COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – FOURTH SESSION

Wednesday, 30th April, 2025

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

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

PRAYERS

The Speaker (Hon. Oraro): Honourable Members, I direct that, the Serjeant-at-Arms rings the quorum bell for the first five minutes.

(Quorum bell rung for the first five minutes)

The Speaker (Hon. Oraro): The Deputy Whip, Honourable Obonyo, kindly confirm if we have quorum.

The Deputy Whip (Hon. Obonyo, MCA, South West Kisumu): Thank you Madam Speaker, we have quorum.

The Speaker (Hon. Oraro): Clerk, please take us through the order of the day.

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

(Hon. Speaker vacates the Chair, Hon. Emily Oginga Chairs)

MOTION

THE AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT OF JARAMOGI OGING 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. I wish to move a motion on the reports of the Select Committee on Public Investments and Accounts on its consideration of the Auditor General's Report and Financial Statement of Jaramogi Oginga Odinga Teaching and Referral Hospital (JOOTRH) for the Financial Year 2023/2024.

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 on the examination of the report of the Auditor General on the financial statements of Jaramogi Oginga Odinga Teaching and Referral Hospital (JOOTRH) for the year ended 30th June 2024.

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 written and oral evidence from the Accounting Officer on audit queries raised by the Auditor-General on the financial statements of Jaramogi Oginga Odinga Teaching and Referral Hospital (JOOTRH) for the year ended 30th June 2024

Hon 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.

Hon 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 Jaramogi Oginga Odinga Teaching and Referral Hospital (JOOTRH) for the year ended 30th June 2024 and urge this House to adopt it.

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

i. Examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the House as the committee may think fit;
ii. Examination of the working of the Public Investments
iii. Examine the reports and accounts of the Public Investments and,
iv. Examine in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments are being managed in accordance with sound financial or business principles and prudent commercial practices.

1.2 Composition of the Public Accounts and Investments Committee
The Committee as currently constituted comprises the following Honorable Members,

Table 1: Committee Membership as at March 2025

	NAME	POSITION
	MEMBERS	
1.	Hon. Ken Ouko	Chairperson
2.	Hon. Tom Onditi	Vice Chairperson
3.	Hon. Habil Nyasuna	Member
4.	Hon. Nancy Matara	Member
5.	Hon. Rueben Rakwach	Member
6.	Hon. James Were	Member
7.	Hon. James Omollo	Member
8.	Hon Mickey Ochieng	Member
9.	Hon. Seth Okumu	Member
	SECRETARIAT	
1.	Austine Ochieng'	Committee Clerk
2.	Chrispine Oguta	Clerk Assistant
3.	Patrick Okoyo	Hansard Officer
4.	Faith Judith	Sargent-at-arm
5.	Wycliffe Owade	Researcher

6. CPA Naboth Odero — Internal Auditor
7. CPA Mollen Achayo — Accountant
8. CPA Charles Ageng'o — Internal Auditor

LEGAL FRAMEWORK & GUIDING PRINCIPLES

Hon. Speaker, the Committee was guided by the following legal instruments;

1. 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;
    i. The accounts of the National and County governments,
    ii. The accounts of all funds and authorities of the National and County governments,
    iii. Accounts of all courts,
    iv. The accounts of every commission and independent office established by this constitution,
    v. The accounts of National Assembly, the Senate and the county assemblies,
    vi. The accounts of the political parties funded from the public funds,
    vii. The public debt and
    viii. The accounts of any other entity that legislation requires the Auditor General to Audit

    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".
1. 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.

2. 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 Governments; (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
3. 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
4. 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 –

a) Lawful and authorized; and
b) 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;

i). Openness and Accountability including public participation in financial matters;
ii). Public money shall be used in a prudent and responsible way; and
iii). 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 JARAMOGI OGINGA ODINGA TEACHING AND REFERRAL HOSPITAL (JOOTRH) FOR THE YEAR ENDED 30TH JUNE 2024

Hon. Speaker,

Dr. Richard Lesiyampe appeared before the Committee on 14th March 2025 to adduce evidence on the Audited Financial Statements of Jaramogi Oginga Odinga Teaching and Referral Hospital (JOOTRH) for the year ended 30th June 2024.

The following Officers accompanied the;

1. Mr. Joshua Okise- Senior Accountant
2. Ms. Pelesia Omino- Hospital Accountant

The following officer represented the Office of the Auditor General in the Committee meeting;

1. Mr. Kennedy Ong'oi - Deputy Director, OAG

Basis for Qualified Opinion

3.1 Inaccuracies in the Presentation of Financial Statements

Review of the annual report and financial statements presented for audit review revealed the following weaknesses as detailed below:

i. The Report of the Chief Executive Officer on page xv paragraph 6(b) on finances, indicated that the operating revenue increased from Kshs.367.24M to Kshs.420,864,972 M. However, the financial statements do not reflect such balances.

Management Response

The management has noted the observation and has corrected it in the amended financial statements attached.

Committee Observation

1. The Report of the Chief Executive Officer on page xv paragraph 6(b) on finances, indicated that the operating revenue increased from Kshs.367.24M to Kshs.420,864,972 M. However, the financial statements do not reflect such balances
2. The same had been corrected as at the time of committee deliberations

Committee Recommendations

That the matter is resolved

ii. The statement of financial position reflects total net assets amounting to Kshs.2.903,061,196 while the recalculated balance is Kshs.2,903,577,477 resulting to a variance of Kshs.516,281.

Management Response

The management has noted the observation and has corrected the variance in the amended financial statements attached. (Appendix 1)

Committee Observation

The Committee noted that the discrepancy in the net asset figures, although relatively small in absolute terms, reflects inadequate reconciliation and review procedures during the preparation of financial statements.

Committee Recommendations

1. That the Accounting Officer should apply stringent reconciliation procedures and adopt multi-level review protocols prior to finalization of financial reports. Additionally, the facility should ensure that all financial statements are thoroughly cross-checked for consistency before submission to the Office of the Auditor General.
2. That the matter is resolved

iii. The statement of changes in net assets reflects a prior year adjustment of Kshs.3,471,860. However, the prior year adjustment was not supported with a Note or any other explanation.

Management Response

The management has noted the observation by the auditor and has now corrected by giving notes on the prior year's adjustments in the amended financial statement attached. (Appendix 1)

Committee Observation

That a prior year adjustment was not supported with a Note or any other explanation.

Committee Recommendations

1. That all prior year adjustments must always be fully supported with detailed notes, in line with IPSAS requirements, clearly outlining the reason for the adjustment, the affected line items, and the financial impact.
2. That the matter is resolved

iv. The statement of financial position reflects capital funds amounting to Kshs.2,760,000,000 while the statement of changes in net assets reflects an amount of Kshs.2,756,528,140 resulting to an unreconciled variance of Kshs.3,471,860 that has not been explained.

Management Response

The management has noted the observation and corrected the variance in the amended financial statement attached. (Appendix 1)

Committee Observation

1. The statement of financial position reflects capital funds amounting to Kshs.2,760,000,000 while the statement of changes in net assets reflects an amount of Kshs.2,756,528,140 resulting to an unreconciled variance of Kshs.3,471,860 that has not been explained.
2. The variance had been corrected as at the time of committee deliberations

Committee Recommendations

That the matter is resolved

v. The statement of financial performance reflects total revenue of Kshs.832,608,425, while the statement of cash flows reflects an amount of Kshs.468,084,811, resulting to unreconciled variance of Kshs.364,523,614. Further, the statement of financial

performance reflects total expenditure totaling Kshs.815,324,252, while the statement of cash flows reflects an amount of Kshs.482,321,119 resulting to unreconciled amount of Kshs.333,003,133.

Management Response
Management has noted the observation. However, financial performance was prepared in accordance with IPSAS accrual Basis of Accounting and cash flow was prepared in accordance with IPSAS cash basis. This has made the figures to be different in the two statements.

Committee Observation

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

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

vi. The balances reflected in the statement of financial performance differs with the balances reflected in the statement of cash flows and the statement of comparison of budget and actual amounts.

Management Response
The management has noted the observation. However, the difference in figures is due to the IPSAS accrual basis and IPSAS cash basis applicable to the financial performance, Cashflow Statement and comparison of budget and actual amounts.

Committee Observation

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

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

vii. Note 5 to the financial statements, reflects an amount of Kshs.523,310,504 in respect of rendering services, however, the casted balance is Kshs.524,255,282

Management Response
The management has noted the observation. However, the figure is kshs.523,310,504 as reflected in the financial statements.

Committee Observation

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

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

viii. The comparative balances for rendering of services and cash and cash equivalents are reflected as Kshs.422,961,078 and Kshs.62,322,077, while the audited financial statements for the previous year reflected amounts of Kshs.423,144,668 and Kshs.62,838,358 respectively, resulting to variances of Kshs.183,590 and Kshs.516,281 respectively.

Management Response

The management has noted the observation and has corrected the variances in the amended financial statement attached. (Appendix 1)

Committee Observation

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

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

3.2 Unsupported Receivable from Exchange Transactions

The statement of financial position and as disclosed in Note 17 to the financial statements reflects a balance of Kshs.196,463,806 in respect of receivables from exchange transactions. This represents a 64% increase compared to the prior year's balance of Kshs.120,071,851, resulting in a significant rise of Kshs.76,391,955. In addition, records provided in support of the receivables show that most of the debts are due from public entities, which included the Prisons' Department, the National Youth Service, and the National Hospital Insurance Fund.

In the circumstances, the accuracy, presentation, and recoverability of the receivables from exchange transactions balance of Kshs.196,463,806 could not be confirmed.

Management Response

The management has noted the observation with concern. However, several follow-ups are being made on the public entities' debt collection in order to reduce the debt within the shortest time.

Committee Observations

1. That, the Management recorded an amount of Kshs.196,463,806 in respect of receivables from exchange transactions representing 64% increase compared to the prior year's balance of Kshs.120,071,851, resulting in a significant rise of Kshs.76,391,955.
2. That, records provided in support of the receivables show that most of the debts are due from public entities, which included the Prisons' Department, the National Youth Service, and the National Hospital Insurance Fund.
3. That, at the time of committee deliberations, the Management had made several follow-ups on the public entities' debt collection in order to reduce the debt within the shortest time.

Committee Recommendations

1. That, the Management fast tracks the process of debt collection in order to reduce the debt within the shortest time.
2. That, the Committee on Implementation follows up on the status of debt collection and issue a report on the same to the House within Sixty days (60) upon adoption of this report.
3. That the matter is unresolved.

3.3 Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 19 to the financial statements reflects a balance of Kshs.2,819,115,073 in respect of property, plant, and equipment.

Review of the hospital's listing of assets and physical inspection revealed that the hospital was in possession of several assets including motor vehicles, medical equipment, and ICT equipment;

computers, printers, and networking infrastructure which were not included in property, plant, and equipment.

Management Response

The management noted the observation. However, management appointed the Asset and liability committee that finalized the identification and listing of the assets awaiting tagging and valuation. At the closure of the financial year, the process was still ongoing though currently completed. The listed assets schedule availed in soft copy for audit.

Committee Observations

1. That, physical inspection by the Auditors revealed that the hospital was in possession of several assets, including motor vehicles, medical equipment, and ICT equipment; computers, printers, and networking infrastructure, which were not included in property, plant, and equipment.
2. That, the management had appointed the Asset and Liability Committee that finalized the identification and listing of the assets awaiting tagging and valuation.

Committee Recommendation
That the matter is resolved

In addition, included in the property, plant, and equipment balance of Kshs.2,819,115,073 is land of Kshs.1,890,000,000. The title deed indicates that the land is approximately 22.38 hectares which translates to approximately 55.3 acres. However, the valuation report provided indicates that the land area was approximately 10.92 hectares or 27 acres leading to an unexplained variance of 28.3 acres or 11.5 hectares between the two documents on the land size.

Management Response

The management has noted the observation and will engage a valuer to advise on the variance in the conversion of the land size for correction if possible.

Committee Observations

1. That, the title deed indicated that the land is approximately 22.38 hectares which translates to approximately 55.3 acres. However, the valuation report provided indicated that the land area was approximately 10.92 hectares or 27 acres leading to an unexplained variance of 28.3 acres or 11.5 hectares between the two documents on the land size.
2. That, at the time of committee deliberation the management committed to engage a valuer to advise on the variance in the conversion of the land size for correction if possible.

Committee Recommendations

1. That, the Management to fast track the process of reconciliation of the land sizes as reported.
2. That, the matter is unresolved

In Note 19, additions of Kshs.10,125,054 are reported, however, a schedule of Kshs.10,216,164 was provided to support the balance leading to a variance of Kshs.91,110 between the two amounts. In the same Note, capital work in progress is reported at Kshs.85,311,712, however, a schedule of Kshs.76,963,471 was provided to support the balance leading to a variance of Kshs.9,348,241 between the two amounts. In addition, there were additions to the work in progress of Kshs.9,722,115 that were not included in the financial statements.

Lastly, property, plant, and equipment detailed schedules for furniture, fittings, and office equipment, and plant & medical equipment were not provided for audit review.

In the circumstances, the accuracy, ownership, and valuation of the property, plant, and equipment balance of Kshs.2,819,115,073 could not be confirmed.

Management Response

The management has noted the observation. However, the variance and additional work in progress have been corrected in the amended financial statement attached. (Appendix 1).

The corrected schedules for additions in the PPE are also attached. (Appendix 2)

Committee Observations

1. That, Note 19 reported additions of Kshs.10,125,054; however, a schedule of Kshs. 10,216,164 was provided to support the balance, leading to a variance of Kshs.91,110 between the two amounts.
2. That, capital work in progress was reported at Kshs.85,311,712, however, a schedule of Kshs.76,963,471 was provided to support the balance, leading to a variance of Kshs.9,348,241 between the two amounts and additions to the work in progress of Kshs. 9,722,115 not included in the financial statements.
3. That, property, plant, and equipment detailed schedules for furniture, fittings, and office equipment, and plant & medical equipment were not provided for audit review.
4. That, during committee deliberations, the Management adduced that the variance and additional work in progress had since been corrected in the amended financial statements.
5. That, the corrected schedules for additions in the PPE were also provided during the time of committee deliberations.

Committee Recommendation

That the matter is resolved

3.4 Unsupported Depreciation and Amortization Expense

The statement of financial performance and Note 11 to the financial statements reflects an amount of Kshs.36,086,614 in respect of depreciation and amortization expenses. The amount was however not supported with depreciation and amortization schedules.

In the circumstances, the accuracy and completeness of the depreciation and amortization amount of Kshs.36,086,614 could not be confirmed

Management Response

The schedule for depreciation has been availed. Also, depreciation for the building is included. Find attached a copy of the schedule for confirmation. (Appendix 3)

Committee Observations

1. That, the Management recorded an amount of Kshs.36,086,614 with respect to depreciation and amortization expenses. However, the amount was not supported with depreciation and amortization schedules.
2. That, by not providing these documents on time, the management violated Section 62(b) of the Public Audit Act, 2015, which requires timely submission of documents to auditors.
3. That, at the time of committee deliberations, the depreciation schedule had been provided for audit verification.

Committee Recommendations

1. That the management ensure that in future, the supporting documents are provided to the Auditors during the time of audit as requested by the auditors.
2. That the matter is resolved

3.5 Unreconciled NHIF and MARWA Records

The statement of financial performance reflects medical service income amounting to Kshs. 523,310,504. Included in the amount is transfer from NHIF and MARWA amount of Kshs.312,953,420 as disclosed in Note 5 to financial statements. Review of the records revealed that management reported NHIF and Marwa jointly making reconciliations difficult. Additionally, the amount of Kshs.312,953,420 reflected in the financial statements differs with the ledger balance of Kshs.335,971,954 provided during the audit, resulting to an unreconciled amount of Kshs.23,018,534.

Management Response

The management noted the observation of the auditor and has now reconciled the variance in the ledgers and the amended financial statements attached. (Appendix 1)

Committee Observations

1. That, the Management recorded an amount of Kshs. 312,953,420 relating to transfers from NHIF and MARWA. However, review of the records by the Auditors revealed that management reported NHIF and MARWA jointly, making reconciliations difficult.
2. That, the Management recorded an amount of Kshs. 312,953,420 in the financial statements, differing with the ledger balance of Kshs. 335,971,954 provided during the audit, resulting in an unreconciled amount of Kshs. 23,018,534.
3. That, during committee deliberations, the Management adduced evidence of reconciled variances in the ledgers and amended financial statements.

Committee Recommendations

1. That moving forward, the management must ensure that the financial statements are accurate and present a true and fair view of the financial position of the facility.
2. That the matter is resolved

3.6 Misstatement of Employee Costs

The statement of financial performance and Note 9 to the financial statements reflects compensation of employees of Kshs.87,806,909 being compensation to casual's employees and contracted professional services. Review of staff establishment as at 30 June 2024 reflects three hundred and thirty-two (332) regular staff and one hundred and three (103) contracted staff worked for the hospital in the year under review and were in the payroll of Kisumu County Executive. These employees work for the hospital to generate economic benefit however; their costs have not been disclosed in the books of the hospital. The hospital's in-kind revenue and the employee costs are therefore understated in this respect.

In the circumstances, the completeness and accuracy of the reported employee costs could not be confirmed.

Management Response

The management has noted the observation. However, going forward the hospital will be recognizing the total employee costs paid by the county Government of Kisumu as in -kind contributions.

Committee Observations

1. That, the Management recorded an amount of Kshs.87,806,909 relating to compensation to casual employees and contracted professional services. However, auditor's review of staff establishment as at 30 June 2024 reflected three hundred and thirty-two (332) regular staff and one hundred and three (103) contracted staff working for the hospital in the year under review and were in the payroll of Kisumu County Executive.
2. That, the employee costs had not been disclosed in the books of the hospital, therefore resulting in an understatement of the hospital's in-kind revenue and the employee costs.

Committee Recommendations

1. That, moving forward, the hospital must recognize the total employee costs paid by the county Government of Kisumu as in-kind contributions.
2. That, the matter is resolved

3.7 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.650,000,000 and Kshs.472,666,001 respectively resulting to under-funding of Kshs.177,333,999 or 27% of the budget. Further, the Hospital spent Kshs. 689,497,239 against an approved budget of Kshs.747,872,308 resulting to low absorption of Kshs. 60,173,499 or 8% of the budget. The management attributed these to low cash flows due to delay and reimbursement from both the National and other Government entities such as NHIF and Prisons. The under-funding and under performance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

Even though there was low consumption which was as a result of under-funding the hospital is in the process of coming up with revenue-generating activities to enhance revenue towards bridging the Gap.

Committee Observations

1. That, the comparison of budget and actual amounts reflected the final receipts budget and actual on a comparable basis of Kshs.650,000,000 and Kshs.472,666,001, respectively, resulting in under-funding of Kshs.177,333,999 or 27% of the budget.
2. That, the Hospital management spent Kshs. 689,497,239 against an approved budget of Kshs.747,872,308 resulting to low absorption of Kshs. 60,173,499 or 8% of the budget.
3. That indeed the under-funding and under performance 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

1. That, the Management fast-track the process of deriving revenue-generating activities to enhance revenue towards bridging the gap/variance and submit to this House a status report on the same within 30 days upon receipt of this report.
2. That, the matter is unresolved.

3.8 Unresolved Prior Year Matters

In the audit of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Even though Management indicate the issues as resolved, the evidence of resolution has not been provided. The issues remain unresolved.

Management Response

The management has noted this with a lot of concern. However, most of the issues have been resolved. Find attached evidence against resolved prior years matters. (Appendix 4)

Committee Observation

That several prior year matters relating to the report on the financial statements and reports on lawfulness and effectiveness in the use of public resources are yet to be addressed.

Committee Recommendations

1. That, within 60 days of adoption of this report, the Accounting Officer submits to the Implementation Committee an implementation action plan for all the recommendations by the Office of the Auditor General and the County Assembly.
2. That, this matter is unresolved

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

4.1 Non-Compliance with the Prescribed Standards for Preparing the Imprest Register

The imprest register presented for audit by Jaramogi Oginga Odinga Teaching and Referral Hospital did not comply with the prescribed format outlined in the National Treasury's Circular No. 23-2020. The recommended standard provides that the imprest register will include details such as: the staff name, personal number, department, imprest warrant number, date of issue, expected date of surrender, actual date of surrender, number of days outstanding, imprest amount, amount surrendered, and the outstanding balance. Upon reviewing the register, it was noted that critical fields were either incomplete or missing all together, particularly with regard to the expected date of surrender, the actual date of surrender, the number of days outstanding and the outstanding balance. These omissions resulted in an inaccurate and incomplete record, which undermines the integrity of the imprest tracking process.

In the circumstances, the Hospital Management failed to adhere to the provisions in the treasury circular

Management Response

The management noted this with a lot of concern. However, imprest register is currently being maintained in the prescribed format outlined in the National Treasury Circular.

Committee Observation

That the Hospital did not comply with the prescribed format outlined in the National Treasury's Circular No. 23-2020 in preparation of Imprest Register which provides that the imprest register will include details such as: the staff name, personal number, department, imprest warrant number, date of issue, expected date of surrender, actual date of surrender, number of days outstanding, imprest amount, amount surrendered, and the outstanding balance.

Committee Recommendations

1. That, going forward, the management must adhere to the National Treasury's Circular No. 23-2020 in preparation of Imprest Register.
2. That, the matter is resolved.

4.2 Stalled Construction of Cancer Centre

As reported in the prior year audit: Management entered into a contract with a construction company for the construction of a Cancer Centre at the Hospital on 11 May, 2020 at a contract price of Kshs.165,622,113 with the expected contract period of eighteen (18) months. As at 30 June, 2023 the certified works were valued at Kshs.115,085,931 or sixty nine percent (69%) of the contract sum and the contractor had been paid Kshs.98,028,732. During the year under review, the contractor was paid retention money amounting to Kshs.9,397,675. Physical inspection conducted in December, 2024 revealed that the project has stalled.

In the circumstances, the public has so far not benefitted from the expenditure incurred on the construction of the Cancer Centre.

Management Response

The management has noted the observation. It will ensure the completion of the project is completed by engaging partners/stakeholders towards benefiting the citizens within and outside the County of Kisumu.

Committee Observations

1. That, the Management paid an amount of Kshs. 98,028,732 in respect of the construction of a cancer center. At the time of committee deliberations, the project had not been put into use.
2. That, the physical inspection by the Auditors revealed that the contractor had not completed the project twenty-five (25) months after the agreed completion date.

3. That, the contract was terminated under mutual agreement between the client and the contractor
4. That, the county government of Kisumu has entered into a contract with the Russian Government on Public Private Partnership (PPP) and an MOU has since been signed to ensure the completion of the project toward benefiting the citizens within and outside the Great County of Kisumu.)

Committee Recommendations

1. That the Management follow up on the implementation of the contract between the county government of Kisumu and the Russian Government on Public Private Partnership (PPP) and the signed MOU to ensure the completion of the project toward benefiting the citizens within and outside the Great County of Kisumu.)
2. That, the Committee on Implementation follow up on the status of the project and issue a report on the same to the House within Sixty days (60) upon adoption of this report.
3. That the issue is unresolved

4.3 Managed Equipment Services

The statement of financial position reflects property, plant and equipment balance of Kshs.2,819,115,073 as disclosed in Note 19 to the financial statements. The amount however excludes Managed Equipment Services (MES) equipment outsourced by the Ministry of Health. It was also noted that the equipment had not been serviced annually as required as detailed in the table below.

Equipment	Last serviced	Exceeded the service timeline by;
X-ray machines	April 2023	1 year 8 months
Theatre equipment	September 2023	1 year 3 months
ICU equipment	June 2023	1 year 6 months
Oxygen plant	March 2023	1 year 9 months
Renal dialysis equipment	May 2023	1 year 7 months

Physical examination of the equipment revealed that some equipment including renal dialysis equipment, Intensive Care Unit (ICU) equipment, theatre equipment, X-ray and other imaging equipment were not functioning at all while others were not functioning optimally, as detailed in the table below:

Equipment	Number of assets	Equipment working	Equipment not working
Dialysis machines	Fourteen	Three	Eleven
Theatre (anesthetic machines)	Four	Three	One
Adult ventilators (MES)	Ten	Three	Seven
Adult ventilators (donated)	Nine	Six	Three
ICU beds (MES 6 and JOOTRH 7)	Thirteen	Nine	Four
Neonatal ventilator	Six	0	Six
Oxygen Plant	Three	One	Two
OPG x-ray machine (dental)	One	0	-
Mammogram x-ray	One	Not functioning optimally	

It was also noted that the hospital has one mammogram x-ray machine which is currently not functioning at optimal level due to challenges with internet connectivity.

Lastly, physical verification on 9 December, 2024 of the renal unit it was observed that only six renal machines were working, an interview with one of the medical officers revealed that the unit is under equipped, patients queue for so long to be served (some even die while waiting for the service), instead of three dialysis sessions in a week some patients end up only getting one session and it was also stated that there is a shortage of commodities /accessories for the dialysis machines.

In the circumstances, failure to service the equipment as required leads to them breaking down and not functioning optimally as required thus affecting the quality of care offered by the hospital

Management Response

The management has noted the observation. However, Managed Equipment Services (MES) equipment outsourced by the Ministry of Health and contracts between maintenance service providers and the Ministry had expired. This has made the operations of the Equipment's not to be at 100%. However, the management has been engaging some service providers to maintain the machines to enable hospital offer quality service to the public. (Appendix 5)

Committee Observations

1. That, the Management recorded an amount of Kshs. 2,819,115,073 relating to property, plant, and equipment in exclusion of Managed Equipment Services (MES) equipment outsourced by the Ministry of Health. It was also noted that the equipment had not been serviced annually as required.
2. That, physical examination by the auditors of the equipment revealed that some equipment including renal dialysis equipment, Intensive Care Unit (ICU) equipment, theatre equipment, X-ray and other imaging equipment, were not functioning at all while others were not functioning optimally.
3. That, physical verification on 9 December, 2024 of the renal unit, it was observed that only six renal machines were working, an interview with one of the medical officers revealed that the unit is under equipped, patients queue for so long to be served (some even die while waiting for the service), instead of three dialysis sessions in a week some patients end up only getting one session and it was also stated that there is a shortage of commodities /accessories for the dialysis machines.
4. That, at the time of committee deliberations, the management was in the process of engaging some service providers to maintain the machines to enable hospital offer quality service to the public.

Committee Recommendations

1. That, the management fast-tracks the process of sourcing other service providers to maintain and ensure the efficiency and effectiveness of the machines for proper service delivery to patients.
2. That, the Committee on Implementation follow up on the status of engagements with other service providers and issue a report on the same to the House within Sixty days (30) upon adoption of this report.
3. That the matter is unresolved.

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

5.1 Insufficiencies in the implementation of Universal Health Care (UHC)

Review of the hospital's records and interview with relevant hospital staff during audit, it was noted that the hospital has a significant shortfall in the staffing capacity and also in the equipment to meet the requirements of Universal Health Care (UHC) as per the Kenya Quality Model for Health (KQMH) policy guidelines.

The table below outlines the disparity between the staffing levels and number of equipment required to implement Universal Health Care and the actual number of health workers and number of equipment currently in the hospital.

Number of health workers versus required level

	Level 5 standard	Number in Hospital
Medical officers	50	17
Anesthesiologists	7	3
General surgeons	4	2
Gynecologist's	4	5
Pediatrics	4	3

Number of Equipment versus required level

TEST	Level 5 standard	Number in Hospital
Functional ICU beds	12	6
Functional HDU beds	12	7
Specialist services (radiotherapy, chemotherapy, specialized surgeries, dialysis, clinical pharmacy)		None
Specialized therapy services to include radiotherapy, chemotherapy and renal dialysis;		None
Intensive Care Unit with at least 12 ICU beds	12	6
High Dependency Unit with at least 12 beds	12	7
Maternity department ward for six delivery coaches	6	Data not provided

In the circumstances, the understaffing and inadequate hospital equipment may have impacted negatively on the service delivery to the public.

Management Response

The management wishes to affirm that we have signed an MOU with several training Institution like Maseno, Uzima, Great Lake University Jomo Kenyatta University, Kabarak among others

towards bridging the human resource Gap. Further, we have been accredited to offer COSESCA, ESCACOP, CANACSA, ECSACOG training leading to more registrars coming on board to bridge the human resource Gap precisely we have 50 registrars supporting 17 medical officers.

Additionally, the management has sent 30 MOs on training bringing the total medical officers to 47. The county has also employed more staff, and specialists for effective delivery of healthcare. Furthermore, the management sent a request letter to the chief officer of Health and Sanitation for more additional staff via a memo dated 13th February 2025. Find copy attached (Appendix 6)

The Management has noted this with a lot of concern; however, the management has placed 7 more dialysis machines,2 more ventilators for the ICU, and 2 more anesthesia machines hence increasing the number of services offered within the facility. These efforts have made KMPDC classify the hospital under level 6A after 3 consecutive assessments. taken note and is in the process of acquiring more machines, including a chemotherapy unit, a breaker therapy machine, and 14 dialysis machines.

Committee Observations

1. That, the hospital did not meet a number of key specifications as prescribed by the Kenya Quality Model for Health policy guidelines with reference to their medical personnel staffing.
2. That, the Management has signed an MOU with several training Institutions like Maseno, Family Medicine, Uzima, Great Lake University Jomo Kenyatta University among others towards bridging the human resource Gap.
3. That, the Management has been accredited to offer COSESCA, ESCACOP, CANACSA, and ECSACOG training leading to more registrars coming on board to bridge the human resource Gap precisely we have 50 registrars supporting and 16 Medical officers.

Committee Recommendations

1. That, the Management fast-tracks the implementation of the MOU with the training Institutions to help the facility meet the requirements of the Kenya Quality Model for Health Policy Guidelines.
2. That, the matter is resolved

5.2 Lack of Audit Committee

During the year under review, the Hospital did not establish an audit committee. Further, Management did not rely on the Internal Audit Department of the County Executive of Kisumu since no evidence showing that the Hospital had been audited by Internal Audit from the County Executive was provided for audit. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, which requires each County Government entity to establish an Audit Committee.

In the circumstances, the Hospital operated without a mechanism for assessing and mitigating financial and operational risks and the Management was in breach of the law.

Management Response

The management has noted this with a lot of concern. However, the management wrote several letters to the county executive to second an auditor, which has now been posted, and the internal audit department for the hospital is now functional. Find attached a copy of the letters to the executive and a copy of the arrival letter attached. (Appendix 7)

Committee Observations

1. That during the year under review, the Hospital did not establish an audit committee
2. That Management did not rely on the Internal Audit Department of the County Executive of Kisumu since no evidence showing that the Hospital had been audited by Internal Audit from the County Executive was provided for audit contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, which requires each County Government entity to establish an Audit Committee.
3. That at the time of committee deliberations, the management wrote several letters to the county executive to second an auditor, which has now been posted, and the internal audit department for the hospital is now functional.

Committee Recommendations

1. That onwards, the management must adhere to Regulation 167(1) of the Public Finance Management (County Governments) Regulations.
2. That the matter is resolved.

SUMMARY OF OBSERVATIONS

The committee summarized the following observations:

1. The Report of the Chief Executive Officer on page xv paragraph 6(b) on finances, indicated that the operating revenue increased from Kshs.367.24M to Kshs.420,864,972 M. However, the financial statements do not reflect such balances
2. The same had been corrected as at the time of committee deliberations
3. The Committee noted that the discrepancy in the net asset figures, although relatively small in absolute terms, reflects inadequate reconciliation and review procedures during the preparation of financial statements.
4. That a prior year adjustment was not supported with a Note or any other explanation.
5. The statement of financial position reflects capital funds amounting to Kshs.2,760,000,000 while the statement of changes in net assets reflects an amount of Kshs.2,756,528,140 resulting to an unreconciled variance of Kshs.3,471,860 that has not been explained.

6. 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."
7. That, the Management recorded an amount of Kshs.196,463,806 in respect of receivables from exchange transactions representing 64% increase compared to the prior year's balance of Kshs.120,071,851, resulting in a significant rise of Kshs.76,391,955.
8. That, records provided in support of the receivables show that most of the debts are due from public entities, which included the Prisons' Department, the National Youth Service, and the National Hospital Insurance Fund.
9. That, at the time of committee deliberations, the Management had made several follow-ups on the public entities' debt collection in order to reduce the debt within the shortest time.
10. That physical inspection by the Auditors revealed that the hospital was in possession of several assets, including motor vehicles, medical equipment, and ICT equipment; computers, printers, and networking infrastructure, which were not included in property, plant, and equipment.
11. That, the management had appointed the Asset and Liability Committee that finalized the identification and listing of the assets awaiting tagging and valuation.
12. That, the title deed indicated that the land is approximately 22.38 hectares which translates to approximately 55.3 acres. However, the valuation report provided indicated that the land area was approximately 10.92 hectares or 27 acres leading to an unexplained variance of 28.3 acres or 11.5 hectares between the two documents on the land size.
13. That, at the time of committee deliberation the management committed to engage a valuer to advise on the variance in the conversion of the land size for correction if possible.
14. That, Note 19 reported additions of Kshs.10,125,054; however, a schedule of Kshs. 10,216,164 was provided to support the balance, leading to a variance of Kshs.91,110 between the two amounts.
15. That, capital work in progress was reported at Kshs.85,311,712, however, a schedule of Kshs.76,963,471 was provided to support the balance, leading to a variance of Kshs.9,348,241 between the two amounts and additions to the work in progress of Kshs. 9,722,115 not included in the financial statements.
16. That, property, plant, and equipment detailed schedules for furniture, fittings, and office equipment, and plant & medical equipment were not provided for audit review.
17. That, during committee deliberations, the Management adduced that the variance and additional work in progress had since been corrected in the amended financial statements.
18. That, the corrected schedules for additions in the PPE were also provided during the time of committee deliberations.

19. That, the Management recorded an amount of Kshs.36,086,614 with respect to depreciation and amortization expenses. However, the amount was not supported with depreciation and amortization schedules.
20. That, by not providing these documents on time, the management violated Section 62(b) of the Public Audit Act, 2015, which requires the timely submission of documents to auditors.
21. That, at the time of committee deliberations, the depreciation schedule had been provided for audit verification.
22. That, the Management recorded an amount of Kshs. 312,953,420 relating to transfers from NHIF and MARWA. However, a review of the records by the Auditors revealed that management reported NHIF and MARWA jointly, making reconciliations difficult.
23. That, the Management recorded an amount of Kshs. 312,953,420 in the financial statements, differing with the ledger balance of Kshs. 335,971,954 provided during the audit, resulting in an unreconciled amount of Kshs. 23,018,534.
24. That, during committee deliberations, the Management adduced evidence of reconciled variances in the ledgers and amended financial statements.
25. That, the Management recorded an amount of Kshs.87,806,909 relating to compensation to casual employees and contracted professional services. However, the auditor's review of staff establishment as at 30 June 2024 reflected three hundred and thirty-two (332) regular staff and one hundred and three (103) contracted staff working for the hospital in the year under review and were in the payroll of Kisumu County Executive.
26. That, the employee costs had not been disclosed in the books of the hospital, therefore resulting in an understatement of the hospital's in-kind revenue and the employee costs.
27. That the comparison of budget and actual amounts reflected the final receipts budget and actual on a comparable basis of Kshs.650,000,000 and Kshs.472,666,001, respectively, resulting in under-funding of Kshs.177,333,999 or 27% of the budget.
28. That, the Hospital management spent Kshs. 689,497,239 against an approved budget of Kshs.747,872,308 resulting to low absorption of Kshs. 60,173,499 or 8% of the budget.
29. That, indeed the under-funding and under performance 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.
30. That, several prior year matters relating to the report on the financial statements and reports on lawfulness and effectiveness in the use of public resources are yet to be addressed.
31. That, the Hospital did not comply with the prescribed format outlined in the National Treasury's Circular No. 23-2020 in preparation of Imprest Register which provides that the imprest register will include details such as: the staff name, personal number, department, imprest warrant number, date of issue, expected date of surrender, actual date of surrender, number of days outstanding, imprest amount, amount surrendered, and the outstanding balance.

32. That, the Management paid an amount of Kshs. 98,028,732 in respect of the construction of a cancer center. At the time of committee deliberations, the project had not been put into use.
33. That, the physical inspection by the Auditors revealed that the contractor had not completed the project twenty-five (25) months after the agreed completion date.
34. That the contract was terminated under mutual agreement between the client and the contractor
35. That, the county government of Kisumu has entered into a contract with the Russian Government on Public Private Partnership (PPP) and an MOU has since been signed to ensure the completion of the project toward benefiting the citizens within and outside the Great County of Kisumu.)
36. That, the Management recorded an amount of Kshs. 2,819,115,073 relating to property, plant, and equipment in exclusion of Managed Equipment Services (MES) equipment outsourced by the Ministry of Health. It was also noted that the equipment had not been serviced annually as required.
37. That, physical examination by the auditors of the equipment revealed that some equipment including renal dialysis equipment, Intensive Care Unit (ICU) equipment, theatre equipment, X-ray and other imaging equipment, were not functioning at all while others were not functioning optimally.
38. That, physical verification on 9 December, 2024 of the renal unit, it was observed that only six renal machines were working, an interview with one of the medical officers revealed that the unit is under equipped, patients queue for so long to be served (some even die while waiting for the service), instead of three dialysis sessions in a week some patients end up only getting one session and it was also stated that there is a shortage of commodities /accessories for the dialysis machines.
39. That, at the time of committee deliberations, the management was in the process of engaging some service providers to maintain the machines to enable hospital offer quality service to the public.
40. That the hospital did not meet a number of key specifications as prescribed by the Kenya Quality Model for Health policy guidelines with reference to their medical personnel staffing.
41. That, the Management has signed an MOU with several training Institutions like Maseno, Family Medicine, Uzima, Great Lake University Jomo Kenyatta University among others towards bridging the human resource Gap.
42. That, the Management has been accredited to offer COSESCA, ESCACOP, CANACSA, and ECSACOG training leading to more registrars coming on board to bridge the human resource Gap precisely we have 50 registrars supporting and 16 Medical officers.
43. That, during the year under review, the Hospital did not establish an audit committee
44. That, Management did not rely on the Internal Audit Department of the County Executive of Kisumu since no evidence showing that the Hospital had been audited by Internal

Audit from the County Executive was provided for audit contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, which requires each County Government entity to establish an Audit Committee.

SUMMARY OF RECOMMENDATIONS

The committee summarized the following recommendations:

1. That, the Accounting Officer should apply stringent reconciliation procedures and adopt multi-level review protocols prior to finalization of financial reports. Additionally, the facility should ensure that all financial statements are thoroughly cross-checked for consistency before submission to the Office of the Auditor General.
2. That, all prior year adjustments must always be fully supported with detailed notes, in line with IPSAS requirements, clearly outlining the reason for the adjustment, the affected line items, and the financial impact.
3. That, going forward, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.
4. That, the Management fast tracks the process of debt collection in order to reduce the debt within the shortest time.
5. That, the Committee on Implementation follows up on the status of debt collection and issue a report on the same to the House within Sixty days (60) upon adoption of this report.
6. That, the Management to fast track the process of reconciliation of the land sizes as reported.
7. That, the management ensures that in future, the supporting documents are provided to the Auditors during the time of audit as requested by the auditors.
8. That moving forward, the management must ensure that the financial statements are accurate and present a true and fair view of the financial position of the facility.
9. That, moving forward, the hospital must recognize the total employee costs paid by the county Government of Kisumu as in-kind contributions.
10. That, the Management fast-track the process of deriving revenue-generating activities to enhance revenue towards bridging the gap/variance and submit to this House a status report on the same within 30 days upon receipt of this report.
11. That, within 60 days of adoption of this report, the Accounting Officer submits to the Implementation Committee an implementation action plan for all the recommendations by the Office of the Auditor General and the County Assembly.
12. That, going forward, the management must adhere to the National Treasury's Circular No. 23-2020 in preparation of Imprest Register.
13. That, the Management follow up on the implementation of the contract between the county government of Kisumu and the Russian Government on Public Private

Partnership (PPP) and the signed MOU to ensure the completion of the project toward benefiting the citizens within and outside the Great County of Kisumu.)

14. That, the Committee on Implementation follows up on the status of the project and issue a report on the same to the House within Sixty days (60) upon adoption of this report.
15. That, the management fast-tracks the process of sourcing other service providers to maintain and ensure the efficiency and effectiveness of the machines for proper service delivery to patients.
16. That, the Committee on Implementation follows up on the status of engagements with other service providers and issue a report on the same to the House within Sixty days (30) upon adoption of this report.
17. That, the Management fast-tracks the implementation of the MOU with the training Institutions to help the facility meet the requirements of the Kenya Quality Model for Health Policy Guidelines.
18. That, onwards, the management must adhere to Regulation 167(1) of the Public Finance Management (County Governments) Regulations.

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 Jaramogi Teaching and Referral Hospital for the year ended 30, June 2024. May I ask Honourable James Were to second.

The Speaker (Hon. Oraro): Yes, Honourable James Were.

Hon. Were (MCA, Nyalenda "A"): Thank you Madam Speaker. I want to start by commending the Select Committee on Public Investments and Accounts. Madam Speaker, we have various issues that were pointed out by the Office of the Auditor General. Madam Speaker, if you look at that report, you find that most of the issues are reported as resolved.

Madam Speaker, I want to implore this Honourable House that let us ensure that, the several recommendations that have been put forward by this House Committee are adhered to and are implemented so that we can have corrective measures in these facilities that we have within our account. Madam Speaker, recommendation is just recommendation.

Madam Speaker, if they are not implemented, then we are not going to help improve our facilities. Mr. Speaker, let this House bite and let this House Committee be seen that their effort is not going into a waste.

Madam Speaker, getting Unqualified Opinion, sometimes there are things that they made right, but there are few concerns that are still raised. So, moving forward let us ensure that we steer this county and we bring public confidence in all the institutions that we have. Mr. Speaker, this has

been mentioned and has been pointed through the report of Public Investments and Accounts. I therefore beg to second.

The Temporary Speaker (Hon. Oginga, Nominated Member): Honourable Members, now that this report of the Select Committee on Public Investments and Accounts on its consideration of the Report of the Auditor General on the Financial Statement for Jaramogi Oginga Odinga Teaching and Referral Hospital for the Financial Year 2023/2024 has been tabled and seconded, allow me to open it for debate.

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

Hon. Ajumbo (MCA, Central Seme): Thank you Madam Speaker. I rise to support the report of Select Committee on Public Investments and Accounts.

Madam Speaker, quite a number of items coming from the report, Madam Speaker. It is quite a detailed audit report coming from the Auditor General's office. I noted quite a number of issues that are either resolved or some are unresolved. I will just point out a few of some of the matters that are resolved. At the time of the audit, the matters were not solved. At the time of audit, there was a lack of an Audit Committee. And of course, we know that according to the regulations of the government, each and every hospital, and especially the standard of JOOTRH needed an Audit Committee. They went against the provisions of the Public Finance Management Regulations by not constituting an Audit Committee that would look into the audit queries in this hospital.

Madam Speaker, I equally noted that in the audit report, yet the matter is resolved. But at the time that the Auditors were conducting the audit, there were anomalies of Unsupported Property, Plant, and Equipment. Listing of some of these assets, some of the assets that were supposed to have been listed were hospital motor vehicles, medical equipment, ICT equipment, computers, and printers. Sometimes you wonder why some of these basic things like listing an asset cannot be done by the time that they are preparing the financial report.

Madam Speaker, again, I also noted that it takes an Auditor from the national government to come and point out that you did not even list the asset. It is true that it is required in Law that there needs to be an Asset Register in every institution. So, even at the time of the audit, this Asset Register should have been in place, Madam Speaker. Yet the matter is resolved, but at that time they had not even done it.

Madam Speaker, I similarly looked at another report on the Unresolved Prior Year Matters in these institutions. That there are financial statements coming from the prior years that were not resolved. There were reports on the Effectiveness in the use of the Public Resources. These were matters that were coming up in the audit report in the prior years. But again, when the matter

came up in June, when auditing was being done, these matters still remained unresolved, Madam Speaker. Madam Speaker, it is sometimes sad that this is a Level 5 hospital that is now going to Level 6 with qualified accountants, that at the time of the audit, the financial statements cannot be put in place. So it is up to this House that moving forward, we need to take our work seriously as an Implementation Committee, so that we can do the follow-up on some of these audit queries. I rise to support the report, Madam Speaker. Thank you.

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

Deputy Leader of Majority (Hon. Owade, MCA, South-East Nyakach): Thank you Madam Speaker. I rise to oppose this report.

Madam Speaker, the report that the Chairperson, Public Investment and Accounts Committee has brought before this House is the Auditor General's report. However, it is their duty upon receiving this report, where there are matters that are questionable, they need to do thorough investigation and bring that report with a thorough recommendation. Madam Speaker, I am saddened to hear about the equipment at JOOTRH, like the Dialysis Machine, lack of staff, to the extent that we are being informed that some people die waiting for treatment because of lack of certain equipment. Madam Speaker, I expected this House Committee to have brought in this House the extent they went to question the management of JOOTRH. What is actually happening?

1. Why are those machines not working?
2. Why are people dying at the reception or at the emergency, and what are they doing about this?
3. Who should be held responsible?

So that when we say we recommend, we recommend knowing who is responsible. It is a very important aspect that we must single out where the provision does not recommend this, to whom. For us to be very specific, we must give proper recommendation to a particular department or individual. Here we can see there is a total failure on the part of the management. It is the management to inform this House whether they are inadequately financed to repair those machines. We also see it in the Departments Committee on Medical Services reports, but we have not had those kinds of complaints from the Department of Health.

Madam Speaker, these are the issues that you need to dig deep into and bring us a comprehensive report. You have done a better job, but you have failed to investigate or question the relevant authorities charged with repairing, ensuring that we have enough staff so that we could recommend that the management or the department has failed us. Madam Speaker, I therefore oppose the report. Thank you.

The Temporary Speaker (Hon. Oginga, Nominated Member): Yes, Honourable Tom Nyaoke of North Nyakach Ward.

Hon. Nyaoke (MCA, North Nyakach): Thank you Madam Speaker. I stand here to add my voice to this report which has just been given to us. Madam Speaker, I want to start by thanking the Select Committee on Public Investments and Accounts headed by my good friend, Honourable Kennedy Ouko.

Secondly, Madam Speaker, I wish to extend my sincere thanks to the management of Jaramogi Oginga Odinga Teaching and Referral Hospital headed by Dr. Richard Lesiampe. Madam Speaker, going through this report, we have noticed quite a number of reports from particularly the medical services institutions and apparently, I want to say this report is really positive in the sense that most of the things that were pointed out by the Auditor General were clearly sorted out and were in agreement with this House Committee. However, there are also certain issues for instance item number 3.3 which the Committee has also assisted us to pinpoint and I believe that part of it has been properly dealt with by my colleague, Honourable Ajumbo, particularly on the issues of Assets and other items that belong to the institutions. Madam Speaker, in that particular item it is where certain issues have not been resolved and particularly if you look at the land issue, that the title deed, it is showing that we have got 55.3 acres, but the Valuation Report indicates 27 acres. There is an explained variance of about 28.3 acres.

Madam Speaker, this is something that needs to be taken into consideration because you see, that variance, Madam Speaker, is so big that we cannot just consider it as a normal error. And therefore, that is why I am thanking this House Committee, because they have brought this in the Floor of the House, and they have actually identified specifically which difference that is. I am a member of the Select Committee on Implementation, Madam Speaker, and it is my belief that, I will pick up this matter seriously, so that we help the management of JOORTH to have this solved and the report brought back.

Madam Speaker, and once this one is sorted out, which apparently out of all the listed items, is one of the very few issues that is remaining unresolved. And I believe if we assist the institution, have this resolved, then it is my belief that this health facility is heading to a better direction. Thank you, Madam Speaker. I stand to support.

The Temporary Speaker (Hon. Oginga Nominated Member): Yes, Honourable Okoyo of Central Kisumu Ward.

Hon. Okoyo (MCA, Central Kisumu): Thank you, Madam Speaker. I arise to support the report by our House Committee of PIC PAC on the management of Jaramogi Oginga Odinga Teaching and Referral Hospital. Madam Speaker, this comes in the wake of so many things which have

been brought by this House Committee of PIC PAC. And as regards to this one, Madam Speaker, allow me to say what the report has mentioned is exactly what is happening at JOOTRH.

Madam Speaker, indeed this goes direct to the management of JOOTRH. Madam Speaker, I remember very well, last year I was involved in one of very sad days or sad moments when I was at JOOTRH with my mother who later passed on. And may her soul rest in peace. Madam Speaker, what I witnessed in JOOTRH just at the first point of reception was really, really shocking. And Madam Speaker, I want to reiterate and confirm that as Third Assembly of Kisumu County, we need to do something so that the constituents can believe and have faith in us so that they can see the changes we propose to be implemented.

Madam Speaker, I know that this House Committee has brought a lot of good things to the Assembly. They have tabled a lot of good reports to this Assembly. But most of them have not been implemented. I know maybe, Madam Speaker, they have not been done because maybe we still have gaps on what to do after a report has been tabled and which committee to follow it up.

However, I want to say this, Madam Speaker, with a lot of humility and authority. That in JOOTRH we need to stamp our authority. We need to ensure that the recommendations which have been mentioned by this report from PIC PAC are implemented. Madam Speaker, that is what I have for now and I support.

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

Hon. Ratib (MCA, Nyalenda A): Thank you, Madam Speaker. I likewise rise to give my contribution to the report that has been tabled by Honourable Kennedy Ouko. Madam Speaker, it's only one item that I want to highlight. I want to thank Honourable Nyaoke who has mentioned it.

But again, if you look at the size of the said land, actually, Madam Speaker, this is not rocket science. This does not need any research. It does not need any sane person to quantify this piece of land I mean, just to measure the land and tell us the exact size of this land; this is something that is very simple. We do not need variation in the size of the land of JOOTRH. And I didn't hear Honourable Ouko giving a recommendation on this.

Madam Speaker, again, this is very simple. Let the institution engage the County Surveyor, to engage the necessary authority so that this piece of land be measured and the exact area coverage be documented. That is my contribution, Madam Speaker. Thank you.

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

The Deputy Whip (Hon. Obonyo, MCA, South West Kisumu): Thank you, Madam Speaker. Going by the mood of the House, may I request a mover to reply?

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

Hon. Ouko (MCA, West Kisumu): Thank you, Madam Speaker. Madam Speaker, I want to reply. Madam Speaker, we have somebody called an accounting officer. An accounting officer is the person responsible for management of any organization. And Madam Speaker, from the report when I was moving the motion, I indicated very clearly that we have the accounting officer who was accompanied by some people. So the accounting officer is the person responsible for any mess within any entity. That is why when the management of JOOTRH appears before this House Committee as an organization, they must be having the head of that entity. So any misdeed or discrepancies in the institution must clearly lie on him. It is upon him to reveal who messed up the system.

However, if you don't disclose the accountability in terms of all matters, remains with such kind of individual. It is my belief that, this was a matter raised by Honourable Lumumba Owade. Madam Speaker. A *qualified opinion* from the Auditor General carries significant weight. It means that, while the financial statements are generally reliable, there are specific areas of concern. These may include misstatements, unresolved issues from prior years, weak internal controls, or unreconciled financial records. However, a qualified opinion does not necessarily imply that there was any loss of public funds. As a House Committee, we rely heavily on the Auditor General's findings. If a matter is resolved and cleared by the Auditor General, the affected entity should be in a position to provide documentation verifying that clearance. Our role is not to go beyond what has already been audited.

Madam Speaker, the report also raises issues concerning the management of property and equipment. There is a noticeable lack of proper accountability. Many institutions focus solely on large assets as land and buildings while overlooking essential items like computers, printers, and other day-to-day tools. The Assembly had earlier advised that institutions use a Standard Asset Template to ensure proper recordkeeping, yet this guidance was not followed. We should also inquire why they ignored the prescribed format.

Madam Speaker, there were also discrepancies in land records—particularly variations in acreage—which must be clarified. Madam Speaker, we are also constrained by constitutional timelines. Once a report is submitted to the Assembly, we are required to complete deliberations within three months. With around 45 reports to consider in a financial year, going into full detail on every issue is a significant challenge. That is why we flag key issues and count on line committees—such as Health, Lands, or Water—to pick up from the recommendations that we have provide and conduct further investigations as needed.

Madam Speaker, I want to commend the Department of Health for responding to some of these flagged issues in the past. Thanks to such follow-up, we have begun to see improvement. For instance, there was a time when financial assessments were either unavailable or incomplete, but today, systems and structures have improved. However, Madam Speaker, some of the challenges we face are due to staff shortages or the absence of seconded accountants at certain facilities. These are not failures on our part but structural limitations.

Madam Speaker, let me emphasize. This House Committee is not a disciplinary tribunal. We operate within the law, guided by the provisions of the Public Finance Management (PFM) Act and other legal frameworks. Some issues lie beyond the direct control of individual facilities and fall under departmental jurisdiction. Even so, we've seen positive results—such as the posting of roving accountants to support sub-county hospitals—stemming from recommendations made in this Assembly.

Therefore, Madam Speaker, if anyone believes that our purpose is to publicly shame officers, I must clarify that we are not in the business of lynching anyone. We are here to uphold the law and address matters constructively, all while recognizing the broader challenges the county is facing—such as a bloated workforce and budgetary constraints. These realities impact service delivery and our capacity to implement development projects.

Madam Speaker, we have made progress, thanks to the support of this Honourable House. However, we cannot do this alone. So, I urge the line House Committees to take up issues highlighted in the Auditor General's reports as presented through this House Committee, and conduct further scrutiny. This collaborative approach is what will help elevate the standards of accountability and governance in our county. With that, Madam Speaker, I beg to reply. Thank you.

The Temporary Speaker (Hon. Oginga Nominated Member): Honourable members, now that the report by the Public Accounts and Investments Committee on the report of the Examination of the report of the Auditor General on the Financial Statements of Jaramogi Oginga Odinga Teaching and Referral Hospital for the year ended 30th of June, 2024, 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 report by the Public Accounts and Investments Committee on the report of the Examination of the report of the Auditor General on the Financial Statements of Jaramogi Oginga Odinga Teaching and Referral Hospital for the year ended 30th of June, 2024 has been adopted today, Wednesday,

30th of April, 2025 at 11:00 hours. I direct that this report together with the Hansard report to be submitted to the relevant department for implementation.

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

ADJOURNMENT

The Temporary Speaker (Hon. Oginga Nominated Member): Honourable members, there being no any other business to transact, this House stands adjourned until today, Wednesday, 30th of April, 2025 at 02.30 p.m.

(House rose at 11.01 a.m.)

Addendum

Hansard Team

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