COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – FOURTH SESSION

Tuesday, 01st July, 2025

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

(The Temporary Speaker (Hon. Caren Ajwang') in the Chair)

PRAYERS

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable members, I refer you to the provisions of Order No. 32 (2) of the Kisumu County Assembly Standing Orders and direct the Serjeant-at-Arm to ring the quorum bell for the first five minutes.

(Quorum bell rang for the first five minute)

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): I can see the Deputy Whip in the House, could you please confirm if we have quorum.

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

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Clerk, please take us through the Order Paper of today.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Next order!!

PAPER LAID

REPORT ON VETTING OF PROPOSED NOMINEES FOR THE APPOINTMENT TO THE KISUMU COUNTY PUBLIC SERVICE BOARD

BY

HON. KENNEDY OOKO, MCA, AHERO

(LEADER OF MAJORITY)

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable Majority Leader, Kennedy Ooko.

Leader of Majority (Hon. Ooko, MCA, Ahero): Thank you very much, Madam Speaker, Pursuant to the provisions of Orders No. 182 (6) of the Kisumu County Assembly Standing Orders I wish to table today, Tuesday, 01st July 2025, Report of the Select Committee on Appointments on the Vetting of Proposed Nominees for the Appointment to the Kisumu County Public Service Board. Thank you.

(Leader of Majority lay the report before the House for consideration)

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable members, I confirm a receipt of a report by the Select Committee on Appointments on the Vetting of Proposed Nominees for Appointment to the Kisumu County Public Service Board. I commit this report to the House Business Committee for scheduling for debate. Thank you.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Next order!!

NOTICE OF MOTION

REPORT ON VETTING OF PROPOSED NOMINEES FOR THE APPOINTMENT TO THE KISUMU COUNTY PUBLIC SERVICE BOARD

BY

HON. KENNEDY OOKO, MCA, AHERO

(LEADER OF MAJORITY)

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable Majority Leader, Kennedy Ooko.

Leader of Majority (Hon. Ooko, MCA, Ahero): Thank you very much, Madam Speaker. I rise to give a Notice of Motion on the Report of the Select Committee on Appointments. That, pursuant to the provisions of Orders No. 45 (1) of the Kisumu County Assembly Standing

Orders, this House adopts the report of the Select Committee on Appointment on the Vetting of Proposed Nominees for Appointment to the Kisumu County Public Service Board. Thank you.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Next order!!

STATEMENTS

STATEMENT BY THE LEADER OF MAJORITY INFORMING THE COUNTY ASSEMBLY OF TENTATIVE BUSINESS COMING BEFORE THE HOUSE ON THE WEEK COMMENCING 02ND JULY, 2025 TO 08TH JULY, 2025

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Yes, Leader of Majority.

Leader of Majority (Hon. Ooko, MCA, Ahero): Thank you, Madam Speaker. I rise citing Orders No. 41 (2) (c) that accords me as the County Assembly Majority Leader the mandate to present and lay on the table of the County Assembly a Statement informing the County Assembly of the business coming before the House on the following week.

Honourable Speaker, this is therefore to bring to the attention of members that for the week commencing Wednesday, 02nd July 2025 to Tuesday, 08th July 2025, the Select Committee on Assembly House Business at its last meeting approved the following tentative businesses to appear in the Order Paper as follows;

Wednesday, 02nd July, 2025 at 09:00 a.m.

SUBSTANTIVE BUSINESS

The Leader of the Majority will move a motion for the adoption of the report of the Select Committee on Appointments on the Vetting of Proposed Nominees for Appointments to the Kisumu County Public Service Board.

Wednesday, 02nd July, 2025 at 02.30 p.m.

SUBSTANTIVE BUSINESS

The Chairperson, Select Committee on Public Investments and Accounts, Honorable Kennedy Ouko, will move a motion for adoption of the Report of the Select Committee on Public Investments and Accounts on the Examination of the report of the Auditor General on the Financial Statement of Kisumu County Climate Change for the Financial Year 2023-24.

Thursday, 03rd July, 2025 at 02.30 p.m.

STATEMENTS TO BE SOUGHT

Pursuant to Orders No. 41 (2) (b) on the following members will seek for Statements;

a) Honourable Nereah Okombo will seek for a Statement on the matter of Non-payment of the Stipends balance to Agripreneurs under the NGCDP project.
b) Honourable Adonijah Odari will seek for a Statement on the Construction and Development Status of Moi Stadium.
c) Honourable Adonijah Odari will seek for a Statement on the Status of Operations of Kisumu County Lakefront Development Corporation.
d) Honourable Lumumba Owade will seek for a Statement on the matter of County Government employees working beyond the Mandatory Retirement Age.
e) Honourable Lumumba Owade will seek for a Statement on the matter of Funding for Marine Training Programs in the last financial years.
f) Honourable Lumumba Owade will again seek for a statement on the matter of Bursary Allocation to South East Nyakach Ward.

SUBSTANTIVE BUSINESS

a) The Deputy Speaker and the Chairperson, Select Committee on Liaison, Honourable Nereah Okombo, will move a motion for the adoption of matter of Approval of the Call for Installation of Surveillance Cameras to Enhance Security within County Facilities, Streets and Roads.
b) The Leader of the Majority will move a Motion for Adjournment of the County Assembly Sittings for recess. Pursuant to house resolution on Wednesday, February 26th, 2025 until Tuesday, 5th August, 2025 at 2.30 p.m.

Tuesday, 05th August, 2025 at 02.30 p.m.

STATEMENT

The Leader of the Majority will issue a Statement, pursuant to Orders No. 41 (2) (c) of the Standing Orders on the business coming before the County Assembly for the week commencing on Wednesday, 06th August, 2025. Thank you very much, Madam Speaker.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Next order!!

MOTION

REPORT OF THE SELECT COMMITTEE ON PUBLIC INVESTMENTS AND ACCOUNTS ON THE EXAMINATION OF THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF AHERO COUNTY HOSPITAL FOR THE FINANCIAL YEARS 2022-2023 AND 2023-2024

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

The Temporary Speaker (Hon. Carren Ajwang'): Honourable Kennedy Ouko.

Hon. Ouko (MCA, West Kisumu Ward): Thank you, Madam Speaker. Madam Speaker, on behalf of the Public Accounts and Investments Committee (PICPAC), and pursuant to Standing Order 188 of the Kisumu County Assembly Standing Orders, I am honored to present to this Honourable House the Committee's report on the examination of the reports of the Auditor-General on the Financial Statements of Ahero County Level IV Hospital for the Financial Years 2022/2023 and 2023/2024.

Honourable Speaker, Ahero County Level IV Hospital, being a County Level IV health institution under the Kisumu County Government, is audited annually in accordance with Article 229(4) of the Constitution of Kenya, 2010.

Article 229(8) further requires that within three months of receipt of such reports, the County Assembly debates and takes appropriate action. This obligation is discharged through the Public Accounts and Investments Committee, which is the oversight arm of the Assembly responsible for examining public expenditure and investments, ensuring that county entities utilize public funds lawfully, effectively, efficiently, and transparently.

Honourable Speaker, in executing its mandate, the Committee held four sittings during which it received and considered both oral and written submissions from the Accounting Officer/Management of the Hospital.

The deliberations were also supported by technical officers from the Office of the Auditor-General.

Honourable Speaker, the Committee observed with concern that the Auditor General issued an adverse opinion for the financial year 2022/2023 and a disclaimer of opinion for 2023/2024. An adverse opinion means the financial statements were materially misstated, while a disclaimer indicates the Auditor-General could not obtain sufficient evidence to form an opinion. These opinions point to serious weaknesses in financial management, internal controls, and record-keeping that must be urgently addressed.

The audit reports for the two financial years under review highlighted issues of concern related to financial management, documentation, reporting accuracy, and service delivery at the facility.

Among the key issues noted in the audit for FY 2022/2023 were inaccuracies in the financial statements, including variances between the financial statements and their supporting schedules, an unbalanced statement of financial position, and unsupported adjustments in the statement of changes in net assets. The facility also failed to disclose critical items such as in-kind

contributions from the County Government in the form of staff salaries, as well as grants from development partners who support fifteen members of staff.

Moreover, the Committee observed inadequate disclosure of trade payables, with no schedules, ageing analysis, or supporting documents provided.

The Auditor General also revealed that two Board meetings were convened and attended on 1 February 2023 and 11 April 2023, despite the fact that the members' three-year term gazetted on 11 October 2019 had already lapsed in October 2022. Consequently, sitting allowances and related facilitation were paid to individuals who, at the time of those meetings, no longer held valid appointments, thereby rendering the expenditure irregular.

Honourable Speaker, the Hospital's records also revealed glaring weaknesses in cash and cash equivalent reporting. There were discrepancies between the cash book and bank statement balances for two accounts, no evidence of monthly bank reconciliations, and failure to disclose balances in the Hospital's M-Pesa account. In addition, employee costs were unverified by the Auditors due to lack of payrolls, personnel files, and HR records.

Income from medical services was also not supported by receipts or banking slips, and there were unexplained variances between NHIF claims and amounts received.

Honourable Speaker, the Auditor General also raised a concern on the deteriorating condition of the hospital's mortuary, where over twenty unclaimed bodies had remained for more than two years. These bodies, preserved using formalin due to the absence of refrigeration equipment, were reported to be decomposing and placing undue strain on the facility's storage capacity. This situation was not only a violation of Rules 3 and 4 of the Public Health (Public Mortuaries) Rules, 1991 under the Public Health Act, 2021, but also posed a potential public health hazard.

In FY 2023/2024, many of the concerns in the previous FY recurred. The financial statements exhibited unexplained variances in core components such as medical service income, medical costs, employee costs, and trade payables. Transfers from the County Government could not be fully reconciled with County Executive records.

In addition, both income and expenditure components were largely unsupported by ledgers, procurement files, or source documents. NHIF claims again presented reconciliation challenges, and the issue of poor record-keeping persisted.

The Committee further noted that the facility had not disclosed property, plant, and equipment (PPE) in the financial statements despite physically owning land, buildings, motor vehicles, and equipment. There was also no valuation or tagging of assets. Similarly, the healthcare management information system (HMIS) used by the hospital was not properly capitalized or disclosed under intangible assets, despite having been acquired at a significant cost.

Honourable Speaker, inventory balances were unsupported by stock take reports or store ledgers. The Committee observed that these recurring audit issues are rooted in systemic gaps in internal controls, poor documentation, weak financial reporting skills among facility staff, and a lack of coordination While the management indicated that some interventions had been made including deployment of a procurement officer, acquisition of a new HMIS system, and formation of an asset management committee, documentary proof of progress was insufficient in several cases.

Honourable Speaker, in light of these findings, the Committee has made a number of corrective recommendations.

First, the Accounting Officer should ensure full compliance with Public Sector Accounting Standards, including proper reconciliation of bank accounts and disclosure of all financial assets and liabilities.

On non-disclosure of in-kind contributions, the management of the hospital must institutionalize full disclosure of in-kind contributions and donor-funded staff support to ensure fair presentation of financial performance.

The Committee has also recommended that asset identification, tagging, and valuation be expedited, and that the acquisition of title deeds for hospital land be prioritized.

In future, procurement documentation must be properly filed and made accessible to the Auditors, even where procurement is centralized at referral facilities.

The Committee further recommends regular reconciliation of NHIF claims and introduction of effective record-keeping systems for revenue, receivables, and employee information.

Where expenditures were not supported with the requisite documentation, the Committee recommends that the Accounting Officer immediately submits all relevant supporting documents to the Office of the Auditor-General for verification failure to which the matters be referred to the Ethics and Anti-Corruption Commission (EACC) for further investigation into possible loss of public funds.

On the matter of board meetings held after expiry of contracts of the board members, the committee recommends that the Accounting Officer, Department of Health, immediately initiate recovery of all funds disbursed to the Board members for meetings held after the expiry of their tenure.

Finally, capacity building for hospital finance and administrative staff is essential. Training on PSASB-compliant financial reporting, cash management, and audit preparedness should be undertaken urgently.

Honourable Speaker, I wish to express my sincere appreciation to Members of the Committee for their commitment and diligence in interrogating these reports.

I also thank the Offices of the Speaker and the Clerk of the Assembly, the Committee Secretariat, and the Office of the Auditor-General for their facilitation and technical support. I also appreciate the management of Ahero County Level IV Hospital for honoring our invitations.

Honorable Speaker, on behalf of the Public Accounts and Investments Committee, I now wish to present the report on the consideration of the Auditor General's report on the Financial Statements of Ahero County Level IV Hospital for the financial years 2022/2023 and 2023/2024 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;

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

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

Table 1: Committee Membership as at May 2024

	Name	Position
	Members	
1.	Hon. Ken Ouko	Chairperson
2.	Hon. Tom Onditi	Vice Chairperson
3.	Hon. Habil Nyasuna	Member
4.	Hon. Seth Okumu	Member
5.	Hon. Nancy Matara	Member
6.	Hon. Rueben Rakwach	Member
7.	Hon. James Were	Member
8.	Hon Mickey Ochieng	Member
9.	Hon. James Omollo	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	Fiscal Analyst
8.	CPA Charles Ageng'o	Internal Auditor

LEGAL FRAMEWORK & GUIDING PRINCIPLES - Legal Framework
Honourable 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".

2. The Committee also relied on Article 226(5) of the Constitution of Kenya, 2010 which provides that if the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not.

3. Public Audit Act 2015; Section 7 of Public Audit Act 2015 that 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

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) (a) Lawful and authorized; and
b) Effective, efficient, economical and transparent"

Guiding Principles

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

These principles include the following;

1. 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.

2. Obligations of the Accounting officer;
    i). Article 262(2) of the Constitution of Kenya 2010 which provides that; The Accounting officer of a national public entity is accountable to the national assembly for its financial management, and the accounting officer of a county public entity is accountable to the county assembly for its financial management.
    ii). Section 149(1) of the Public Finance Management Act 2012 provides 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; (i) Lawful and authorized and; and (ii) Effective, efficient and transparent
3. 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. In the same spirit,

4. 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

The Committee considered these legal provisions as the basis for holding accounting and public officers directly and personally liable for any loss of Public Funds that may have occured under their watch.

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF AHERO COUNTY LEVEL IV HOSPITAL FOR THE YEAR ENDED 30, JUNE 2023

Honourable Speaker, Dr. Kevin Ochieng, the Medical Superintendent, and the Accounting Officer appeared before the Committee on two occasions to adduce evidence on the Audited Financial Statements of the Ahero County Level IV Hospital for the year ended 30, June 2023 and 30, June 2024.

The following officers represented the Office of the Auditor General in the meetings

1. Mr. Kennedy Ongoi – Office of the Auditor General
2. Ms. Margaret Mowage – Office of the Auditor General

BASIS FOR ADVERSE OPINION

3.1 Inaccuracies in the Financial Statements
Review of the financial statements provided revealed the following unsatisfactory matte

3.1.1 Errors in the Statement of Financial Position
The statement of financial position reflects cash and cash equivalents amount of Kshs.2, 345,398 while the statements of cash flows reflect an amount Kshs. 1,368,000 resulting in an unexplained variance of Kshs.977, 398. In addition, the statement of financial position indicates total assets amount of Kshs. 10,518,236 and total assets and liabilities amount of Kshs.9, 425,761 resulting to unbalanced position.

Management Response

Honourable Speaker, the errors have been corrected to ensure accurate financial reporting. Prior year adjustments have been made and reported in the the subsequent financial statements.(2023/2024).

Committee Observations

1. That, cash and cash equivalents variance of Kshs.977,398 between the Statement of Financial Position and the Statement of Cash Flows, was not reconciled as at the time of audit. The same had been done as at the time of committee deliberations.
2. That the statement of financial position was unbalanced

Committee Recommendations

1. That, the Accounting Officer should review and strengthen internal controls around financial statement preparation and review to prevent recurrence of such errors in future periods
2. That, the matter is resolved

3.1.2 Errors in the Statement of Cash Flows

Honourable Speaker, the statement of financial position reflects changes in receivables, payables and inventories balances. However, the statement of cash flows does not reflect any change in working capital. Further, the statement of cash flows reflects net increase in cash and cash equivalents balance of Kshs.2, 568,939. However, the recalculated amount was (Kshs.183, 433). In addition, the statement of cash flow reflects cash and cash equivalent balance as at 01 July, 2022 of Ksh. 1,200,947.90 while the previous year audited finance statements reflects a closing balance of Kshs.2,528,831.90 resulting in an unexplained variance of Kshs. l ,327,884.

Management Reponses

Honourable Speaker, the management takes note of the audit concern. This has been amended in the 2023/2024 financial statements submitted to OAG.

Bank statements attached for further verification.

Committee Observations

1. That, there was omission of changes in working capital despite reported variances in receivables, payables, and inventories in the Statement of Financial Position.
2. That, there was a variance between the reported opening balance in the statement of cash flows and the prior year's audited closing balance, which was unexplained at the time of audit

Committee Recommendations

1. That the Accounting Officer should review and strengthen internal controls around financial statement preparation and review to prevent recurrence of such errors in future periods
2. That the matter is resolved

3.1.3 Errors in the Statement of Changes in Net Assets

The statement of changes in net assets reflects surplus for the year amount of Kshs.3, 989,119 while the statement of financial performance reflects a deficit (Kshs.2, 469,530). Further, the statement of changes in net assets indicates an accumulated surplus of Kshs.9, 774,428 as at 30 June, 2023 while the recalculated amount was Kshs.3, 315,879. In addition, the statement of

changes in net assets reflects accumulated surplus amounting to Kshs.9,774,528 while the statement of finance position reflects Kshs.2,469,530.00.

In the circumstances, the accuracy of the above balances included in these financial statements could not be confirmed.

Management Response

Honourable Speaker, the management notes that these variances impacted negatively the accuracy of the reported figures and have been rectified in the subsequent financial year to present a good financial position.

Committee Observations

1. That, a surplus of Kshs. 3,989,119 reported in the statement of changes, while the Statement of Financial Performance reports a deficit of Kshs. 2,469,530, resulting in a contradictory presentation of the entity's financial results.
2. That, there was an accumulated surplus of Kshs. 9,774,428 as per the Statement of Changes, compared to a recalculated figure of Kshs. 3,315,879, indicating a variance of over Kshs. 6 million.

Committee Recommendations

1. That the Accounting Officer should review and strengthen internal controls around financial statement preparation and review to prevent recurrence of such errors in future periods
2. That the matter is resolved

3.2 Variances between the Financial Statements and the Supporting Schedules
A comparison of the financial statements and the supporting schedules revealed the following variances;

NO	COMPONENT	FINACIAL STATEMENTS FIGURE (Kshs)	SCHEDULE (KSHS)	VARIANCE (KSHS)
1	Laboratory	1,360,330	1,360,360	30,000
2	Repairs plant and machinery	110,990	122,015	11,025
3	Contribution to pension Schemes	142,120	182,280	40,160
4	Lab chemical reagents	1,143,771	602,680	(541,091)
5	Travel and Accommodation	323,100	361,100	38,000
6	Pharmaceutical stationery	1,911,263	596,158	(1,315,105)
7	Health information stationery	1,559,485	1,451,725	(107,760)
8	Dressing and non-pharmaceuticals	2,468,118	1,156,208	(1,311,910)

9	Water and sewerage	147,630	103,440	(44,190)
10	Medical services	3,826,400	265,900	(3,560,500)
11	Sanitary and cleaning materials	157,730	156,999	(731)
12	Medical gasses	84,996	-	(84,996)
13	Telephone and mobile phone services	60,000	-	(60,000)
14	Catering expenses	18,000	-	(18,000)
15	Subscription to professional bodies	36,000	-	(36,000)
16	Firewood	50,000	-	(50,000)
17	Printing and stationery	-	345,899	345,899
18	General office	106,044		(106,044)
19	Inventories-pharmaceutical supplies	1,016,260		(1,016,260)
20	Inventories-laboratory supplies	1,285,633		(1,285,633)
21	Inventory-food supplies	110,545		(110,545)

Further, Management did not avail the trial balance to support the amounts as reported in the financial statements.

Honourable Speaker, the circumstances, the accuracy and completeness of the above balances included in these financial statements could not be confirmed.

Management Reponses;

These variances were due to misclassification of expenditure of items in vote heads, This affected the total summing up of the expenses in the source documents and schedules.

Committee Observations

1. That there were several variances between the figures in the financial statements and the figures that were reflected in the schedules
2. That the management failed to provide the trial balance to support the amounts as reported in the financial statements.

Committee Recommendations

1. That the Chief Officer, Department of Health, institutes an administrative action against the responsible Accountant for failure to provide critical financial records to the auditors during the time of audit
2. That the matter is unresolved

3.3 Employee Costs

Honourable Speaker, the statement of financial performance reflects employee costs amount of Kshs.2, 858,280 as reflected in Note 9 to the financial statements. Review of the records provided for audit revealed the following unsatisfactory issues;

3.3.1 Undisclosed In-Kind Contributions under Salaries and Wages

Honourable Speaker, review of the staff list for the hospital revealed that seventy-four (74) hospital employees are on permanent and pensionable basis and contract are paid their salaries directly by the County Government. However, the amount was not included in the Hospital's financial statements as in-kind contributions from the County Government of Kisumu. Further, Management did not provide supporting documents including the monthly payrolls, employees' ethnicity, personnel files, list of employees recruited during the year and those who exited during the year. It was therefore not possible to determine the amount paid by the County Government on behalf of the Hospital as salaries 'for hospital employees.

Management Reponses;

a) Management takes note of the audit concern. However, Payroll management is a centralized responsibility at the executive under directorate of human resource management.
b) Staff engagement is also done by the executive through county public service board which has been mandated by the county Government laws and legislations.
c) Personnel staff files are also in custody of human resource management directorate under governance and administration department. The hospital management keeps records of staffs attached to the facility.
d) Frequent movement of staff from one facility to another through staffing requirements at different times is done at the departmental level hence facility not having good control of staff data.

Committee Observations

1. That the financial statements of the hospital failed to disclose in-kind contributions from the County Government of Kisumu in respect of salaries and wages paid directly to hospital staff by the County Executive
2. That the management did not provide the required supporting documents such as monthly payrolls, personnel files, lists of staff recruited or exited, and ethnicity reports as required under the Public Finance Management Act and related regulations. The management however explained that the payroll management is centralized at the County Executive.

Committee Recommendations

1. That, in future, financial statements of the hospital must disclose all in-kind contributions, including salaries paid directly by the County Government, to ensure fair

presentation of financial position and performance, in accordance with applicable accounting standards.

2. That the Accounting Officer, Department of Health, facilitates targeted capacity building for the hospital's finance and administrative staff on financial reporting to enhance compliance and accuracy in future.

3. That the matter is resolved

3.3.2 Undisclosed Grants from Donors and Development Partners

Honourable Speaker, few of the staff list revealed that a total of fifteen (15) member of staff were being paid by non-governmental organization (donor) by the name Center for International Health caption and Bio security Kenya. However, monthly payrolls and the actual amount as salaries were not disclosed and no amount was disclosed in the financial as grants from donors and development partners.

In the circumstances, the accuracy and completeness of the employee costs amount of 2,858,280 could not be confirmed.

Management Reponses;

a) Management has noted the audit concern. Donors and development partners are engaged at the departmental level and county executive. The management through the Health departmental administration is in process of getting updated data on development partners and their workforce.

Committee Observations

1. That, there were fifteen (15) staff members reportedly paid by a donor organization Center for International Health, Caption and Biosecurity Kenya but no supporting documentation such as monthly payrolls or salary schedules was provided to the auditors.
2. That the amounts paid to these staff were not disclosed in the hospital's financial statements as in-kind grants or contributions from development partners, contrary to the principles of full disclosure in public sector accounting.

Committee Recommendations

1. That the Accounting Officer, ensures that in future all in-kind contributions from donors and development partners, including salaries paid directly to staff, are properly disclosed in the hospital's financial statements in accordance with the Public Sector Accounting Standards.
2. That the Accounting Officer, department of Health, establishes a central register of all donor-supported staff and related funding agreements to enhance transparency and accountability. The same should be provided to the Auditors during the time of audit

3. That the matter is resolved

3.4 Cash and Cash Equivalent

Honourable Speaker, the statement of financial position, as disclosed in Note '14 to the financial statement, reflects a cash and cash equivalent balance of ksh 2,345,398.90. Review of documents provided for audit including the cash books and bank statements, revealed to following anomalies;

3.4.1 Unsupported Cash and Cash Equivalent Balance

An account held at Co-operative Bank reflects a cash book balance of Kshs. 1,368,000 while the bank statements reflect a balance of Kshs. 1,207,256, the cash book for another account at a Commercial Bank indicated a balance of Kshs. l, 154,456 while the balance statements indicated a balance of Ksh 1,138,142 . However, Management report based on the bank statements instead of the reconciled cashbook balance. Further Board of Survey was not conducted as at the end of the financial year as stipulated law, the cashbooks were not reviewed and Management did not prepare and submit monthly bank reconciliation statements for audit. In addition, although the entity has Mpesa utility account the balance was not reported or disclosed in the finance statements and Management did not provide for audit the authority to open two bank accounts.

Management response;

a) The management has ensured that the cashbooks are well prepared and bank reconciliations have been done, reviewed and signed accordingly.
b) The balance used in the financial statement were derived from the cash book as per the cash basis of financial reporting which has now been changed to accrual basis of financial reporting as advised by the National Treasury. In addition the mpesa account records and reconciliations have been done and reported in the subsequent year of financial reporting.

Committee Observations

1. That, there were discrepancies between the cashbook balances and the corresponding bank statement balances for the accounts held at Co-operative Bank and another Commercial Bank, resulting in unreconciled differences of Kshs. 160,744 and Kshs. 16,314 respectively.
2. That, the hospital did not conduct a Board of Survey at the end of the financial year as required under Regulation 86 of the Public Finance Management (County Governments) Regulations, 2015.
3. That, while the Management response indicates improvement in subsequent financial periods, no evidence was submitted to support the claim that reconciliations had been done and that M-Pesa records were reported.

Committee Recommendations

1. That in future, the Accounting Officer must ensure that a Board of Survey is conducted in compliance with the law.
2. That in future, the Accounting Officer, Department of Health, must ensure strict adherence to the Public Sector Accounting Standards by using reconciled cashbook balances in financial reporting.

3.4.2 Failure to Disclose Bank Charges

Honourable Speaker, review of the bank statements revealed that the facility incurred bank charges amounting to Kshs.26, 354 which have neither been included in the financial statements nor clear in the cashbook. The expenditure in the cashbook has therefore been understated.

In the circumstance, the accuracy and completeness of the cash and cash equivalent balance of Kshs.2, 345,398.90 could not be confirmed.

Management Response;

a) The management takes note that at the time of audit the bank charges were erroneously omitted, however, they were captured in the bank reconciliations done in the same period under review. (Bank reconciliation Annexed)

Committee Observations

1. That review of the bank statements by the Auditors revealed that the facility incurred bank charges amounting to Kshs. 26, 354 which have neither been included in the financial statements nor are clear in the cashbook. The expenditure in the cashbook has therefore been understated.
2. That at the time of committee deliberations, the Management adduced that the bank charges were erroneously omitted; however, they were captured in the bank reconciliations done in the same period under review.

Committee Recommendations

1. That going forward, the Management must undertake reconciliation on bank charges on a regular basis.
2. That the matter is resolved

3.5 Unsupported Medical Services Income

Honourable Speaker, the statement of financial performance reflects total revenue of Kshs, includes revenue from exchange transactions on rendering of services- medical service income of Kshs.8, 373,605. Review of the documentation provided revealed to Management did not have copies of receipts issued to the patients for the services rendered. Further, the Hospital did not provide for audit detailed records of income collected for the different services provided. In

addition, the banking not supported by any collection receipts and therefore it was not whether the total collections were banked in the Facility Improvement Fund much was retained, if any.

In the circumstances, the accuracy and completeness of the rendering of medical service income amount of could not be confirmed.

Management response:

Honourable Speaker, the Revenue Collection System (Fun soft) had reporting modules which did not provide adequate information for reporting.

However, the management has entered into contract with a new system (Elephant-HMIS) has since been procured and currently in use. This system has copy receipt backups and has detail audit trail record of services offered.

Committee Observations

1. That the Management did not provide copies of receipts for revenue from exchange transactions on rendering of services- medical service income of Kshs.8, 373,605. Further, the Hospital failed to provide for audit detailed records of income collected for the different services provided.
2. That the Management failed to support banking by collection receipts, and therefore it was not clear whether the total collections were banked in the Facility Improvement Fund
3. That at the time of committee deliberations, the management had entered into a contract with a new system (Elephant-HMIS) and had since been procured and are currently in use. This system has copy receipt backups and has a detailed audit trail record of services offered.

Committee Recommendations

1. That the going forward, the Management must ensure that the new system (Elephant-HMIS) is put to effective and efficient use to minimize errors.
2. That the matter is resolved.

3.6 Management of NHIF Claims

3.6.1 Variances in Revenue from Rendering Services

Honourable Speaker, the statement of financial performance reflects Kshs.8, 373,605 in respect to render of services - medical services income as disclosed in Note 7 to the financial statements Included in the amount is the National Health Insurance Fund claims of Kshs.2, 153 However, the National Health Insurance Fund records revealed an amour Kshs.2, 055,250 was paid to the hospital resulting to an unexplained variance Kshs.97, 900

In the circumstances, the accuracy and completeness of revenue from rendering services of Kshs.8, 373,605 could not be confirmed.

Management Response;

Honourable Speaker, the management takes note of the audit concern. Revenue is recognized when received i.e. reimbursement from NHIF and transfer to the hospital accounts. The value indicated is the amount the hospital received in the bank account as disbursed by NHIF. (Bank statements annexed). Management has done a letter to NHIF/SHA acknowledging receipts of funds and request for reconciliations to be done between NHIF and Hospital management.

Committee Observations

1. That an amount Kshs. 2 153,150 relating to the National Health Insurance Fund. However, the National Health Insurance Fund records revealed an amount of Kshs. 2,055,250 was paid to the hospital, resulting in an unexplained variance of Kshs. 97, 900.
2. That at the time of committee deliberations, the Management had sent a letter to NHIF/SHA acknowledging receipt of funds and requesting reconciliations to be done between NHIF and Hospital management.

Committee Recommendations

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

3.6.2 Variances in Receivables from Exchange Transactions
The statement of financial position reflects receivables from exchange transact balance of Kshs.3, 826,400 as disclosed in Note 15 to the financial statements. Amount is in respect to National Health Insurance Fund (NHIF) claims whose recording indicate a balance of Kshs 2,055,250 resulting to an unexplained variance of Kshs 1,771,150.

In the circumstances, the accuracy, completeness and recoverability of the trade receivables balance of Kshs. 3,826,400 could not be confirmed.

Management Response

Honourable Speaker, the management takes note of the audit concern. This variance is due to payment made in the subsequent financial year hence overlapping reports. The noted the observation and has addressed the same by reference to bank statements of period under review and the same reconciled.

Committee Observations

1. That, the statement of financial position reflects receivables from exchange transactions balance of Kshs.3, 826,400. However, an amount of Kshs 2,055,250 is in respect to National Health Insurance Fund (NHIF) claims, resulting in an unexplained variance of Kshs 1,771,150.
2. That, the variance was due to payments made in the subsequent financial year, hence overlapping reports.

Committee Recommendations

1. The accounting officer must;

i. Immediately initiate a reconciliation process with SHIF to resolve the variance of Kshs. 1,771,150.

ii. enforce compliance with the contract terms that require SHIF to settle genuine claims within 60 days,

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

2. That the issue is unresolved

3.7 Non-Disclosure of Property, Plant and Equipment

Honourable Speaker, the statement of financial position reflects a nil balance in respect of property, plant equipment balance. However, review of the Hospital's records and physical verification revealed various assets, including land, buildings, motor vehicles, furniture, Computers, and equipment, which were not disclosed in the financial statements. Further, the ownership documents for the land were not provided for audit.

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

Management Response

Management takes note of the audit concerns. On the same the County executive has mandated chief officer lands to assist in acquisition of title deeds, the hospital management has written to the lands office to facilitate this process.

The hospital has also initiated the process of identifying and listing of assets through hospital Asset and Liability Committee that has been formed. (Annex appointment letters).

The department has initiated the placement of asset management system which will always provide timely information on asset management.

Committee Observations

1. That the Management failed to disclose assets, including land, buildings, motor vehicles, furniture, Computers, and equipment in the financial statements, and the land ownership documents.
2. That at the time of committee deliberations, the hospital Management had initiated the process of identifying and listing assets through the hospital Asset and Liability Committee.
3. That at the time of committee deliberations, the County executive had mandated the chief officer of lands to assist in the acquisition of title deeds, and the hospital management had also written to the Lands Office to facilitate this process.

Committee Recommendations

1. That the Accounting Officer fast-tracks the process of acquisition of title deeds and identification and listing assets through the hospital Asset and Liability Committee, and submits a report on the same to the Assembly within 60 days upon adoption of the report.
2. That the matter is unresolved

3.8 Non-Disclosure of Intangible Assets

Honourable Speaker, the statement of financial position reflects a nil balance in respect of intangible assets. However, review of operations indicated that the Hospital had a Healthcare Informatics system which is used for the Hospital's operations. Although the Management indicates that the system was acquired in the year 2018 at a cost of Kshs.350,000, no other details were provided including the contract and service level agreement with the vendor. Further, the net book value and the amortization charges were not reported in the financial statement.

In the circumstances, the accuracy and completeness of the nil intangible assets balance of could not be confirmed

Management response:

Management notes that at the time of audit, the value of Fun soft system was omitted. The health information system had been contracted by the national government. However, the hospital has acquired a better HMIS- Elephant, and the cost provided and all contractual documents are available.

Committee Observations

1. The statement of financial position reflected a nil balance in respect of intangible assets. However, review of operations indicated that the Hospital had a Healthcare Informatics system, which is used for the Hospital's operations.

2. That the net book value and the amortization charges for the Healthcare Informatics System were not reported in the financial statement.
3. That at the time of committee deliberations, the hospital had acquired a better HMIS-Elephant, and the cost provided, and all contractual documents.

Committee Recommendation

That the matter is resolved

3.9 Unconfirmed Inventory Balance

Honourable Speaker, the statement of financial position reflects amount of Kshs. 2, 412,438 in respect to inventories as disclosed in Note 18 to the financial statements. However, there was no evidence of conducting the annual stock take no stores ledgers were provided to confirm the quantities, value and status of closing inventory balances as at 30 June 2023.

In the circumstances, the accuracy and completeness of the inventory balance of Kshs.2, 412,438 could not be confirmed.

Management Response:

Management takes note of the audit concern.

However a procurement and supplies chain management officer has since been deployed to the hospital, and good inventory/records are now in place. (Annex deployment letter)

Committee Observations

1. The statement of financial position reflects an amount of Kshs. 2, 412,438 in respect to inventories. However, there was no evidence of conducting the annual stock take; no store ledgers were provided to confirm the quantities, value, and status of closing inventory balances as at 30 June 2023.
2. That at the time of the committee deliberations, the Management adduced that a procurement and supplies chain management officer had since been deployed to the hospital, and good inventory/records were in place.

Committee Recommendations

That the matter is resolved

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

4.1 Non-compliance with the Financial Reporting Framework Template

Honourable Speaker, a review of the annual report and financial statements submitted for audit revealed that the financial statements did not comply with the financial reporting format issued by the Public Sector Accounting Standards Board. This is contrary to Section 81((3) of the

Public Finance Management Act, 2012, which states that the accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board.

In the circumstances, Management was in breach of the law

Management Response;

It's true that the financial reports and statements were done on a wrong template which has since been corrected on the right template in the subsequent financial year. (2023/2024 financial statement).

Honourable Speaker, the omitted schedules and tables have now been reinstated.

Committee Observation

That the financial statements did not comply with the financial reporting format issued by the Public Sector Accounting Standards Board contrary to Section 81 (3) of the Public Finance Management Act, 2012, which states that the accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board.

Committee Recommendations

1. That in future, the Management must ensure strict compliance with Section 81 (3) of the Public Finance Management Act, 2012.
2. That the matter is resolved

4.2 Failure to Transfer Revenue to the County Revenue Fund Account
Honourable Speaker, the statement of financial performance reflects rendering-of services - medical) income of Kshs.8, 373,605 as disclosed in Note 7 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81(1-3) of Public Finance and Management (County Government) Regulations 2015 which states that receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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

Management Response

a) PFM Act 2012 section 109 (2b) gives exceptions of depositing money into county revenue fund account where an act created by county legislation excludes an entity from depositing funds into the CRF account is allowed

b) Kisumu FIF Act 2021, part 2, section 6, exempts money deposited into a facility account from being deposited into the county revenue fund account

Committee Observations

1. That rendering of services (medical) income of Kshs.8, 373,605 was not transferred to the County Revenue Fund Account for approval by the Controller of Budget before withdrawal contrary to Regulation 81(1-3) of Public Finance and Management (County Government) Regulations 2015, which states that the receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.
2. That at the time of committee deliberations, the Management adduced that Kisumu FIF Act 2021, part 2, section 6, exempts money deposited into a facility account from being deposited into the county revenue fund account.

Committee Recommendation

That the matter is resolved

4.3 Lack of Quarterly Revenue Reports

Honourable Speaker, the statement of financial performance reflects Kshs.8,373,605 in relation to the rendering services - medical services income as disclosed in Note 7 to the financial statement. However, the Hospital did not provide evidence to show that the reports were prepared submitted the same to the County treasury with a copy to the Auditor-General as per requirements Regulations 64. (1) Of the Public Finance Management (County) Regulations 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue prepare a quarterly report not later than the 15th day after the end of the quarter. In the circumstances, Management was in breach of the law.

Management Response;

Honourable Speaker, the management notes this omission. The county has since deployed an accountant to the hospital and these quarterly reports are currently being done. This is done through surrender of revenue to county revenue board on monthly basis which is also reported to the Hospital board of management for quarterly budget deliberations.

Committee Observations

1. That the Hospital did not provide evidence to show that the reports were prepared submitted the same to the County treasury with a copy to the Auditor-General as per requirements Regulations 64 (1) Of the Public Finance Management (County) Regulations 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue prepare a quarterly report not later than the 15th day after the end of the quarter. In the circumstances, Management was in breach of the law.

2. That at the time of committee deliberations, the county had deployed an accountant to the hospital, and these quarterly reports are currently being done.

Committee Recommendations

1. That, moving forward, the Management must ensure strict compliance with Regulation 64 (1) of the Public Finance Management (County) Regulations 2015.
2. That, the matter is resolved

4.4 Deficiencies in Implementation of Universal Health Coverage

Honourable Speaker, a review of Hospital records and interviews on verification of services offered, equipment's 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 to staff deficits by 60 staff requirements or 6o% of the authorized establishment.

Staff requirements	Level 4 standard	In-post Ahero county level 4 hospital	variety	percentage
Medical officers	16	2	14	88
Anesthesiologists	2	0	2	100
General surgeons	2	1	1	50
Gynecologists	2	1	1	50
Pediatrics	2	0	2	100
Radiologists	2	1	1	50
Kenya Registered community health nurses	75	36	39	52
Total	101	41	60	60

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

Service	Level 4 Hospital Standards	Actuals in the Hospital	Variance	Percentage
Beds	150	42	150	100
Resuscitaire(2 in labor/1in theatre)	3	3	0	-
New born unit incubators	5	1	4	75
New born unit cost	5	0	5	100

Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU)beds	6	0	6	100
Renal unit with at least 5 dialysis machines	5	0	5	100
Two functional operational theatre-maternity/general	2	1	1	50

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

Management Response;

Management notes this audit concern. However, the policy above does not take note of the workload in the facility. Kisumu County has adopted the Workload Indicators of Staffing Needs (WISN) Tool. Level 4 status given to the hospital is an aspiration to achieve better and acceptable standards to offer quality services that could not be achieved at level 3. (www.who.int>tool>wisn)

Honourable Speaker, the facility has also done MOUs with medical colleges to improve the quality of care to patients through student internships and field attachments.

Committee Observation

That the Hospital did not meet the requirements of the Kenya Quality Model for Health Policy Guidelines due to staff deficits by 76 staff requirements, or 75% of the authorized establishment

Committee Recommendation

Honourable Speaker, the County Executive Committee Member for Medical Services, Public Health, and Sanitation makes necessary arrangements to ensure that the facility progressively moves towards adhering to key specifications outlined in the Kenya Quality Model for Health policy guidelines, particularly in the areas of medical personnel and equipment.

4.5 Irregularities in Procurement of Goods and Services

Review of the records provided for audit verification including the payment vouchers and invoices revealed the following instances of direct procurement contrary to the law;

4.5.1 Food and Ration

Honourable Speaker, as disclosed in Note 8 to the financial statements, the statement of financial performance reflects medical/clinical costs of Kshs.8, 826,655, which includes Kshs.1 501, 302 in respect of food and ration. Examination of the payment records provided for audit revealed that the Management procured goods directly by issuing Local Purchase Orders to suppliers without subjecting them to the procurement processes. In addition, goods were procured without requisitions from the user departments. This was contrary to Section 106 of the Public Procurement and Asset Disposal Act, 2015 on prequalified listing of suppliers.

Management Response;

Honourable Speaker, prequalification of suppliers has been centralized, and all prequalified suppliers are eligible to supply food and rations to all Kisumu County health facilities. This has also been done through common user goods framework agreements.

Committee Observations

1. That the Management procured goods amounting to Kshs. 1,501,302 directly by issuing Local Purchase Orders to suppliers without subjecting them to the procurement processes, and that goods were procured without requisitions from the user departments contrary to Section 106 of the Public Procurement and Asset Disposal Act, 2015, on prequalified listing of suppliers.
2. That at the time of committee deliberations, the Management adduced that the prequalification of suppliers had been centralized, and all prequalified suppliers were eligible to supply food and rations to all Kisumu County health facilities.

Committee Recommendations

1. That moving forward, the Management must adhere to Section 106 of the Public Procurement and Asset Disposal Act, 2015.
2. That the matter is resolved

4.5.2 Dressing and Non-Pharmaceutical Supplies

Honourable Speaker, included in the medical/clinical costs amount of Kshs.8, 826,655 is an expenditure of Kshs. 2, 468, 118 incurred on dressing and non-pharmaceuticals. Review of the procurement records revealed items amounting to Kshs. l,677,862 which were procured directly from three (3) suppliers.

It is not clear why Management decided to use direct procurement method to award three (3) firms instead of request for quotation, since there were fifty-eight (58) firms qualified under the non-pharmaceuticals' category.

Honourable Speaker, in the circumstances, Management was in contravention of section 106 of the Public Procurement and Asset Disposal Act, 2015, on prequalified listing of suppliers and value for money on the procurements could not be confirmed.

Management Response.

The management acknowledges the observation. However, this procurement were done from KEMSA and MEDS who are government appointed key agencies for medical and public health supplies.

Committee Observations

1. That items amounting to Kshs. l,677,862 were procured directly from three (3) suppliers, even though there were fifty-eight (58) firms qualified under the non-pharmaceuticals category contrary to Section 106 of the Public Procurement and Asset Disposal Act, 2015, on prequalified listing of suppliers.
2. That the procurement was done from KEMSA and MEDS, which are government-appointed key agencies for medical and public health supplies.

Committee Recommendations

1. That going forward, the Management must ensure compliance with Section 106 of the Public Procurement and Asset Disposal Act, 2015.
2. That the matter is resolved

3.5.3 Lack of a Procurement Plan

Honourable Speaker, during the year under review, Management did not develop an annual procurement plan that is aligned to the annual approved budget. This was contrary to Regulation 71 of t Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, Management was in breach of the procurement law and value fc money on the procurement could not be confirmed.

Management Response;

Honourable Speaker, it is true there was lack of procurement plan which was due to unavailability of procurement officer at the facility who has now been deployed.

This was further affected by lack of initial budget to base on, in developing a procurement plan.

Committee Observations

1. That the Management did not develop an annual procurement plan that is aligned to the annual approved budget contrary to Regulation 71 of t Public Procurement and Asset Disposal Regulations, 2020.
2. That at the time of committee deliberations, the Management adduced the lack of procurement plan to unavailability of procurement officer at the facility who had been deployed.

Committee Recommendations

1. That in future, the Management must ensure strict adherence to Regulation 71 of Public Procurement and Asset Disposal Regulations, 2020.
2. That the matter is resolved

4.6 Expiry of Medical Supplies

Physical verification conducted in the pharmaceutical stores revealed that some commodities whose values were not indicated expired during the year, as listed below:

Item	Quantity	Date of purchase	Date of expiry
Ripmpian/Isorizil 7mg	21.924	26/01/2022	January2024
EFV 200 mg	1,710	27/07/2022	January2023
Sulphadoxine/promethazine	5,600	27/07/2022	April2023
Darunavir 600g	360	27/07/2022	October2023
Ritonavir 100mg	420	07/11/2022	October2023
Nivea Sun Kid 50 Tube	44	07/11/2022	August2023

Honourable Speaker, further, these items were stored together with non-expired products that were still in use, and thus they were not quarantined as required in law, and the facility lacked skilled personnel to run and manage the movement of inventory contrary to Guideline 5.5 of the Pharmacy and Poisons Board for good distribution practices for pharmaceuticals.

In the circumstances, the effectiveness of the storage system of pharmaceutical and no pharmaceutical items could not be confirmed.

Management Response;

The hospital had inadequate infrastructural facilities which constrained storage space, the facility had one pharmaceutical store and another store for non-pharmaceuticals. The hospital did not have a separate store for expired drugs, however, the management has put up a holding store room to help solve this problem by separating expired drugs and the ones in current use.

Deployment of skilled personnel to run and manage the movement of inventory has also been done (procurement officer)

Committee Observations

1. That Physical verification conducted in the pharmaceutical stores by the Auditors revealed that some commodities whose values were not indicated expired during the year under review.
2. That items were stored together with non-expired products that were still in use, and thus they were not quarantined as required by law, and the facility lacked skilled personnel to run and manage the movement of inventory contrary to Guideline 5.5 of the Pharmacy and Poisons Board for good distribution practices for pharmaceuticals.
3. That at the time of committee deliberation, the management had deployed skilled personnel to run and manage the movement of inventory, and also put up a holding store room to help solve this problem by separating expired drugs and the ones in current use.

Committee Recommendations

1. That the Management must set up a secluded space for storage of expired drugs before disposal and report on the progress within a period of 90 days upon adoption of this report.
2. That the matter is unresolved

4.7. Unclaimed Bodies

Honourable Speaker, during field verification of the operations of the facility, it was noted that there were twenty-three (23) bodies which were unclaimed for over two (2) years. A report to the Public Health Officer (PHO) dated 4 December 2023 reports that there are twenty (20) bodies that are unclaimed and need to be disposed. The bodies are being preserved using formalin, which are an unnecessary expense to the hospital. The bodies are further decomposing and stretching the storage capacity of the mortuary. This is contrary to Rules 3 and 4 of the Public Health (Public Mortuaries) Rules, 1991 of the Public Health Act, 2021. Further. The bodies are just lying in the mortuary, and the mortuary does not have refrigeration(s) to assist in the preservation of the bodies.

In the circumstances, the hospital is in breach of the Public Health Act. 2021 on disposal of unclaimed bodies and this may pose health risks.

Management Response;

Honourable Speaker, the management has initiated the process of disposal of unclaimed bodies through relevant bodies' i.e. Judiciary, National police service and public health department. This has been budgeted in the current budgetary plan and the process is ongoing.

Committee Observations

1. That field verification of the operations of the facility by the Auditors revealed that there were twenty-three (23) bodies that were unclaimed for over two (2) years and a report to the Public Health Officer (PHO) dated 4 December 2023 reported that there were twenty (20) bodies that were unclaimed and need to be disposed.
2. That the bodies were further decomposing and stretching the storage capacity of the mortuary contrary to Rules 3 and 4 of the Public Health (Public Mortuaries) Rules, 1991 of the Public Health Act, 2021.
3. That at the time of committee deliberation, the management had initiated the process of disposal of unclaimed bodies through relevant bodies, i.e. Judiciary, the National police service, and the Public Health Department. This had been budgeted in the current budgetary plan, and that the process was ongoing.

Committee Recommendations

1. That in similar scenarios in future, the Accounting Officer must speed up the process of disposal of unclaimed bodies through the relevant bodies, like, the National police service, and the Public Health Department.
2. That moving forward, the Management must ensure strict adherence to Rules 3 and 4 of the Public Health (Public Mortuaries) Rules, 1991 of the Public Health Act, 2021.
3. That the matter is unresolved

4.8 Underpayment of Casuals

Honourable Speaker, included in the employment costs is an amount of Kshs.2.611, 160 relates to the money paid to the casual workers engaged by the entity. Review of the documents provided for audit including the Muster rolls and the payment vouchers revealed that the casuals were being underpaid, receiving a monthly pay of Kshs.8, 500 per month contrary to the minimum wage rate of Kshs. 13,572.90 for the general casuals as per the minimum wage guidelines.

In the circumstances. Management was in breach of the minimum wage guidelines

Management Response

Honourable Speaker, the management acknowledges this. However this was due to financial constraints in budgetary allocation. With the improvement of revenue collection the management through board resolution has increased the casual wages to a minimum wage of Kshs 13,500 per month.

Committee Observations

1. That review of the Muster rolls and the payment vouchers by the Auditors, revealed that the casuals were being underpaid, receiving a monthly pay of Kshs.8, 500 per month

contrary to the minimum wage rate of Kshs. 13,572.90 for the general casuals as per the minimum wage guidelines.

2. That at the time of committee deliberations, the management through a board resolution had increased the casual wages to a minimum wage of Kshs 13,500 per month.

Committee Recommendation

That the matter is resolved

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

5.1 Lack of Risk Management Policy

Honourable Speaker, during the year under review. The Hospital operated without a documented risk management policy framework. In addition. There was no evidence of risk identification, risk assessment and evaluation of likelihood of risk occurrence and its impact on entities' operation.

In the circumstances, effectiveness of risk management system at the Hospital could not be confirmed.

Management Response;

a) It is true that at the time of audit, the hospital did not have a risk management policy.
b) The hospital management has since appointed the Asset and Liability management Team that is also tasked to develop the Hospital Risk and Management Policy

Committee Observations

1. That the Hospital operated without a documented risk management policy framework, and that there was no evidence of risk identification, risk assessment, and evaluation of the likelihood of risk occurrence and its impact on the entity's operation.
2. That at the time of committee deliberations, the Management had appointed the Asset and Liability management Team that is also tasked to develop the Hospital Risk and Management Policy.

Committee Recommendations

1. That the Accounting officer follow up the development of the Hospital Risk and Management Policy and report on its progress to the County Assembly within 90 days upon communication of this report.
2. That the matter is unresolved

5.2 Weakness in Information Technology Systems

Honourable Speaker, a review of the operations at the Hospital revealed that the Hospital has a standalone information system that is not integrated to the different departments, including the laboratory, pharmacy, among others. The system is used for billing and generating reports, which are fed manually into the system from the different departments. The Hospital does not have internet connectivity to assist in the operations of the hospital.

In the circumstances, the effectiveness of the information technology systems could not be confirmed.

Management Response;

a) It is true the hospital had information technology system that was not well integrated with departments.
b) The hospital management has since procured a better HMIS- Elephant that comes with internet connection in all areas of service provision.
c) The county executive has the ICT Department which developed ICT policy to be adopted by other departments and affiliate facilities.

Committee Observations

1. That facility had a standalone information system that was not integrated to the different departments, including the laboratory, pharmacy.
2. That at the time of committee deliberation, the hospital management had since procured a better HMIS- Elephant that comes with internet connection in all areas of service provision.

Committee Recommendation

That the matter is resolved

5.3 Irregular Board Meetings

Honourable Speaker, the Governor of Kisumu County appointed the Board of Management through a Gazette

Notice on 11 October 2019, for a term of three (3) years, which expired in October 2022. However, a review of Board files revealed that two (2) Board meetings were held on 01 February 2023 and 11th April 2023, which were after the expiry date of their appointment.

No evidence of extension of their appointment was availed for audit verification.

In the circumstances, the hospital may have been governed by a Board that was irregularly in office.

Management Response;

Honourable Speaker, the management takes note of the audit concern and acknowledges the gaps. The department of health has since appointed Hospital Board of management that currently holds regular board meetings with supporting minutes available.

Committee Observations

That review of the Board files by the Auditors revealed that two (2) Board meetings were held on 01 February 2023 and 11th April 2023, which were after the expiry date of their appointment.

Committee Recommendations

1. That the Accounting Officer, department of Medical Services, Public Health and Sanitation immediately initiates recovery of all the money paid to board members for meetings held after expiry of their tenure/term. A report on the same be submitted to this Assembly within a period of 90days upon adoption of this report
2. That the matter is unresolved

5.4 Incomplete Assets Register

Honourable Speaker, a review of Hospital records and physical verification revealed that the Hospital own various assets including land, buildings, civil works, furniture, computers and equipment. The Hospital provided an asset register. However, there were no values assigned to the assets in the asset register. In addition, physical inspection at the facility revealed that there are three (3) motor vehicles of unknown value which are grounded in the parking. These motor vehicles although belonging to Nyando and Rabuor Hospitals would have been used for ferrying patients and purchase of medical or clinical items such as pharmaceutical items.

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

Management Response;

Honourable Speaker, the hospital has initiated the process of identifying and listing assets through the hospital Asset and Liability Management Committee, which has been appointed. Previously, this was a mandate of the executive through the Finance department; however, the facilities are in the process of consolidating the asset registers, listing, valuation, depreciation, and physical location. This will be in the course of setting up a good asset management system.

Committee Observations

1. That review of Hospital records and physical verification by the Auditors revealed that the Hospital owns various assets, including land, buildings, civil works, furniture, computers, and equipment. However, the Hospital provided an asset register with no values assigned to the assets.

2. That the facility owned three (3) motor vehicles of unknown value, which were grounded in the parking, and that these motor vehicles, although belonging to Nyando and Rabuor Hospitals, would have been used for ferrying patients and the purchase of medical or clinical items, such as pharmaceutical items.
3. That at the time of committee deliberation, the hospital had initiated the process of identifying and listing assets through the hospital Asset and Liability Management Committee.

Committee Recommendations

1. That the Accounting officer must fast-track the process of identification and listing of the Assets through the Facilities Asset and Liability Management Committee and submit a report to the Assembly within 30 days upon adoption of this report.
2. That the matter is unresolved

5.5 Inadequate Revenue Safeguards and Controls

Honourable Speaker, the statement of financial performance reflects Kshs. 8, 373,605 in relation to the rendering of services -medical income as disclosed in Note 7 to the financial statements. However, it was noted that there was no segregation of duties in revenue collection because the same person receives revenue, issues receipts and carries out the banking of revenue—this is contrary to Regulation 63. (I (a)) of the Public Finance Management (County) Regulations, 2015 which states that an accounting officer and a receiver of revenue are personally responsible for ensuring that— (a) adequate safeguards exist and are applied for the prompt collection and proper accounting for, all county government revenue and other public moneys relating to their county departments or agencies.

Management Response;

Honourable Speaker, the management takes note of the audit concern.it has separated billing process and receipting functions. The new HMIS has adequate controls to track transactions from entry of the patient payment to the final remittance as revenue surrender to the county revenue board. This is reconciled on monthly basis via the M-Pesa pay bill and HMIS platform.

Committee Observation

1. That, the Management did not segregate duties in revenue collection because the same person receiving revenue, issued receipts and carried out the banking of revenue this is contrary to Regulation 63. (I (a)) of the Public Finance Management (County) Regulations, 2015 which states that an accounting officer and a receiver of revenue are personally responsible for ensuring that— (a) adequate safeguards exist and are applied for the prompt collection and proper accounting for, all county government revenue and other public moneys relating to their county departments or agencies.

2. That, at the time committee deliberations, the Management had separated billing process and receipting functions and that new HMIS had adequate controls to track transactions from entry of the patient payment to the final remittance as revenue surrender to the county revenue board.

Committee Recommendations

1. That going forward, the Management must adhere to Regulation 63. (I (a)) of the Public Finance Management (County) Regulations, 2015
2. That the matter is resolved

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF AHERO COUNTY LEVEL IV HOSPITAL FOR THE YEAR ENDED 30 JUNE 2024

6.1 Inaccuracies in the Financial Statements

Honourable Speaker, a review of the statement of financial performance against the explanatory notes to the financial statements reflects unexplained variances as tabulated below.

Component	Notes	Financial Performance	Explanatory Note	Variances
Rendering of Services – Medical Services income	11	8,341,630	14,205,631	(5,863,992)
Medical Clinical Cost	15	5,385,973	12,799,160	(7,413,187)
Employee Costs	16	3,586,421	2,961,360	625,061
Repair and maintenance	19	981,190	821,360	159,830
General experience	21	7,461,319	4,969,940	2,401,379
Cash and cash equivalent	27	1,386,544	7,415,957	(6,029,413)
Trade and other payables	34	3,650,700	3,251,000	399,700

Honourable Speaker, further statements of the financial position reflect surplus and capital fund balance of Ksh. 2,400,00 and Ksh. 6,007,458 respectively. However, the statement of changes in net assets reflects accumulated surplus and capital fund of Ksh. 6,389,889 and Nil balances resulting to unexplained variances amounting to Ksh. 3, 989, 889 and Ksh. 6,007,458 respectively. The presentation of the net assets reflected in the statement of financial position should be the same as the statement of changes in net assets. No explanation has been provided for these anomalies contrary to the National Treasury circular on guidelines on the year end closing procedure for financial year 2023/2024 Ref No.AG 3/88/Vol II (31) dated 15th May, 2024 section 3.15 (x) on internal quality control of financial statements.

In the circumstances, the accuracy and completeness of the financial statements could be confirmed.

Management Response

Honourable Speaker, - explanatory note figure of Kshs 14,205,631 comprise other medical income (NHIF) claims of Kshs 8,341,640 and direct income from Pay-bill categorized services of Kshs 5,863,992 hence there being no variance.

-Some costs on medical services were erroneously omitted. The correct figure of Kshs 12,799,160 to be restated.

-Employee costs figure of 2,961,360 excluded employer contributions towards NSSF which has now been corrected.

-Repair and maintenance financial performance figure of Kshs 981,190 included medical equipments and office equipment which was separated in the explanatory notes.

-General Expenses financial performance figure of 7,461,319 included costs incurred by the public health office which was omitted from the explanatory notes.

-Cash and cash equivalents of Kshs 1,386,544 was the actual bank balance at the hospital operational account at the cooperative bank. However the explanatory figure of ksh 7,415,957 included untransfered figure of Kshs 6,029,413 held at the Kenya commercial bank.(KCB). Bank statements attached. ANNEX I

Committee Observation

That at the time of committee deliberations, the variances had been sufficiently explained to the Office of the Auditor General

Committee Recommendation

That the matter is resolved

6.2 Unsupported Transfers from the County Government
Honourable Speaker, the statement of the financial performance reflects an amount of Ksh. 6,768,409 in respect of transfer from County Government and as disclosed in Note 6 to the financial statements. However, these transfers were not supported with schedules and other relevant records such as registers, cash books and bank statements which constitutes a limitation of scope.

This was contrary to Section 149(1) the Public Finance Management Act. 2012 states that an accounting officer shall ensure that the entity keeps financial and accounting records that comply with this Act.

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

Management Response

Honourable Speaker, Bank Statements and cash book in respect of the period under review available for further confirmation. The management has provided bank statements showing the amounts received and when received. Annex I

Committee Observation

Honourable Speaker, That, the Management failed to provide sufficient evidence to support the response in form of bank statements. However, from the Office of the Auditor General, the matter was verified under the County Executive report verification. The cut off procedures were confirmed correct due to different reporting frameworks.

Committee Recommendation

That the matter is resolved

6.3 Unreconciled transfers from the County Government
Honourable Speaker, the statement of financial performance reflects Transfers from the County Government amounting to Ksh. 6,768,494 as disclosed Note 6 to the financial statements. However, financial statements of the County Executive of Kisumu reflect transfers of Ksh. 3,335,730 resulting to an unreconciled variance of Ksh. 3,432,764.

In the circumstance the accuracy and completeness of the financial statement could not confirmed.

Management Response

Honourable Speaker, this was due to unreported revenue realized at the end of financial year whose reconciliation documents have been submitted to the executive for further review and reconciliation. Bank statements has been submitted to executive for the same. ANNEX I

Committee Observation

That the Management failed to provide sufficient evidence to support the response in form of bank statements. However, from the Office of the Auditor General, the matter was verified under the County Executive report verification. The cut off procedures were confirmed correct due to different reporting frameworks.

Committee Recommendation

That the matter is resolved

6.4 Unsupported Income from Rendering of Services

Honourable Speaker, the statement of financial performance reflects Ksh.8,314.639 in respects to rendering of services-medical services income. However, the income was not supported with ledgers or schedules, NHIF claims, copies of receipts issued to the patients for the services rendered, detailed records of the daily income collected and banking slips which constitutes a limitation of scope. This was contrary to section 149 (1) the Public Finance Management Act, 2012 states that an accounting officer shall ensure that the entity keeps financial and accounting records that comply with this Act.

In the circumstances the accuracy and completeness of the financial statements could not be verified.

Management Response

NHIF claims made during the period under review are available, however the management takes note that there has been a challenge in reconciliation of NHIF claims against hospital records.

The management has written a letter to SHA office requesting for reconciliation of payments made, Letter attached. ANNEX III

Committee Observations

1. That an income of Ksh.8,314.639 in respects to rendering of services-medical services income. However, the income was not supported with ledgers or schedules, NHIF claims, copies of receipts issued to the patients for the services rendered, detailed records of the daily income collected and banking slips which constituted a limitation of scope
2. There is poor record keeping within the facility

Committee Recommendations

1. That the management urgently follow up on their letter to the SHA office requesting for reconciliation of NHIF payments made during the period under review. The reconciliation process should be completed within 30 days and a report of the same submitted to the Office of the Auditor General
2. That the Accounting Officer institutes a proper record keeping systems for all income-generating activities, particularly for medical services income.
3. That the Accounting Officer, department of Medical Services, Public Health and Sanitation carry out capacity building and training to the facility's accounts and records staff on proper financial documentation and compliance with public financial management laws and regulations.
4. That the matter is unresolved

6.6 Unsupported Medical/Clinical Costs

Honourable Speaker, the statements of financial performance reflect medical/clinical cost of Ksh. 5,385,973. However, the costs were not supported with ledgers or schedules. Further, however, tender evaluations reports, approved professional opinion and other related procurement documents in support of the expenditures were not provided for audit review which constitutes to limitation of scope. That was contrary to section 149(1) the Public Finance Management Act, 2012 states that an accounting officer shall ensure that the entity keeps financial and accounting records that comply with this Act.

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

Management Response

Honourable Speaker, the ledgers and schedules for the same are provided by the management for further verification. Tender evaluations reports, approved professional opinion and other related procurement documents in support of the expenditures were centralized at Kisumu County Referral Hospital for all health facilities.

Committee Observations

1. That the financial statements reflect medical/clinical costs amounting to Ksh. 5,385,973, which were not supported with ledgers, schedules, tender evaluation reports, approved professional opinions, and other related procurement documents at the time of audit review.
2. That the failure to provide adequate documentation constitutes a limitation of scope and raises concerns over the accuracy and completeness of the reported expenditures.
3. That the explanation provided by management that procurement records are centralized at Kisumu County Referral Hospital was not backed with a formal arrangement or system to ensure timely access and accountability for facility-level expenditure.

Committee Recommendation

That the management submit the missing supporting documents to the Office of the Auditor General within a period of 21days upon adoption of this report, failure to which the matter be referred to the Ethics and Anti-Corruption Commission for further investigations for possible loss of public funds.

6.7 Unsupported Employee Costs

Honourable Speaker, the statement of financial performance reflects employee cost amount of Ksh.3,586,421 in respects of salaries and wages, contributions to pension schemes and medical expenses and insurance cover. However, Management did not provide supporting documents

including the monthly payrolls, employee's ethnicity personnel files, list of employees recruited during the year and those exited during the year which constitutes a limitation of scope. This was contrary to section 149(1) the Public Finance Management Act, 2012 states that an accounting officer shall ensure that the entity keeps financial and accounting records that comply with this Act.

In the circumstances the accuracy and completeness of the financial statements could not be verified.

Management Response.

Honourable Speaker, employee cost stated above include salaries and wages, pension contributions and medical cover insurance contributions (NHIF) which has been well scheduled and records including monthly payrolls attached to each payment voucher. However this only entails the casual workers who have been engaged by the hospital management. Annex V

Files, Correspondences and details of permanent and pensionable employees are centrally managed by the head of human resource management at the county headquarters.

Committee Observations

1. That the statement of financial performance reflects employee costs totaling Ksh. 3,586,421, comprising salaries and wages, pension contributions, and medical insurance cover. However, documentation, including monthly payrolls, employee ethnicity reports, personnel files, and lists of employees recruited or exited during the year, were not provided at the time of the audit
2. That the management explained that Files, Correspondences and details of permanent and pensionable employees are centrally managed by the head of human resource management at the county headquarters

Committee Recommendations

1. That in the next audit cycle, the Accounting Officer ensures that copies of all payroll-related documents, including monthly payrolls, contracts, NHIF contribution schedules, and payment vouchers for both casual and permanent staff, are maintained at the facility level and made available for audit verification.

2. That the matter is resolved

6.8 Unsupported Board Expenses

Honourable Speaker, the statement of financial performance reflects Board of Management expenses of Ksh.96,000 as disclosed in Note 17 to the financial statements. However, the expenses were not supported by Board minutes, invitation letters and attendance registers. Further, the financial statement indicates that the facility has six (6) members of Board of

Management. However, appointment letters and gazette notice were not provided for audit review which constitute a limitation of scope. This was contrary to Section 149(1) the Public Finance Management Act, 2012 states that an accounting office shall ensure that the entity keeps financial and accounting records that comply with this Act.

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

Management Response

Honourable Speaker, the boards of management expenses are well supported by meeting minutes, invitation letters and attendance registers as required by the act. The board appointment letters and gazette notice also available for review. Annex VI-A TO VI-C

Committee Observations

That board expenses were not supported by Board minutes, invitation letters and attendance registers during the time of audit. The same had been provided as at the time of committee deliberations

Committee Recommendation

That the matter is resolved

6.9 Unsupported Repairs and Maintenance and General Expenses
Honourable Speaker, the statement of financial performance reflects repairs and maintenance and general expenses of Ksh.981,190 and Ksh.7,461,319 respectively. However, the expenses were not supported with ledger or schedules. Further, tender advertisement, tender security, tender evaluation, professional opinion, letter of offer, signed contract, fuel register, detail orders, supplier statements and the inspection and acceptance reports on repairs and maintenance were not provided for audit review which constitutes a limitation of scope. This was contrary to Section 149(1) the Public Finance Management Act, 2012 states that an accounting officer shall ensure that the entity keeps financial and accounting records that comply with this Act.

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

Management Response

Honourable Speaker, the management points out that the tender advertisements, tender security and evaluation were centralized for all health facilities in the county and these documents were kept and headed by the supply chain management officer at the Kisumu County Referral Hospital.(KCRH).

Fuel register and detail orders are available for verification.

Committee Observation

Honourable Speaker, that expenditures amounting to Ksh.981,190 for repairs and maintenance and Ksh.7,461,319 for general expenses were incurred without supporting documentation, including procurement records, payment schedules, and inspection reports. The Management explained that procurement processes were centralized under the County Referral Hospital's Supply Chain Management Unit, no formal documentation or delegation framework was presented to support this arrangement.

Committee Recommendation

That the matter is resolved

7.0 Unsupported Cash and Cash Equivalents

Honourable Speaker, the statements of financial position reflect cash and cash equivalents balance of Ksh.1,386,544. However, bank balances were not supported by cashbooks, bank statements and bank reconciliation statements which constitute a limitation of scope. This was contrary to Regulation 90(1) of the Public Finance Management (County Government) Regulations, 2015 which requires an accounting officer to ensure that bank account reconciliations are completed for each bank account 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. Further, the facility operates an M-Pesa utility account which was not disclosed in the financial statement.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Ksh. 1,386,544 as at June, 2024 could not be confirmed.

Management Response.

The reported balance was as per the certificate as at 30th June 2024 which was supported by

Cash book, Bank statements and Bank reconciliation statements.

The bank reconciliation was submitted and marked by auditor as seen on 02/12/2024 for further review as required by the PFM regulations. Annex II

MPESA monthly collections with departmental breakdowns as pulled from HMIS is attached. Annex

Committee Observation

Honourable Speaker, that bank balances were not supported by cashbooks, bank statements and bank reconciliation statements which constitute a limitation of scope. This was contrary to Regulation 90(1) of the Public Finance Management (County Government) Regulations, 2015 which requires an accounting officer to ensure that bank account reconciliations are completed for each bank account 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 Recommendation

1. That in future, the management must adhere to Regulation 90(1) of the Public Finance Management (County Government) Regulations, 2015 which requires an accounting officer to ensure that bank account reconciliations are completed for each bank account 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
2. That the matter is resolved

7.1 Unconfirmed Receivable from Exchange Transactions

Honourable Speaker, the statement of financial position reflects receivables from exchange transactions balance of Kshs 6 768 494 as disclosed in Note 28 to the financial statements. However, the balance was not supported by relevant ledger and any verifiable documents such as correspondences and bank statements which constitute a limitation of scope.

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

Management Response

Copies of revenue surrenders are available for review. The bank statements for co-operative bank and Kenya commercial bank are annexed (I and IB) for further review.

Committee Observation

Honourable Speaker, the statement of financial position reflects receivables from exchange transactions balance of Kshs 6 768 494 as disclosed in Note 28 to the financial statements. However, the balance was not supported by relevant ledger and any verifiable documents such as correspondences and bank statements which constitute a limitation of scope. The same had been provided as at the time of committee deliberations

Committee Recommendation

That the matter is resolved

7.2 Unconfirmed Inventories' Balance

The statement of financial position reflects an amount of Kshs. 3,903,890 in respect to inventories as disclosed in Note 30 to the financial statements. However, there was no evidence of conducting the annual stock take and no stores ledgers were provided to confirm the quantities, value and status of closing inventory balances as at 30 June, 2024 which constitute a limitation of scope

In the circumstances, the accuracy and completeness of the inventory balance of Ksh.3.903.890 could not be confirmed.

Management Response

Honourable Speaker, the management provided an inventory balance file which documented the balance as at 30th June 2024. Annual stock take and ledgers filed and annexed for further review. Appointment of board of survey for the same is annexed. Annexes VII and VIII

Committee Observation

That there was no evidence of conducting the annual stock take and no stores ledgers were provided to confirm the quantities, value and status of closing inventory balances as at 30 June, 2024 which constitute a limitation of scope

Committee Recommendations

1. That in future, the management must ensure that they conduct annual stock take as stipulated in law
2. That the matter is resolved

7.3 Unsupported Trade and Other Payables

Honourable Speaker, the statement of financial position reflects trade payable balance of Kshs. 3,650, 700. The statement of financial position reflects trade and other payables balance of Kshs 3,650,700 as disclosed in Note 34 to the financial statements. However, the balance was not supported with detailed schedule and an ageing analysis per category showing the opening balance additions and payments in the year to arrive at the closing balance. Further supporting documents including invoices, vouchers, certificates and creditors statements were not provided for audit review in addition, details obtained from Kenya Medical Supplies Authority (KEMSA) indicate the hospital balance owed of Kshs 1,207,744. However, the payables were not disclosed in the financial statements.

In the circumstances, the accuracy. Completeness and existence of trade and other payables amounting to Kshs 3,650,700 could not be confirmed.

Management Response

Management availed schedules for further review.

The management has obtained a statement from KEMSA which has been reconciled ready for payment. Annex IX

Committee Observations

1. That the trade and other payables balance of Kshs. 3,650,700 disclosed in Note 34 of the financial statements was not supported with a detailed schedule or ageing analysis showing opening balances, additions, and payments during the year.
2. That supporting documents such as invoices, payment vouchers, contracts/certificates, and creditor statements were not provided for audit verification.
3. That the balance confirmed by Kenya Medical Supplies Authority (KEMSA) of Kshs. 1,207,744 was not reflected in the financial statements, thereby understating the hospital's liabilities.

Committee Recommendations

1. That in future, the Accounting Officer, Department of Health, ensures that all trade and other payables are supported with detailed schedules and ageing analyses indicating opening balances, additions, payments, and closing balances. The Auditor General to follow up and report on the same in the subsequent audit
2. That the matter is unresolved

7.4 Non-Disclosure of Property, Plant and Equipment

Honourable Speaker, the statement of financial position reflects a Nill properly plant and equipment balance. However, review of hospital's records and physical verification revealed various including land, buildings, furniture, computers and equipment of undetermined value which were not disclosed in the financial statements contrary to IPSAS 17.26 which states that an item of property, plant, and equipment that qualifies for recognition as an asset shall be measured at its cost. Where an asset is acquired through non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition. Further, land for Ahero Sub - County Hospital had not been surveyed and lacked ownership documents.

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

Management Response

Honourable Speaker, the management in co-ordination with the executive is in the process of formalizing the valuation of property, plant, equipment and other assets. Correspondences for the same attached. Annex X

Committee Observation

Honourable Speaker, that the statement of financial position reflected a Nill properly plant and equipment balance. However, review of hospital's records and physical verification revealed various including land, buildings, furniture, computers and equipment of undetermined value which were not disclosed in the financial statements contrary to IPSAS 17.26 which states that an item of property, plant, and equipment that qualifies for recognition as an asset shall be measured at its cost

Committee Recommendation

Honourable Speaker, that, the Accounting Officer ensure that all assets, including land, buildings, civil works, furniture, computers, equipment, and motor vehicles, are promptly valued and their respective values recorded

7.5 Deficiencies in Implementation of Universal Health Coverage (UHC)
Honourable Speaker, a review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the lime of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 89% of the authorized establishment.

Staffing Requirements	Level 4 Requirements	In Post	Variance	Percentage %
Medical Officer	16	2	14	80
Anesthesiologists	2	0	2	100
General Surgeons	2	1	1	50
Gynecologists	2	1	1	50
Pediatricians	2	0	2	100
Radiologist	2	0	2	100
Registered community Health Nurse	75	37	38	51
Totals	101	41	60	59

In addition, the Hospital did not provide required services and lacked the necessary equipment's and machines outlined in the Health Policy Guidelines as detailed below.

Services	Level 4 Hospital Standard	Actual in the Hospital	Variance	Percentage %
Beds	150	42	108	28
Resuscitair (2 in labor & 1 in theatre)	3	3	0	-
New Born Unit Incubators	5	1	4	75
New Born Unit Cots	5	0	5	100
Functional ICU beds	6	0	6	100

High Dependency Unit (HDU) beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	50
Two functional operational Theater Maternity & General	2	1	1	

Services Offered	
Surgical Service	Available
Pediatrics Services	Available
Gynecologists Services	Available
Radiology Services	Available
Renal Services	Available
Tuberculosis Services	Available

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 the circumstances, the hospital will not be able to deliver on its mandate

Management Response

Honourable Speaker, the management takes note of this audit concern. However, the policy above does not take note of the workload in the facilities. Kisumu County has adopted the workload indicators of staffing needs (WISN) tool. The level 4 status given to the hospital is an aspiration to achieve better and acceptable standards to offer quality services that could not be achieved at level 3 and therefore staffing is adjusted periodically as the hospital expands its service provision to the community.

Committee Observation

That the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 89% of the authorized establishment.

Committee Recommendations

1. The County Executive Committee Member for Medical Services, Public Health, and Sanitation makes necessary arrangements to ensure that the facility progressively moves towards adhering to key specifications outlined in the Kenya Quality Model for Health policy guidelines, particularly in the areas of medical personnel and equipment

2. That the matter is resolved

7.6 Lack of Risk Management Policy

Honourable Speaker, during the year under review, the Hospital operated without a documented risk management policy framework. In addition, there was no evidence of risk identification, risk assessment and evaluation of likelihood of risk occurrence and its impact on entities operation.

In the circumstances, effectiveness of risk management system at the Hospital could not be confirmed.

Management Response

Honourable Speaker, the management is in the process of adopting a unified risk management policy being set up by the department of medical services for all health facilities.

However, the hospital management had come up with a risk management policy in 2023 which is in place. This policy is subject to amendments as the health reforms that may occur. Annex XI

Committee Observation

During the year under review, the Hospital operated without a documented risk management policy framework. In addition, there was no evidence of risk identification, risk assessment and evaluation of likelihood of risk occurrence and its impact on entities operation.

Committee Recommendations

1. That the Accounting Officer, department of Health, FastTrack the process of adopting a unified risk management policy for all health facilities
2. That the matter is resolved

7.7 Weakness in Information Technology Systems

Honourable Speaker, a review of the operations at the Hospital revealed that the Hospital has a standalone information system that is not integrated to the different departments including the laboratory pharmacy among others. The system is used for billing and generating reports. Which are fed manually into the system from the different departments. The Hospital does not have internet connectivity to assist in the operations of the hospital.

In the circumstances the effectives of the information technology systems in the facility could not be confirmed.

Management Response

Honourable Speaker, the management has acquired new HMIS (Elephant Healthcare Management Information System) which is superior to the previously used HMIS and is integrated to all departments. Contract agreement attached for further review.

Further the hospital is fully connected with internet (starlink) to facilitate this integration and connectivity.

Contract of the HMIS acquisition is attached. Annex XII

Committee Observations

1. That the Hospital has a standalone information system that is not integrated to the different departments including the laboratory pharmacy among others.
2. At the time of committee deliberations, the management had acquired new HMIS (Elephant Healthcare Management Information System) which is superior to the previously used HMIS and is integrated to all departments

Committee Recommendation

That the matter is resolved

7.8 Incomplete Assets Register

Honourable Speaker, a review of Hospital records and physical verification revealed that the Hospital owns various assets including land, buildings, civil works, furniture, computers and equipment. The Hospital provided an asset register. However, there were no values assigned to the assets in the asset register. In addition, physical inspection at the facility revealed that there are three (3) motor vehicles of unknown value which are grounded in the parking. These motor vehicles although belonging to Nyando and Rabuor Hospitals would have been used for ferrying patients and purchase of medical or clinical items such as pharmaceutical items.

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

Management Response.

Honourable Speaker, the management is in the process of valuing its assets through a coordination committee and directorate of asset management at the executive. Most assets in the asset register have values attached to them. Correspondence attached. Annex VII

The mentioned grounded motor vehicles belonging to Nyando and Rabuor were only in the hospital till early 2004 for safe parking and had since been towed to Kisumu County Referral Hospital packing yard on 06/JUNE/2024 and were not at the hospital parking during the time of audit process by OAG officers.

This is because the said motor vehicle (AMBULANCE) was unserviceable. Find attached correspondence. Annex XIII

Committee Observation

Honourable Speaker, a review of Hospital records and physical verification revealed that the Hospital owns various assets including land, buildings, civil works, furniture, computers and equipment. The Hospital provided an asset register. However, there were no values assigned to the assets in the asset register. In addition, physical inspection at the facility revealed that there are three (3) motor vehicles of unknown value which are grounded in the parking

Committee Recommendations

1. That the Accounting Officer ensure that all assets, including land, buildings, civil works, furniture, computers, equipment, and motor vehicles, are promptly valued and their respective values recorded in the asset register in accordance with Section 149(1) of the Public Finance Management Act, 2012 and the Public Sector Accounting Standards (IPSAS). The Office of the Auditor General to follow up and report on the matter in the subsequent audit
2. That the matter is unresolved

7.9 Budgetary Control and Performance

Honourable Speaker, the statement of comparison of budget and actual amounts reflects final receipts budget or Kshs. 15,110,133. However, the actual revenue components have not been populated in the financial statements. Further, the statement of comparison of budget and actual amounts for the year ended 30 June, 2024 reflects Nill final budget against a computed actual expenditure of resulting to an unauthorized expenditure of Kshs. 17,510,903 or 100% of the budget

In the circumstances, the accuracy and completeness of statement of comparison of budget and actual amounts could not be confirmed.

Management Response.

Honourable Speaker, the hospital adopted a quarterly budget control and performance basing on the revenue realized in each quarter. However, the management has taken note for adoption of full financial year budgetary system.

The management relied on quarterly budgets which were discussed and approved by the board of management. This is elaborated in the board meetings minutes which are attached for further review. Annex VI-C

Committee Observation

That the management failed to populate the actual revenue components in the statement of comparison of budget and actual amounts

Committee Recommendations

1. That in future, the management should ensure that both actual revenue and expenditure figures are accurately and consistently populated in the statement of comparison of budget and actual amounts
2. That the matter is resolved

Conclusion

Honourable Speaker, l hereby request that this House adopts this report on the examination of the Auditor General's Report on the Financial Statements of Ahero County Level IV Hospital for the FYs 2022/2023 and 2023/2024. May I call upon Honourable James Were to second? Thank you.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Yes, Honourable James Were.

Hon. Were (MCA, Nyalenda "B"): Thank you, Madam Speaker. I seek you indulgence to allow me add my voice on the report? Madam Speaker, getting an Adverse and Disclaimer Opinion in two financial years means that we are in the bad state of affairs.

Madam Speaker, Adverse and Disclaimer Audit Opinions are very serious red flags in financial and operational audits, especially in public institutions like Ahero, Level 4 Hospital in Kisumu County. Madam Speaker, this opinion is pointing to significant irregularities or limitations in the financial reporting and control system. Madam Speaker, this House Committee pointed out a lot of observations and recommendations that popped up as red flags that were raised by the Office of the Auditor General.

Madam Speaker, these are things that keep on recurring. They keep on repeating themselves in these various institutions that we have. Madam Speaker, it is high time that we have to push the County Executive to ensure that the management that has been entrusted with these positions do their level best so that we can have a positive credit Audit Opinion.

Madam Speaker, if you look at a few of the red flags that were raised, we find out reasons for some Adverse Audit Opinion come as a result of misstatement of financial records. Do we keep on misstating financial records? If you were to do a payment, if you were to tabulate even the claims, the National Insurance Fund, which is now currently renamed to SHA, putting records straight is making work easier.

Madam Speaker, these are things that our officers are ignoring. We need to put them to task because they qualified for those positions and when they qualify for those positions, they need to do their job right.

Madam Speaker, we are equally finding that one of the reasons why that Adverse Opinion is mention was poor Internal Controls. Why do we have poor internal controls? Each and every

time when there is recruitment, the County Public Service Board will ensure that the best, according to the need, they are given the best employees that they require and areas where there are weaknesses, we need to strengthen so that we don't have similar issues coming up each and every time. Madam Speaker, our officers would make it clear, putting all the records about the claims, whether the ones that have been paid or maybe the roads, so that, whenever the records are requested, they should produce them, to make things possible.

Madam Speaker, this are issues that we can control, by Supported Medical Supply and Equipment. Failure to do so, it brings a lot of concern and reasons for Disclaimer, as a result of complete or missing financial records. If you know that you have made some payment, why do you fail to produce those documentation? Whenever a red flag is raised by the officer of the Auditor General, it is in this Assembly, that our management can build their opinion by producing the sufficient documents required to be produced and if they fail to do it, it means that something is amiss. Therefore, we need to push these officers to a corner, so that things are done in a proper way. Madam Speaker, with this few remarks, I second. Thank you.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable members, a Motion on adoption of the report of the Select Committee on Public Investments and Accounts (PIC/PAC) on the Examination of the report of the Auditor-General on the Financial Statements of Ahero County Hospital, for the Financial Years 2022/2023 and 2023/2024, has been presented by the Honourable Ken Ouko, the Chairperson and seconded by Honourable James Were.

Honourable members, I want to propose a question and propose that the Motion on adoption of the report of the of the Select Committee on Public Investments and Accounts (PIC/PAC) on the Examination of the report of the Auditor-General on the Financial Statements of Ahero County Hospital, for the Financial Years 2022/2023 and 2023/2024 is open for debate.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Yes, Honourable Nyaoke.

Hon. Nyaoke (MCA, North Nyakach): Thank you Madam Speaker. I want to highlight my observation on this report as presented by my good friend, Honourable Ken Ouko, the Chairperson of this House Committee. I have looked at the report with a lot of concern and it is not wrong if I say that, Ahero County Level 4 Hospital should be declared a crime scene.

Mr. Speaker, if you look at what is taking place there as per this report, if this report is indeed informing this House what is going on there, by the end of my submission I would request that we make an amendment to have some further investigation done. If possible, invite the relevant department to come and shed more light on these matters.

Madam Speaker, the financial statement for the financial year 2022/2023, as per this report, is filled with a lot of inaccuracies. The financial statement is an Unbalanced Statement of financial position. This might be an error or might just be an intended omission to allow for some chances for the public money to be swindled.

Madam Speaker, the facility also failed to disclose critical items such as In-kind Contributions from the County Government, in the form of salaries and including Grants from development partners, that we are informed are helping that institution, pay for some fifteen Members of staff. Again, that facility has become a zone where anybody can put his finger in any money in that pot and leave with the cash that is there. Madam Speaker, in the same report, the hospital's records also revealed growing Discrepancies in Cash and Cash Equivalents reporting.

Therefore, Madam Speaker, in this report, discrepancies in Cashbook and Bank Statement are evident. Moreover, whatever is put in the Cashbook in the place is completely different from what is there, and shown in the Bank Statement. That fact is sufficient to declare that there is quite a lot of malpractice that is taking place.

Madam Speaker, I have noted also in the report that no evidence of monthly Bank Reconciliation recorded in that facility. Money just comes in and goes out at will, without any proper consideration, to financial records that are supposed to be put in place. To make matters worse, a simple statement, of M-Pesa records, cannot be disclosed that how much money is available in that particular M-Pesa number, that belongs to the facility. They did not see any reason why they should declare that, to the Auditor General and other bodies that are hitherto responsible for that.

Madam Speaker, there is also a critical issue that we observed, in the report for the Nyakach Sub-County Hospital, the items, facilities, Property, Plant and Equipment were not disclosed, the same thing is also happening in Ahero Level 4 Sub-County Hospital. This facility during its audit process failed to completely Register Assets in their financial statement despite having land, buildings, motor vehicles and equipment. If you go to Ahero Level 4 Hospital, for instance, when you make an impromptu visit, you will see quite a number of vehicles parked there, including ambulances that they did not mind putting their records in order and that is a serious flaw of the law.

Therefore, Madam Speaker, can you also imagine that in the same facility, the Members of the Board who have left office, can still walk to that facility, hold a Board meeting, leave with allowances and just disappear in thin air. Madam Speaker, mind you, they are not the current Board Members of that facility. Madam Speaker, Ahero Level 4 Hospital is one of the very serious hospitals that we have in this County. I would request that the Departmental Committee on Medical Services, Public health and Sanitation that, they should take serious action to ensure that we have things moving rightfully in that particular institution.

Madam Speaker, if you allow me, with those few remarks, I would like to make a fair application of amendment that we provide time, as per the Standing Orders that this report be restrained so that we dig deeper into this report. The glaring flaws that we are seeing here, requires that we involve the County Executive and some of them should be invited to come and shed light. I understand that some people that were involved in compilation of this report might have resigned if I am not wrong. It is my application that we have this report amended so that we have this matters ironed out before this report is approved in this House. This House Committee should be given time to dig deeper so that we salvage this place.

Madam Speaker, I would wish to call upon Honourable Onditi, to second my request to have that amendment, and have this report restrained for further inquiries to be taking place. Thank you, Madam Speaker.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Yes Honourable Onditi

(Hon. Onditi bowed)

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable members, as per the request of Honourable Nyaoke, which has been seconded by Honourable Onditi, I just want to open this matter for debate.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Yes, Honourable James Omollo.

Hon. Omollo (MCA, West Nyakach): Thank you. Madam Speaker, I think it is not in order for us to go that way. I really want to oppose. Let Honourable Nyaoke or whoever else, a Member, to add or delete whatever is in the report so that it can become part of it and when we are passing it, its inclusion is captured in that matter. Thank you, Madam Speaker.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable Nyaoke, kindly approach the chair.

(Hon. Nyaoke consults with the Speaker)

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable Onditi, kindly resume your seat. We are still debating on Honourable Nyaoke's proposal. Honourable members, I just want to inform you that Honourable Nyaoke requested that the motion on the Floor of this House be withdrawn so that they can do further investigation. That is what we are debating on. If the House agrees, you can do so and if you are objecting, still you are allowed to debate. Honourable Onditi, you seconded the matter. You are not allowed to debate.

Hon. Onditi (MCA, Ombeyi): Madam Speaker, I did not talk. I still reserved my time to make comments.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Kindly, switch off your microphone. I do agree with you. You bowed. So, you are still allowed to debate. Honourable K'Omudho give the member time to debate then you will follow.

Hon. Onditi (MCA, Ombeyi): Thank you, Madam Speaker. I am sorry. Honourable Nyaoke ambushed me. I was just walking in the House. You can imagine. Somebody from the village with a lot of village stuff in the mind. As I was walking in, the member was mentioning my name. So, I did not quite clearly understand or follow up what the discussion was all about. Actually, his point of debate. Probably that is the reason why I decided to bow. Because I could not build on that debate further. With that, Madam Speaker, I beg to withdraw my secondment of that amendment. I thank you.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): I am sorry, Honourable Onditi. The debate is already on, so you cannot withdraw. We proceed.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Yes, Honourable K'Omudho.

Hon. K'Omudho (MCA, Muhoroni-Koru): Many, many thanks Honourable Madam Speaker, and to my colleagues. I wish to contribute the matter brought forward by my colleague, Honourable Nyaoke, on the withdrawal of the report, so that fresh investigations can be done.

Honourable Madam Speaker, I believe that this House Committee did a wonderful job, and it is only fair that we get to listen to their recommendations. What do their recommendations say? They have equally spoken about the proper investigations being done at the apparent facility. You remember, Honourable Madam Speaker, together with the Honourable Members, that this is not the first kind of report that we are receiving on this kind of allegations. We call them allegations because before you prove these allegations to be true, we would be wrong to assume that they are correct. So, it is my belief that, this House Committee, in their wisdom, have equally recommended for the investigations by the relevant arms, and we should leave the report to sail through. Many, many thanks Honourable Madam Speaker.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable Members, the debate is still on, on Honourable Nyaoke's proposal.

(*Silence*)

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable members, silence implies that, there is no other member who wishes to debate on that matter. Therefore, I will call the mover to reply. Honourable Nyaoke, you can reply.

Hon. Nyaoke (MCA, North Nyakach): Thank you Madam Speaker for giving me this opportunity to reply. Madam Speaker, the sole reason, and I want to request my fellow members to go through this report. The report is extremely good; it is good to the effect that it opens a Pandora's Box that requires more investigation to be done. In fact, if we can give this House Committee ample time now to invite additional people from the County Executive, because we have looked at the perimeter of all the people concerned from that facility.

Madam Speaker, the moment that we are going to extend and to enlarge this particular enquiry to include some people from the County Executive, the, I believe that this House Committee will have done us a lot of service by ensuring that, what we are going to look at, the report that we are going to bring forth, will be somewhat, even some of them may also correct some of the information that has been given here, Madam Speaker. So, my request to apply for the withdrawal of this report, is not because the report is bad, but because the report has enlightened us. We have seen quite a number of things taking place, and therefore I just feel that if this House Committee is given more time, this report will be far much better than what has been presented here. Thank you, Madam Speaker. I beg to reply.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable members, a Motion on Withdrawal of adoption of the report of the Select Committee on Public Investments and Accounts (PIC/PAC) on the Examination of the report of the Auditor-General on the Financial Statement of Ahero County Hospital for the financial year 2022-2023 and FY 2023-2024, was proposed by Honourable Nyaoke. It was seconded by Honourable Onditi. Honourable members were accorded the opportunity to debate on it, and then the mover has also replied. Therefore, Honourable Members, I want to put a question of adoption

(*Question on proposal to withdraw motion on the Floor, put and negatived*)

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable members, the motion on the withdrawal and the adoption of the report of the Select Committee on Public Investments and Accounts (PIC/PAC) on the Examination of the report of the Auditor-General on the Financial Statement of Ahero County Hospital, for the FY 2022-2023 and FY 2023-2024, has been rejected today, Tuesday 01st July 2025 at 15.005 hours.

Therefore, Honourable members, we continue with debate on the report of the Select Committee on Public Investments and Accounts (PIC/PAC) on the Examination of the report of the Auditor-

General on the Financial Statement of Ahero County Hospital, for the FY 2022-2023 and FY 2023-2024. Thank you.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Yes, Honourable James Omollo.

Hon. Omollo (MCA, West Nyakach): Thank you, Madam Speaker. First, I want to thank the Chairperson, Select Committee on Public Investments and Accounts for bringing this nice report, which has really highlighted what is happening in Ahero County Hospital. This is one of the few facilities we have in this county, which is mandated to take charge of the health care of our electorates. Indeed, as per the report, a lot really need to take place so that some heads can roll in Ahero County Hospital.

Madam Speaker, if you look at the Audited Report, the way the officers in that facility are handling Cash and Cash Equivalents, it looks like someone is running a private hospital of his or her own. I believe that it is not in order and it cannot be business as usual. This has been recurring in the same facility. This is not the first time. This is almost the third time we are talking about this audit report from this facility, and nothing is coming out good. So, it is high time that we really stamped our authority and put people where they belong. There are people who are in charge of that hospital who are not doing justice to this county. Madam Speaker, this is a facility where they had the software which they use on day-to-day basis for management of the hospital. And these officers declined to start using it. That is for the reasons you know.

Madam Speaker, why was it even necessary to have the Health Management Information System (HMIS), installed in that hospital, and it was not being put into use until then? I believe that, this is deliberate and those involved should have action taken on them. This is a facility where expired drugs are mixed with non-expired drugs. Madam Speaker, what that means is that our people, some of them have been given or dispensed expired drugs at the Ahero County Hospital. Madam Speaker, from the audit report, the Auditors visited the facility and found expired drugs which should be marginalised or put aside somewhere else, and the current drugs which have not expired be on the shelves. Again, the Auditors found all these were on the same shelves in a Ahero County Hospital. That is a health hazard and it is my opinion that something of that kind, if there is somebody in charge to be taking records of these drugs in that facility, that is somebody who should go home even like yesterday. So, Madam Speaker, the recommendations of this report are very heavy. How I wish they are dealt with to the latter, so that even the monies which were spent on expired board members, you know, Madam Speaker, even us, by August 2027, no one of us here will be earning salary for some few days until the next election is done.

So, anybody whose mandate had been reached and had gone home, should not be called back to sit and receive allowance. These are monies we should get back as soon as possible. Whoever

authorised them should pay them back to the facility and to the County Government of Kisumu. That is something which is not really right, even unconstitutionally. So, if someone did that, they should be held accountable. I believe it is high time we took a firm stand. Madam Speaker as a House we cannot continue witnessing anomalies across many of our facilities, yet no one is ever held accountable. This trend must come to an end. As an Assembly, we must begin to assert our authority by issuing firm recommendations—something we have rarely done. This will send a clear signal that such mistakes will no longer be tolerated, and it will deter others from repeating them in mistakes in future. I beg to support. Thank you, Madam Speaker.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Yes, Honourable Vitalis.

Hon. K'Omudho (MCA, Muhoroni Koru): Thank you once again, Honourable Madam Speaker. I rise to contribute in support of the report, and to commend the Select committee on Public Investments and Accounts (PIC/PAC) for the commendable work they have consistently done across the county.

Madam Speaker, I must, however, express my growing concern. In my own ward—Muhoroni/Koru Ward—specifically at the Muhoroni Sub-County Hospital, this House Committee presented a detailed report exposing serious irregularities. Similarly, the report on Chulaimbo Sub-County Hospital, which we debated in this House, highlighted the same patterns of malpractice. This clearly indicates that these issues are not isolated—they are widespread across various Sub-County and County Hospitals.

Madam Speaker, I have listened to my colleague, the Honourable James Omollo, who chairs the Select Committee on Implementation. It is now imperative that the Select committee on Implementation takes up this matter with urgency. We need a follow-up report brought to this House to show what actions are being taken in response to the recommendations made by the Select Committee on Public Investments and Accounts.

We continuously speak of investigations and recommendations—but where are the results? What concrete outcomes are we seeing? It is only fair to the House and to the public that we are updated on the status of these recommendations, particularly those emerging from such a capable and diligent House Committee.

Therefore, Honourable Chairperson, Select Committee on Implementation, I respectfully urge you to take up this responsibility and give us a comprehensive report on the implementation progress. Once again, thank you very much, Madam Speaker.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Yes, Honourable Deputy Whip.

Deputy Majority Whip (Hon. Obonyo, MCA, South West Kisumu): Thank you, Madam Speaker, I wish to call the mover to reply.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Yes, Honourable Ouko, Chairperson, Public Investments and Accounts Committee.

Hon. Ouko (MCA, West Kisumu): Thank you Madam Speaker. Let me begin by appreciating all the Honourable members who contributed to the report, including Honourable Nyaoke, who attempted to propose amendments. Madam Speaker, the law indeed allows members to propose amendments to Committee reports through recommendations, and I thank you for allowing that space for engagement.

However, Madam Speaker, I must express concern over a very critical matter. This report before us is government business. It is unfortunate when a report brought to the House is dismissed outright instead of being enriched with constructive recommendations. I had expected that our colleague, rather than opposing the report, would have proposed recommendations to strengthen it. That would have been more helpful.

Nonetheless, Madam Speaker, the window remains open. Any Member who wishes to contribute further, as Honourable Nyaoke intended in good faith, can still bring the matter to the House through a formal statement. Once tabled as a statement, it becomes an official document of the House and can guide further action.

Madam Speaker, there is need for further investigation beyond what is already in the report. For instance, we are faced with the disturbing reality of Unclaimed Bodies lying in facilities for over two years—this despite existing Regulations on how long such bodies should be kept before disposal. Clearly, someone is failing in their duties, and this is an issue that requires urgent attention. This is why we may need to invite the Departmental Committee on Medical Services, Public Health and Sanitation to take up these matters for deeper scrutiny.

Madam Speaker, I recall that early in this session, we had a statement in the House concerning the Kisumu County Lakefront Development Corporation Project, which was highlighted by the Office of the Auditor General through the Clerk's Office. That matter is now under further assessment—something that will help both the relevant House Committee and this House investigate and better understand the situation. The same approach can be applied here.

We must also consider the broader structural problems, Madam Speaker. These facilities are expected to adhere to clear reporting formats. But we are seeing failures in compliance—accounting officers are not following procedures, and in some cases, there is no accountant in the facility at all.

Let us recall, Madam Speaker, that early in the life of this Assembly, when these House Committees were first constituted, we made strong recommendations. One of those was that each Sub-county facility should have at least one Accountant seconded to it. This was meant to support the Account Clerks who, due to capacity challenges—whether in training or experience—are often overwhelmed by the financial responsibilities placed on them.

Madam Speaker, we must follow through on these recommendations. That is the only way to ensure accountability and proper financial management in our health facilities. Madam Speaker, the situation has clearly failed to improve, and this calls for urgent intervention.

These are some of the reasons why we need a fresh statement brought to this House. This would allow the relevant department to appear before the Assembly—alongside the Departmental Committee on Finance and ICT, the Select Committee on Implementation, and possibly even the Departmental Committee on Medical Services, Public Health and Sanitation —to explain what is really going on. It is evident that there are serious lapses, and the system is being mismanaged.

Madam Speaker, we must also be fair in our assessment. It is not reasonable to blame a Medical Superintendent—who is not a trained accountant—for poor financial reporting. What outcome should we expect under such circumstances? Naturally, we end up with these kinds of results.

At the moment, the entity in question, Ahero, resembles an amorphous organization—one without a clear structure or direction. It lacks coherence, it lacks accountability, and yet, Ahero is a crucial institution for the people of Kisumu County.

While I opposed the move to reject the report outright, I believe it is equally important that a statement be brought to address this matter specifically. That way, as the House deliberates, the relevant House Committee—particularly the Departmental Committee on Medical Services, Public Health and Sanitation—can take it up and act accordingly. And should they fail to act, then, the Assembly must be prepared to take further measures.

Madam Speaker, when Ahero team previously appeared before this House, we tasked them with addressing the concerns raised, and they promised to return with an improved report. That is what we are waiting for. In the meantime, other processes must continue to hold them accountable.

Furthermore, there is now a Health Management System that all facilities are required to use. Yet, not only are accounting standards being ignored, but even basic health management protocols are not being adhered to. This is their core mandate—how can they fail on both financial and professional fronts?

Madam Speaker, this indicates a deeper problem within Ahero. Given the magnitude of these failures, we cannot stop at just adopting reports or issuing recommendations. More concrete action is needed.

Madam Speaker, I wish to echo some of the sentiments expressed by Honourable Nyaoke—I do agree with the intention to improve accountability. However, I strongly disagree with the suggestion to reject the report entirely. I thank Members of this Assembly for standing with the PIC/PAC Committee. Let me also remind Honourable Members: once a document is tabled in this House, it ceases to be the property of the originating House Committee. It becomes the property of the entire Assembly. It is, therefore, the collective responsibility of all House Committees and all Members to support, strengthen, and act on it accordingly. Thank you, Madam Speaker, for your guidance and support. I reply. Thank you.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable members, now that the motion on adoption of the report of the Select Committee on Public Investments and Accounts (PIC/PAC) on the Examination of the report of the Auditor General on the Financial Statements of Ahero County Hospital for the financial years 2022/2023 and 2023/2024 has been presented, seconded, and debated, I now want to put a question on the adoption of the same.

(Question put and agreed to)

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable members, The motion on adoption of the report of the Select Committee on Public Investments and Accounts (PIC/PAC) on the Examination of the report of the Auditor General on the Financial Statements of Ahero County Hospital for the financial years 2022/2023 and 2023/2024 has been adopted today, Tuesday, 01st July, 2025 at 15:44 hours. Consequently, I direct that the recommendation of this report and that of the House debates be forwarded to the relevant departments, and I also direct that the Select Committee on Implementation to follow up on the implementation of the same. Thank you.

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Next order!!

ADJOURNMENT

The Temporary Speaker (Hon. Caren, MCA, Kaloleni/Shaurimoyo): Honourable members, there is no any other business before to transact, the House stands adjourned until tomorrow, Wednesday, 02nd of July, 2025 at 09.00 a.m.

(House rose at 03.45 p.m.)

Addendum

The Hansard Team

Zablon Otiende – Assistant Director, Hansard Services

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Edward Odanga - Senior Hansard Reporter

Patrick Okoyo - Senior Hansard Reporter

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