstanding claims are resolved promptly.

That the issue is unresolved

6.4 Inaccuracies in the Revenue Amount

Honourable Speaker, the statement of financial performance reflects total revenue of Kshs. 5,355,259. The amount includes revenue from exchange transactions of Kshs. 2,021,724. This amount reflects in-kind contributions from the County Government and grants from donors and development partners of Nil amount each. The revenue excludes direct payment of the hospital's medical drugs by the Kisumu County Government and salaries of thirty (30) healthcare workers paid directly by Kisumu County Government. Further, the hospital received free Global Fund commodities to fight Tuberculosis, HIV and malaria of unknown value which have also not been disclosed in the financial statements.

Note 11 of the financial statement reflects Kshs. 3,333,535 as revenue earned from rendering of services. However, it was observed that the hospital collects the revenue manually and issues manual receipts and does not bank revenues promptly to the collection account. In addition, the collected revenue is not transferred to the Kisumu CRF account but spent at the hospital through an AIE issued by the Chief Officer for Health, hence reconciliation of amounts collected and transferred to Kisumu CRF could be done.

Honourable Speaker, in the circumstances, the accuracy of revenue amount of Kshs5,355,259 as reflected in the financial statements could not be confirmed.

Management Response

The management takes note of the audit findings regarding the accuracy of the revenue amount reflected in the financial statements.

Anomalies in Revenue figure

All the anomalies corrected in the revised financial statements.

i. Revenue collections

The hospital has since transitioned to cashless transactions via Mpesa PayBill, ensuring prompt recording and transparency in revenue collection.

Committee Observations

Honourable Speaker, contrary to Section 138(8) of the Public Finance Management Act, 2012, which requires that recipients of grants or donations from development partners to record the value of such grants or donations in their books of account, and Regulation 71(5) of the Public Finance Management Regulations, 2015, which mandates the disclosure of gifts, donations, or sponsorships in the annual and quarterly financial statements, management failed to disclose donations from Global Fund to fight Tuberculosis, HIV and malaria.

That the Management failed to transfer collected funds to the County Revenue Fund Account contrary to Regulation 81(1-3) of the Public Finance and Management (County Governments) Regulations 2015 on the processing of receipts into the County Revenue Fund.

That at the time of committee deliberations, the management had taken the following corrective measures: Immediate transfer of funds, review and strengthening of revenue collection procedures, and automation of revenue collection through M-Pesa.

Committee Recommendations

- a) That going forward, the Management must adhere to Section 138(8) of the Public Finance Management Act, 2012, and Regulation 71(5) of the Public Finance Management Regulations, 2015 on disclosure of donations
- b) That going forward the Management must adhere to Regulation 81(1-3) of the Public Finance and Management (County Governments) Regulations 2015

That the matter is resolved

6.5 Unreconciled NHIF Payments

The statement of financial performance reflects a Nil amount for transfers from other government entities. Review of NHIF Data revealed that the Fund paid an amount of Kshs. 1,853,050 to Rabuor Sub-County Hospital as NHIF Refunds. However, the NHIF System at the Hospital reflect paid claims during the year under review of Kshs. 1,243,800 resulting to unreconciled difference of Kshs. 609,250.

In the circumstances, the accuracy of the Nil amount for transfers from other government entities could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding discrepancy in the NHIF payments at Rabuor Sub-County Hospital. The review revealed an unreconciled difference between the NHIF refunds received (Kshs. 1,853,050) and the paid claims recorded in the NHIF system at the hospital (Kshs. 1,243,800), resulting in an unexplained variance of Kshs. 609,250.

We have since conducted a comprehensive reconciliation, and the accurate receivables balance of Kshs. 3,589,129 has been appropriately adjusted and recorded in Note 26. For verification, the reconciled NHIF schedule is attached in the Appendix.

Committee Observation

That NHIF paid an amount of Kshs. 1,853,050 to Rabuor Sub-County Hospital as NHIF Refunds. However, the NHIF System at the Hospital reflect paid claims during the year under review of Kshs. 1,243,800 resulting in an unreconciled difference of Kshs. 609,250.

Committee Recommendations

The accounting officer must;

- a) Immediately initiate a reconciliation process with NHIF to resolve the variance of Kshs. 609,250.

- b) develop and implement a structured follow-up mechanism to ensure outstanding claims are resolved promptly.

That the issue is unresolved.

6.6 Unsupported Cash and Cash Equivalent Balance

Honourable Speaker, the statement of financial position reflects a cash and cash equivalents of Kshs. 1,237,618 as disclosed in Note 25 to the financial statements. However, bank reconciliations were not done during the year.

In the absence of bank reconciliation statements, the accuracy and completeness of the cash and cash equivalents of balance Kshs. 1,237,618 could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings on the issue raised in the audit regarding the unsupported cash and cash equivalent balance of Kshs. 1,237,618 as disclosed in Note 25 of the financial statements.

Attached in Cash Schedule summary for the financial year to the with a Bank certificate of Balance.

Committee Observations

That the Management failed to conduct bank reconciliations of Kshs. 1,237,618 in relation to cash and cash equivalents at the time of audit.

Committee Recommendations

That going forward, the Management must adhere to Regulation No. 90 (1) of the Public Finance Management Regulations 2015.

That the matter is resolved.

6.7 Failure to Value and Disclose Inventory Balance

Honourable Speaker, the statement of financial position and Note 28 to the financial statement reflects a Nil balance in respect of inventories. During the year under review, the hospital procured food items, office stationery and supplies, pharmaceuticals, and non-pharmaceuticals for its operations that were received and recorded in the stores before dispensed to laboratory, pharmacy, wards, kitchen, offices and outpatient units. However, the inventories were not valued as at 30 June 2023 to confirm the closing stock balances of inventories and were not disclosed in the financial statements.

In the circumstances, the accuracy of the value of inventory held by the hospital could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the failure to value and disclose the inventory balance in the financial statements for the year ended 30 June 2023.

The hospital procured and recorded various inventory items, including food items, office supplies, pharmaceuticals, and non-pharmaceuticals, in the stores before they were dispensed for operations. However, a challenge with inventory valuation arose, preventing us from determining the closing stock balances as of 30 June 2023.

We have since ascertained the list of inventory items (Appendix) as at the closing date and are working on implementing measures to ensure timely valuation and proper disclosure in subsequent financial statements.

Committee Observations

- a) That the hospital procured food items, office stationery, and supplies, pharmaceuticals, and non-pharmaceuticals for its operations that were received and recorded in the stores before being dispensed to laboratories, pharmacies, wards, kitchens, offices, and outpatient units. However, the management failed to value inventories as at 30 June 2023 to confirm the closing stock balances and disclose them in the financial statements contrary to the provision of IPSAS 12 which requires periodic verification of inventory, management failed to conduct a physical stock-taking exercise.
- b) That during committee deliberations, management acknowledged the omission and confirmed that corrective measures had been taken to align with the requirements of IPSAS 12.

Committee Recommendations

That moving forward, the Management must ensure strict adherence to the provisions of IPSAS 12.

That the matter is resolved.

6.8 Budget Control and Performance

Honourable Speaker, the audit examination of Rabuor Sub-County Hospital revealed that the management did not prepare the annual budget for the year ended 30th June 2023 but rather did prepare the budgets on quarterly basis

Additionally, the Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023 reflects final revenue budget of an amount of Kshs. 5,355,259 and actual receipts of Kshs. 4,487,431 resulting in an underfunding of Kshs. 867,828 or 17% of the budget. Similarly, the final expenditure budget reflects an amount of Kshs. 5,355,259 while the actual expenditure is Kshs. 3,779,172 or 71% leading to an under absorption of Kshs. 1,576,087 or 29% of the budget.

Further, the actual expenditure reflects an amount of Kshs. 3,779,172 while the recalculated amount is Kshs. 3,329,321 resulting to an unexplained variance of Kshs. 449,851

The underfunding and under expenditure affected planned activities and may have affected service delivery to the public.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding budget preparation and performance for the year ended 30th June 2023. Below are our responses to the key issues raised:

i. Preparation of Annual Budget

Honourable Speaker, the management adopted quarterly budgeting for operational flexibility and better alignment with resource inflows. However, the quarterly budgets were consolidated into an annual budget, which is now included in the revised financial statements for compliance with statutory requirements.

ii. Underfunding

Measures are being implemented to improve revenue projection and enhance fund mobilization for future periods to minimize such discrepancies.

iii. Unexplained Variance in Actual Expenditure

We have conducted a review to reconcile the difference between the recorded actual expenditure and the recalculated figure. The discrepancy was due to data entry errors, which have been rectified in the revised financial statements.

Committee Observations

- a) That the comparison of budget and actual amounts reflected the final receipts budget and actual on a comparable basis of Kshs. 5,355,259 and Kshs. 4,487,431 resulting in underfunding of Kshs. 867,828 or 17% of the budget.
- b) That the Hospital management spent Kshs. 5,355,259 against actual receipts of Kshs. 3,779,172 or 71% resulting in an under-utilization of Kshs. 1,576,087 or 29% of the actual receipts.

- c) That indeed the under-funding and under-utilization affected the planned activities in the facility and that the management is in the process of coming up with revenue-generating activities to enhance revenue towards bridging the Gap.

Committee Recommendations

- a) That going forward, the hospital management must strengthen revenue forecasting and financial planning to ensure realistic budgeting and minimize funding gaps.
- b) That going forward, hospital management should develop and implement sustainable revenue-generating initiatives to bridge funding shortfalls and enhance service delivery.

That the matter is unresolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

7.1 Non-Conformity with the Prescribed Reporting Framework

The management takes note of the audit findings.

Key entity information and management did not disclose gazette notice number establishing the hospital as a Level 4 under background information.

Management Response:

Honourable Speaker, the management has updated the financial statements to include the gazette notice number establishing the hospital as a Level 4 facility under the background information section.

Committee Observation

That the hospital management failed to adhere to the Public Finance Management Act 2012, Section 164 (1) which state that: “At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.”

Committee Recommendations

- a) That going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.

That the matter is resolved.

Honourable Speaker, the Board of Management and Key Management team key details e.g. passport photos, age, professional and academic qualifications have not been included in the financial statement.

Management Response:

Honourable Speaker, the revised financial statements now include passport photos, age, and professional and academic qualifications of the Board of Management and Key Management team.

Committee Observation

- a) That the hospital management failed to adhere to the Public Finance Management Act 2012, Section 164 (1) which state that: “At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.”

Committee Recommendations

That going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.

That the matter is resolved

The statement of performance and statement of financial position were approved by the Head of Finance, however, the name and ICPAK number were not disclosed in the financial statements.

Management Response

Honourable Speaker, the name and ICPAK number of the Head of Finance have been disclosed in the revised financial statements, in compliance with reporting requirements.

Committee Observation

That the hospital management failed to adhere to the Public Finance Management Act 2012, Section 164 (1) which state that: “At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.”

Committee Recommendations

That going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.

That the matter is resolved

The statement of comparison of budget and actual amounts did not disclose any amount for the original budget, final budget, and actual on a comparable basis.

Management Response:

Honourable Speaker, the revised statement of comparison of budget and actual amounts now includes figures for the original budget, final budget, and actual amounts on a comparable basis.

Committee Observations

- a) That the Management failed to disclose statement of comparison of budget and actual amounts for the original budget, final budget, and actual on comparable basis.
- b) That the hospital management failed to adhere to the Public Finance Management Act 2012, Section 164 (1) which state that: “At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.”

Committee Recommendations

That going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.

That the matter is resolved

The numbering of the notes indicated in the statement of financial position and statement of cash flows does not correspond to the numbering as per notes to the financial statements.

Management Response:

Honourable Speaker, the numbering discrepancies in the notes to the financial statements have been corrected to align with the statements of financial position and cash flows.

All the mentioned non-conformities have been addressed in the revised financial statements, which have been resubmitted for review.

Committee Observation

That the hospital management failed to adhere to the Public Finance Management Act 2012, Section 164 (1) which state that: “At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.”

Committee Recommendations

That going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.

That the matter is resolved.

7.2 Non-compliance with Universal Health Coverage (UHC) Requirements

Honourable Speaker, the review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits of ninety (90) staff or 89% of the authorized establishment as indicated below.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
Medical Officers	16	1	15	94
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurse	75	10	65	87
Totals	101	11	90	89

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	%
Bed Capacity	150	18	132	88
Incubators (Newborn)	5	0	5	100
Cots	5	2	3	100

Resuscitaire In Theatre	1	0	1	100
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machines	5	0	5	100
Functional Operating Theatres	2	0	2	100
Maternity and General				

Honourable Speaker, these deficiencies contravene the First Schedule of Health Act ,2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In circumstances, the Hospital will not be able to deliver on its mandate.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding non-compliance with the Universal Health Coverage (UHC) requirements, specifically in relation to staffing, equipment, and infrastructure deficiencies. We recognize the critical importance of meeting the Kenya Quality Model for Health (KQMH) Policy Guidelines to ensure the provision of quality health services as required by the Health Act, 2017, and Article 43(1) of the Constitution of Kenya, 2010.

We are committed to addressing these gaps in line with our mandate to deliver the highest attainable standard of health care to the population.

The specific issues identified in the audit are as follows:

Staff Deficits: The hospital has a significant shortfall in staffing, particularly in critical medical specialties. The management is aware that these gaps impact service delivery and are taking the following actions:

- i. Immediate engagement with the relevant authorities to expedite recruitment and deployment of the required medical professionals.
- ii. Prioritization of essential positions, including medical officers, specialists, and nurses, to meet the urgent needs of the hospital.
- iii. Collaboration with local medical training institutions to offer internships and attachments that may help bridge the staffing gap in the interim.

- i. Equipment Deficiencies: We acknowledge the lack of necessary medical equipment, including ICU beds, dialysis machines, operating theatres, and incubators. The hospital management has initiated the following corrective measures:
- ii. Requesting funding from the county government and other stakeholders to purchase the required equipment and improve hospital infrastructure.
- iii. Pursuing partnerships with non-governmental organizations (NGOs) and development partners for equipment donations and support.
- iv. Conducting an inventory review to prioritize the acquisition of critical equipment such as Resuscitaire, ICU beds, and dialysis machines.
- v. Infrastructure Shortfalls: The hospital's bed capacity and specialized units such as the ICU, HDU, and renal unit fall short of the required standards. The management is taking the following steps to address this:
- vi. Engaging with county and national government to secure additional funding for infrastructure expansion and improvement.
- vii. Prioritizing the renovation and upgrading of existing facilities to increase bed capacity and introduce necessary specialized units.
- viii. Exploring public-private partnerships (PPPs) to support infrastructure development.

Honourable Speaker, in light of these challenges, the management of Rabuor Sub County Hospital is committed to working closely with the Ministry of Health, the County Government, and other relevant stakeholders to ensure compliance with the UHC requirements and improve the quality of health services. We will continue to monitor and assess our progress regularly to ensure that the hospital meets the expectations outlined in the Kenya Quality Model for Health Policy Guidelines and delivers the necessary services to the community.

Honourable Speaker, we appreciate the Auditor General's oversight and will continue to take corrective actions to ensure that the hospital meets all statutory and regulatory standards.

Committee Observation

The hospital did not meet several key specifications outlined in the Kenya Quality Model for Health policy guidelines, particularly in the areas of medical personnel and equipment.

Committee Recommendations

That the County Executive Committee (CEC) Member for Health should take necessary measures to ensure the facility progressively complies with the Kenya Quality Model for Health policy guidelines.

The matter is unresolved.

7.3 Failure to Transfer Revenue to the County Revenue Fund Account

Honourable Speaker, the statement of financial performance reflects rendering services – medical services income of Ksh. 3,333,535 as disclosed in Note 11 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account. This was contrary to Section 81(1-3) of the Public Finance and Management (County Governments) Regulations, 2015.

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

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the transfer of medical services income, to the County Revenue Fund Account.

The transfers were indeed effected; however, they were not done in a timely manner as required by Section 81(1-3) of the Public Finance and Management (County Governments) Regulations, 2015.

To address this issue and ensure compliance going forward, the hospital has implemented a cashless payment system using an M-Pesa Pay bill number. This system enhances efficiency in revenue collection and timely transfer to the County Revenue Fund Account.

We remain committed to full compliance with financial regulations.

Committee Observation

- a) That contrary to Section 81(1-3) of the Public Finance and Management (County Governments) Regulations, 2015 on the processing of receipts into the County Revenue Fund the management failed to an amount of Kshs. 3,333, 535 relating to rendering services – medical services income.
- b) That the hospital has implemented a cashless payment system using an M-Pesa Paybill number as a corrective measure

Committee Recommendations

That in future, the Management must ensure strict adherence to Section 81(1-3) of the Public Finance and Management (County Governments) Regulations, 2015.

That the matter is resolved.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

8.1 Lack of a Risk Management Policy

Honourable Speaker, the Management of the Hospital did not have in place a risk management policy contrary to Regulation 158(1) of the Public Finance Management (County Government) Regulations, 2015 which requires each county government entity to develop risk management strategies and a system of risk management to enable the county to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources.

In circumstances, it may not be possible for the Management to undertake risk management measures in achieving its objectives.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the absence of a risk management policy during the audit period, which was contrary to Regulation 158(1) of the Public Finance Management (County Government) Regulations, 2015.

However, the Management has since taken corrective measures and developed a comprehensive risk management policy. This policy is now in place to guide the identification, assessment, and mitigation of risks, ensuring the effective and efficient management of public resources moving forward.

The hospital remains committed to compliance with applicable regulations and continuous improvement in its governance and operational practices.

Committee Observation

- a) That the Hospital did not have in place a risk management policy contrary to Regulation 158(1) of the Public Finance Management (County Government) Regulations, 2015 which requires each county government entity to develop risk management strategies and a system of risk management to enable the county to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources.
- b) That at the time of committee deliberations, the Hospital had prepared a Risk Management Policy.

Committee Recommendation

That the matter is resolved.

8.2 Failure to maintain an Asset Register

Honourable Speaker, the statement of financial position and Note 29 of the financial statements discloses Nil balance for the property and equipment held by the Hospital. Review of documents indicated that the Hospital owns land and buildings, office furniture and other Hospital equipment such as incubators, baby cots and labour ward resuscitators of undetermined value. However, the Hospital did not maintain a fixed asset register.

In the circumstances, the adequacy of the controls on assets could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the Hospital's failure to maintain a Fixed Asset Register and its disclosure of a Nil balance for property and equipment in the financial statements.

The Hospital has taken the following steps to address this issue:

i. Asset Listing Completion

A comprehensive asset listing has been completed, covering all hospital assets, including land, buildings, office furniture, and essential medical equipment such as incubators, baby cots, and labor ward resuscitators.

ii. Valuation Process Initiated

We have formally requested assistance from the County Government Valuers to determine the fair value of the listed assets. This is a necessary step to ensure that the Hospital's financial statements accurately reflect the value of its property and equipment.

iii. Fixed Asset Register Implementation

Following the completion of the valuation exercise, the Hospital will update and maintain a Fixed Asset Register. This register will be aligned with the best practices in asset management and financial reporting standards to ensure proper tracking, control, and accountability of all assets.

We are committed to ensuring compliance with asset management and reporting requirements. The Hospital is closely coordinating with the County Government Valuers to expedite the valuation process and anticipates incorporating the updated asset information into future financial statements.

Committee Observation

That the Management recorded a Nil balance in relation to property and equipment. However, a review of the hospital's records by the auditors revealed that the entity owned land and buildings,

office furniture, and other Hospital equipment such as incubators, baby cots, and labour ward resuscitators without maintaining a fixed asset register.

Committee Recommendations

That going forward, the management must maintain a fixed Asset register.

The matter is unresolved.

8.3 Lack of an Approved Board Work Plan

Review of Board of Management records revealed that two Board meetings were held during the year. However, no approved Board of Management Workplan was provided to support the meetings held during the year.

In the circumstances, the adequacy of the controls on assets could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the lack of an approved Board Work Plan for the period under review.

The hospital has since developed and adopted a comprehensive Board Work Plan, which is currently in place.

This plan ensures structured and effective governance, including oversight of asset controls. We are committed to maintaining this framework and providing supporting documentation for all future board activities.

Committee Observations

- a) That the Management held two Board meetings during the year under review. However, no approved Board of Management Workplan was provided to support the meetings.
- b) That the hospital management has since developed and adopted a comprehensive Board Work Plan, which is currently in place.

Committee Recommendations

That going forward, the Management must have an approved annual work plan for each financial year.

That the matter is resolved.

8.4 Lack of Audit Committee and Internal Audit Unit Function

Honourable Speaker, during the year under review, Management had not established an audit committee as required by the Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which indicates each county government entity shall establish an audit committee for the hospital. In addition, Management had also failed to rely on the internal audit department of the County Government and no evidence that Internal Audit from the County Government had audited the entity.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings regarding the lack of an established audit committee and the absence of reliance on an internal audit unit for the hospital during the year under review. Below, we provide our response to the raised issues:

i. Internal Audit Unit Function:

The hospital currently relies on the internal audit function at the county level.

This arrangement ensures that the hospital's operations are periodically reviewed and audited by the County Government's internal audit department. However, we acknowledge that there is no documented evidence in the year under review to confirm such audits were conducted specifically for the hospital.

Moving forward, we will liaise with the County Government to ensure that:

Audit schedules for the hospital are well-documented.

Reports from the internal audit department are shared with the hospital's management for necessary action.

Committee Observations

- a) That the Management failed to establish an audit committee contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which indicates each county government entity shall establish an audit committee for the hospital.
- b) That the Management had also failed to rely on the internal audit department of the County Government and no evidence that Internal Audit from the County Government had audited the entity was provided

- c) That at the time of committee deliberations, the management had made arrangements and was relying on the internal audit function at the county level.

Committee Recommendations

That going forward, the Management must adhere to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015

That the matter is resolved.

8.5 Weak Internal Controls on Collection and Management of Revenue

Honourable Speaker, the statement of financial performance reflects revenue from rendering of services- medical service income of Ksh. 3,333,535 as disclosed in Note 11 to the financial statements. However, a review of the Hospital systems and records revealed that the hospital collects the revenue manually and issues manual receipts and does not bank the revenues promptly to the collection account.

In the circumstances, the existence of internal controls on collection and management of revenue could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit findings.

To address this issue and ensure compliance going forward, the hospital has implemented a cashless payment system using an M-Pesa Paybill number. This system enhances efficiency in revenue collection and timely transfer to the County Revenue Fund Account.

Committee Observations

That the hospital Management collects revenue manually and issues manual receipts and does not bank the revenues promptly to the collection account.

That at the time of committee deliberations, the Management had implemented a more robust system for tracking revenue by ensuring that all collections are through a Mpesa Paybill Number and were in the process of establishing a policy for prompt banking of revenues and strong internal controls.

Committee Recommendation

That the matter is resolved.

SUMMARY OF OBSERVATIONS

The committee summarized the following observations:

- a) That the Hospital received services from eight (8) medical staff employed and paid by the County. However, the expenditure was not disclosed in the financial statements, and the payroll was not provided for audit verification contrary to Section 62(1)(b) of the Public Audit Act, 2015, which states that “a person shall not without justification, fail to provide information required under this Act.”
- b) That the Management failed to provide bank reconciliation statements for an amount of Ksh. 540,689 relating to cash and cash equivalents at the time of audit.
- c) That the Management contravened Regulation No. 90 (1) of Public Finance Management Regulations 2015 which states that Accounting Officers shall ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the County Treasury with a copy to the Auditor-General.
- d) That the statement of financial performance reflected a Nil amount for medical contracts differing from claims reimbursed from the National Health Insurance Fund (NHIF) amounting to Ksh.1,288,000 resulting in an unexplained variance of Ksh. 1,288,000.
- e) That a detailed reconciliation carried out between the NHIF outstanding claims and the medical services contracts revenue revealed a figure of Kshs. 2,519,548, and not Kshs. 1,288,000.
- f) That the Management recorded a Nil balance with respect to receivables from exchange transactions while the balance ought to include dues from NHIF whose records indicate a balance of Ksh. 41,927 resulting in an unexplained variance of Ksh. 41,927.
- g) That contrary to Section 138(8) of the Public Finance Management Act, 2012, which requires that recipients of grants or donations from development partners to record the value of such grants or donations in their books of account, and Regulation 71(5) of the Public Finance Management Regulations, 2015, which mandates the disclosure of gifts, donations, or sponsorships in the annual and quarterly financial statements, management failed to disclose donations amounting to Ksh. 15,224,886 from KEMSA and Ksh. 697,195 from Universal Health Coverage (UHC).
- h) That the Management recorded a Nil balance in relation to property, plant, and equipment. However, review of records and physical verification by the auditors revealed that the entity had several non-current assets that had not been valued and disclosed in the financial statements.
- i) That the Management recorded a Nil balance for inventories. However, no inventory valuation report and no evidence of conducting the annual stock take to confirm the quantities, value, and status of closing inventory balances was provided for audit, Contrary to the provision of IPSAS 12 which requires periodic verification of inventory, management failed to conduct a physical stock-taking exercise.

Honourable Speaker, during committee deliberations, management acknowledged the omission and confirmed that corrective measures had been taken to align with the requirements of IPSAS 12.

- a) That the statement of financial performance reflected rendering services – medical services income of Ksh. 74,190. However, the amount was not transferred to the County Revenue Fund Account contrary to Regulation 81(1-3) of the Public Finance and Management (County Governments) Regulations 2015 on the processing of receipts into the County Revenue Fund.
- b) The hospital did not meet several key specifications outlined in the Kenya Quality Model for Health policy guidelines, particularly in the areas of medical personnel and equipment.
- c) That the Management did not have in place a risk management policy contrary to Regulation 158(1) of the Public Finance Management County Government Regulations, 2015 which requires each county government entity to develop risk management strategies and a system of risk management to enable the county to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources. As at the time of committee deliberations, the Hospital had prepared a Risk Management Policy.
- d) That the Management disclosed a Nil balance with respect to property and equipment held by the Hospital. However, a review by the auditors indicated that the Hospital owns land and buildings including office furniture and hospital equipment such as baby cots and labour ward resuscitators.
- e) That the financial statements reflected a balance of Kshs.1 292,380 as medical services receivables from NHIF. However, analysis of NHIF Data revealed that the Fund owes the facility an amount of Kshs. 3,792,730.00 leading to unexplained variance of Kshs. 2,500,350.
- f) That NHIF paid an amount of Kshs. 1,853,050 to Rabuor Sub-County Hospital as NHIF Refunds. However, the NHIF System at the Hospital reflect paid claims during the year under review of Kshs. 1,243,800 resulting in an unreconciled difference of Kshs. 609,250.
- g) That the Management failed to conduct bank reconciliations of Kshs. 1,237,618 in relation to cash and cash equivalents at the time of audit.
- h) That the hospital procured food items, office stationery, and supplies, pharmaceuticals, and non-pharmaceuticals for its operations that were received and recorded in the stores before being dispensed to laboratories, pharmacies, wards, kitchens, offices, and outpatient units. However, the management failed to value inventories as at 30 June 2023 to confirm the closing stock balances and disclose them in the financial statements contrary to the provision of IPSAS 12 which requires periodic verification of inventory, management failed to conduct a physical stock-taking exercise.

- i) That during committee deliberations, management acknowledged the omission and confirmed that corrective measures had been taken to align with the requirements of IPSAS 12.
- j) That the comparison of budget and actual amounts reflected the final receipts budget and actual on a comparable basis of Kshs. 5,355,259 and Kshs. 4,487,431 resulting in under-funding of Kshs. 867,828 or 17% of the budget.
- k) That the Hospital management spent Kshs. 5,355,259 against actual receipts of Kshs. 3,779,172 or 71% resulting in an under-utilization of Kshs. 1,576,087 or 29% of the actual receipts.
- l) That indeed the under-funding and under-utilization affected the planned activities in the facility and that the management is in the process of coming up with revenue-generating activities to enhance revenue towards bridging the Gap.
- m) That the Hospital did not have in place a risk management policy contrary to Regulation 158(1) of the Public Finance Management (County Government) Regulations, 2015 which requires each county government entity to develop risk management strategies and a system of risk management to enable the county to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources.
- n) That at the time of committee deliberations, the Hospital had prepared a Risk Management Policy.
- o) That the Management recorded a Nil balance in relation to property and equipment. However, a review of the hospital's records by the auditors revealed that the entity owned land and buildings, office furniture, and other Hospital equipment such as incubators, baby cots, and labour ward resuscitators without maintaining a fixed asset register.
- p) That the Management held two Board meetings during the year under review. However, no approved Board of Management Workplan was provided to support the meetings.
- q) That the hospital management has since developed and adopted a comprehensive Board Work Plan, which is currently in place.
- r) That the Management failed to establish an audit committee contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which indicates each county government entity shall establish an audit committee for the hospital.
- s) That the Management had also failed to rely on the internal audit department of the County Government and no evidence that Internal Audit from the County Government had audited the entity was provided
- t) That at the time of committee deliberations, the management had made arrangements and was relying on the internal audit function at the county level.
- u) That the hospital Management collects revenue manually and issues manual receipts and does not bank the revenues promptly to the collection account.
- v) That at the time of committee deliberations, the Management had implemented a more robust system for tracking revenue by ensuring that all collections are through a

Mpesa Paybill Number and were in the process of establishing a policy for prompt banking of revenues and strong internal controls.

Summary of Recommendations

Honourable Speaker, the committee summarized the following recommendations:

- a) That the County Executive Committee Member for Medical Services, Public Health and Sanitation takes the necessary steps to ensure that all Level IV health facilities are staffed with qualified accountants.
- b) That going forward, the management must adhere to Section 62(1)(b) of the Public Audit Act, 2015 on the timely provision of information to the auditors.
- c) That going forward the Management must adhere to Regulation No. 90 (1) of Public Finance Management Regulations 2015.
- d) That going forward, the Management must undertake reconciliation of NHIF claims and revenue recognition on a regular basis.
- e) That moving forward, the Management must adhere to the provisions of Section 138(8) of the Public Finance Management Act, 2012, and Regulations 71(5) of the Public Finance Management Regulations, 2015.
- f) That going forward, the management must adhere to the provisions of IPSAS 12 which requires periodic verification of inventory, management failed to conduct a physical stock-taking exercise.
- g) That going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.
- h) That going forward the Management must adhere to Regulation 81(1-3) of the Public Finance and Management (County Governments) Regulations 2015.
- i) That going forward, the management must adhere to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015.
- j) That going forward, the hospital must ensure that a trial balance is prepared and maintained as part of the financial reporting process to enhance accuracy and completeness.
- k) That going forward, the Management must adhere to Section 138(8) of the Public Finance Management Act, 2012, and Regulation 71(5) of the Public Finance Management Regulations, 2015 on disclosure of donations
- l) That going forward, the Management must adhere to Regulation No. 90 (1) of the Public Finance Management Regulations 2015.
- m) That going forward, the hospital management must strengthen revenue forecasting and financial planning to ensure realistic budgeting and minimize funding gaps.
- n) That going forward, the management must maintain a fixed Asset register.
- o) That going forward, the Management must adhere to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015.

Conclusion

Honourable Speaker, I hereby request that this House adopts this report of the Public Accounts and Investments Committee on the consideration of the Auditor General's Report on the Financial Statements of the Rabuor Sub County Hospital for the financial years 2021/2022 and 2022/2023.

May I call upon Hon Onditi to second. Thank you.

The Temporary Speaker (Hon Oginga, Nominated Member): Yes, Honourable Onditi.

Hon. Onditi (MCA, Ombeyi): Thank you Madam Speaker. I rise to second the report on the financial statements of Rabuor Sub County Hospital for the Financial Year 2021/2022 and 2022/2023. Madam Speaker, listening to the presentation made by the Medical Superintendent of Rabuor Sub County hospital....

(Hon. Okumu interjects with a Point of Order)

Hon. Okumu (East Seme): On a point of order, Mr. Speaker.

The Temporary Speaker (Hon Oginga, Nominated Member): Yes, Honourable Okumu.

Hon. Okumu (MCA, East Seme): Madam Speaker, I just heard Honourable Ouko call upon Honourable Tom Onditi to second, and before you even gave authority, Honourable Onditi just started reading. Madam Speaker, before you gave him the authority to start reading his things, is it procedural under the Orders of this House that, that is the practice when a Member is called to second?

The Temporary Speaker (Hon Oginga, Nominated Member): Thank you for that. I noticed that, but I decided to just let him go ahead. But next time, I believe, on a point of information, it is just right to wait for the authority to talk that is given by the Speaker. I hope you stand guided. Proceed Honourable Tom Onditi.

Hon. Onditi (MCA, Ombeyi): Thank you, Madam Speaker. Madam Speaker, it is my belief that you are right because you understand where we are coming from, and you know this is a rainy season. We need to go back home early. Therefore, in the interest of time, I did not want to waste time and that is the reason as to why I stood first.

Otherwise, thank you Madam Speaker for giving me the opportunity to second the report. It is important, Madam Speaker, for the public facility, particularly the health facilities like Level IVs going forward to have qualified staff. This is because if you listen to some of the issues that were

raised by the Auditors, some of them you wonder whether the people or the persons charged with those responsibilities are qualified enough to handle those cases.

Madam Speaker, some of those cases are cases that ought not to have appeared or caught the eye of the Auditor General. Again, Madam Speaker, even things like providing information, you realize that when the officers or the management are presenting their cases, that is when they are providing some of the information that they ordinarily ought to have provided. Again, you realize that you do not know whether they had them by the time they were meeting the Auditors or they did not. So, it is important, for some of these officers even to get some necessary basic training so that they understand some of the things like record keeping, even providing, having some of those reports, what you can call the in-house copies. You get sometimes mischievous officers, because you know these audit reports are the things that are not current. So, you realize that there are no copies of reports, so when these Auditors are asking them to provide their copies, they do not have. That is why they are asking for time to run back to go and look for people who were acting or were in the office at the time the implementation of the projects was taken.

Therefore, Madam Speaker, it is my opinion that, it is imperative for some of these officers to get proper training so that they have some of these records to save a lot of time on issues which ordinarily should not have caught the eyes of the auditor. Otherwise, Madam Speaker, with those few remarks, I second. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, now that the Report on the Examination of the report of the Auditor General for the financial statement of Rabuor Sub-County Hospital for the Financial Year 2021-2022 and 2022-2023 by the Select Committee on Public Investment and Accounts, has been presented and seconded. As per the provisions of our Standing Orders, I want to propose a question. I propose that this report is now open for debate.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Honourable Peter Obaso.

Hon. Obaso (Nominated Member): Thank you Madam Speaker. It seems that nobody wants to contribute to this motion, so may I call the mover to reply?

The Temporary Speaker (Hon. Oginga, Nominated Member): Order!! Honourable Members. Honourable Ken Ouko, please reply.

(Hon. Oiko rises on his feet)

Hon. Oiko (MCA, Kabonyo/Kanyagwal): Madam Speaker!!

The Temporary Speaker (Hon. Oginga, Nominated Member): Sorry, Honourable Benny Pete Oiko. I did not notice you.

Hon. Oiko (MCA, Kabonyo/Kanyagwal): Thank you Madam Speaker. You did not notice me because I am in black today.

The Temporary Speaker (Hon. Oginga, Nominated Member): Please proceed.

Hon. Oiko (MCA, Kabonyo/Kanyagwal): Thank you Madam Speaker, this is a report from a Level 4 Hospital, Rabuor Sub-County Hospital, a hospital that offers services to our people in the rural area. Madam Speaker, apart from the financial matters raised here, I would like to highlight some other facilities that are not adequately provided to this hospital.

Madam Speaker, as a House, we are inform that this health facility should collect funds and remit to County Revenue Fund (CRF) Account, and they have failed to do this. They spend at source, which is not advisable. It is my hope that, the Department of Finance will take up this matter so that money is first banked before it is spent. This is a matter that runs through the Audited Accounts of our Level 4 hospitals. I hope that will be corrected.

Madam Speaker, when we go to page 24 of the report, there is this problem of staffing. Rabuor Sub County Hospital should have an optimum staffing level of 101 staff, but the number they have, the personnel they have is only 11. This gives a picture of a very serious shortage in the health facility, and this one is a Level 4 hospital. The county government should pull up its socks so that a good number of health personnel are employed in this facility to offer our people the medical services needed.

Madam Speaker, in the report it is stated that Medical Officers should be 16, and there is only one who is there. Similarly, the Registered Community Health Nurses should be 75, and there are only 10. The deficit is very big. Madam Speaker, on this background, yesterday we were discussing here the wage bill of Kisumu County, the staffing level of Kisumu County looks to be reaching 50%. When we look at the technical staff engaged by the county government, it is alarming. The technical staff are not there. So, who are these employees that have blotted the payroll of Kisumu County? This is a matter that needs to be looked into, and investigated to help our people.

Madam Speaker, when we go to page 25 of the report, the facilities at the hospital are wanting. The bed capacity should be 150, and they have only 18 beds in the hospital. That means that the in patients cannot be admitted, or else, if they are admitted, they will be sleeping on the floor and that is a very pathetic situation. More resources should be looked into to provide these facilities to enable the hospital operate efficiently. Like, the high dependency units, there should be six beds and there is none at all. There should be a theatre, there's none at all.

Madam Speaker, we still need to look for more resources to improve our Level IV Hospitals. Madam Speaker, these are the kind of reports when brought before us, let us interrogate them and reflect with the other reports that come to this Assembly so that we know the true position of our country, that is how our country is running the management, and see into it whether our

people are getting the good services that they need from their government. With those few remarks, Madam Speaker, I so contribute.

The Temporary Speaker (Hon. Oginga, Nominated Member): With the silence, I will assume that there are no more contributions and since the mover of the motion had been called to move to reply, then he will go ahead with that. Yes Honourable Ouko, Chairperson, PIC/PAC.

Hon. Ouko (MCA, West Kisumu): Thank you Madam Speaker. Let me first start by appreciating the Honorable Members who formed the quorum of the House so that we can start the business and thank for those who contributed in one way or the other.

Madam Speaker, you realize that we are not only concerned about financial matters, and we equally concerned with the effectiveness of Regulations put in place governing these hospitals. Further, we are also anxious about the properties, the number of staffs, and such kind of things.

Madam Speaker, when we bring up a report to the House, just as said by Honourable Oiko, it is true that we are giving the true picture of what is happening on the ground. Perhaps a member from North Seme may not know what is happening in his or her ward when it comes to matters like this. However, when we bring these matters to the Assembly, they can now understand and compare if it is really a Level IV Hospital? Does it meet the standard required to call this facility a Level IV Facility? And what is the need of probably raising a standard of this hospital to Level IV instead of just leaving that at Level II, if it is possible.

Because Madam Speaker, you realize the required number of staff within the facility is over 100, and they only have eight. And Madam Speaker, if you keenly go through the report, you will find that the management wrote a letter to the department to be provided with additional staff because the number they had was only 18, which will still not make any difference. Madam Speaker, we have problems in this hospital.

Madam Speaker, Honourable Members, if you take your time can sit here during the interrogations and hear how they present themselves over Audit Queries, how they do their accounting, matters of transparency, financial accountability, it is quite unfortunate. These facilities lack accountants; these people are just left to survive on their own. At times you may find some facilities spending even without a budget line, such kind of things. It is quite unfortunate.

Madam Speaker, reminisce, it was this House Committee which pushed the Office of the Auditor General to conduct Audit on some of these small hospitals. We call them small hospitals because they don't meet the required level where they are placed now. So, it was quite unfortunate. We

need to do something as the MCAs or the people's representative who are mandated to handle these matters.

Madam Speaker, there is what we call Adherence to Financial Regulations. Moreso, on Regulation 15 (Country Government) PMF Act. There is no adherence to that. And you may blame somebody, but due to lack of accountants, really, you do not expect a Medical Doctor who never went through any financial matters in college to present anything tangible. But with the law and the requirement of the Health Act, it is the medical professionals who head the hospital. So, Madam Speaker, just imagine where there are no accountants in some of these health facilities. What do you expect in such kind of facility? And these facilities are procuring entities, and you just understand how things go. So, Madam Speaker, we have a raft of recommendations concerning these hospitals, and we expect now they will improve.

Madam Speaker, Honourable members, another thing which we have to note, I have to bring to the attention of members of this House through you, Madam Speaker, there's a lot of improvement. Some of these Health facilities were audited the other time, 2021/2022, 2022/2023, and there are a lot of improvements. Structures are being put in place because of the recommendations which have come from this House, Madam Speaker. So, I really want to convey my sincere gratitude to all the members, continue giving this House Committee the necessary support because it is a collective responsibility. Madam Speaker, I beg to reply.

The Temporary Speaker (Hon. Oginga, Nominated Member): Thank you. Honourable Members, now that the report by the Select Committee on Public Investments and Accounts on the Examination of the report of the Auditor General on the Financial Statements of Rabuor Sub-County Hospital for the financial years 2021/2022, and 2022/2023, has been presented, seconded, and debated, and it's time for me to put a question.

(Question put and agreed to)

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, report by the Select Committee on Public Investments and Accounts on the Examination of the report of the Auditor General on the Financial Statements of Rabuor Sub-County Hospital for the financial years 2021/2022, and 2022/2023, has been adopted today, Thursday, the 03rd of April, 2025, at 15:09 hours.

Therefore, I direct that this report, together with the Hansard report, be submitted to the relevant department for implementation. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Next order!!

MOTION

MOTION FOR THE CONSIDERATION OF AN EXTENSION OF THE SHORT RECESS ADJOURNMENT DATE FROM 03RD APRIL 2025 TO 10TH APRIL 2025 TO FACILITATE CONCLUSION OF DELIBERATIONS ON THE PROPOSED KISUMU COUNTY FISCAL STRATEGY PAPER FOR THE FISCAL YEAR 2025-2026 AND THE KISUMU COUNTY PROPOSED SUPPLEMENTARY BUDGET ESTIMATES FOR THE FISCAL YEAR 2024/2025

HON. KEN OOKO, MCA, AHERO

(LEADER OF MAJORITY)

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Kennedy Ouko, Leader of Majority.

The Leader of Majority (Hon. Ooko Kennedy, MCA, Ahero): Thank you Honourable Madam Speaker. Honourable Madam Speaker, my name is Honourable Kennedy Ooko. I rise to move a motion for the Extension of the Adjournment of the House for the Short Recess from 03rd April 2025 to 10th April 2025 for the deliberation of the proposed Kisumu County Fiscal Strategy Paper and the Kisumu County Proposed Supplementary Budget Estimates for the financial year 2024-2025.

AWARE that, on the 26th of February 2025 pursuant to the provisions of Orders No. 25 and 26 of this House approved the Calendar for the County Assembly for the Fourth Session of 2025.

FURTHER AWARE that, under the County Assembly Calendar for the Fourth Session this Honourable House is intended to adjourn for the Short Recess today the 03rd April 2025 to 21st April 2025.

THAT, pursuant to the provisions of the Public Finance Management Act 2012 the County Assembly is in receipt of the County Fiscal Strategy Paper Financial Year 2025-2026 and the County Supplementary Budget Financial Year 2024-2025 which are to be considered within strict statutory timelines.

CONCERNED that, if the County Assembly is set to adjourn today in accordance with the now operational calendar the County Assembly will be found to be in violation of the statutory timelines set for the consideration of the CFSP 2025-2026 and the County Supplementary

Budget Financial Year 2024-2025 in accordance with the Public Finance Management Act 2012 and the Public Finance Management Regulations 2016.

NOW, THEREFORE, I wish to pray that this Honourable House resolves to amend the County Assembly Annual Calendar by extending the House adjournment for the Short Recess from 03rd April 2025 to 10th April 2025 in order to facilitate conclusion of the deliberations on the Proposed Kisumu County Fiscal Strategy Paper for the Financial Year 2025-2026 and the Proposed Kisumu County Supplementary Budget Financial Year 2024-2025.

Madam Speaker, I wish to call upon the Honourable Member representing Nyalenda “B”, Honourable Ratib to second. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Honourable Ratib.

Hon. Ratib (MCA, Nyalenda “A”): Madam Speaker, I rise to second the motion moved by the Majority Leader. However, before proceeding, I wish to set the record straight—I am a Member of the County Assembly representing Nyalenda “A”, not Nyalenda “B”.

Madam Speaker, the motion before us is of great significance. The proposed extension of the House sittings from the 03rd to the 10th of April, 2025 is both necessary and appropriate. This is because the two critical documents before us—the Kisumu County Strategy Paper and the Kisumu County Supplementary Budget—are subject to strict timelines as stipulated in the Public Finance Management (PFM) Act. In light of this, it is only prudent that this House grants the extension to ensure due diligence in addressing these matters before proceeding on a short recess. With that, Madam Speaker, I second the motion. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, now that the motion for the Extension of the Adjournment of the House for the Short Recess from 03rd of April 2025 to 10th of April 2025 for deliberation on the Proposed Kisumu County Physical Strategy Paper for the Fiscal Year 2025/2026 and the Proposed Kisumu County Supplementary Budget Estimates for the Financial Year 2024-2025 has been presented and seconded and as per our standing orders, I want to propose a question and I propose that this motion is open for debate.

(Silence)

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable members, I assume silence means no debate. So the mover please reply.

Leader of Majority (Hon. Ooko, MCA, Ahero): Madam Speaker, I reply. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, now that the motion for the Extension of the Adjournment of the House for the Short Recess from 03rd of April to 10th of April 2025 for deliberation on the Proposed Kisumu County Physical Strategy Paper for the Fiscal Year 2025/2026 and the Proposed Kisumu County Supplementary Budget Estimates for the Financial Year 2024-2025 has been presented, seconded and debated, I therefore want to put a question on the adoption of the same.

(Question put and agreed to)

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, the motion for the Extension of the Adjournment of the House for the Short Recess from 03rd of April to 10th of April 2025 for deliberation on the Proposed Kisumu County Physical Strategy Paper for the Fiscal Year 2025/2026 and the Proposed Kisumu County Supplementary Budget Estimates for the Financial Year 2024-2025 has been adopted today the 03rd of April 2025 at 15:17 hours. I so direct that the House Business Committee to prepare a schedule for the extra days.

The Temporary Speaker (Hon. Oginga, Nominated Member): Next Order!

ADJOURNMENT

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, there being no other business to transact this House stands adjourned until the Tuesday 08th of April 2025 at 02.30 p.m. Thank you.

(House rose at 3.18 p.m.)

Addendum

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