

COUNTY GOVERNMENT OF KISUMU



COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – FOURTH SESSION

Tuesday, 24th June, 2025

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

[The Deputy Speaker (Hon. Nereah Okombo) in the Chair]

PRAYER

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Honourable members, in line with the provisions of Orders, No. 32 (2) of the Kisumu County Assembly Standing Orders, I direct that the quorum bell to be rung for the first five minutes.

(Quorum bell rung for the first minutes)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Honourable members, I again direct that the quorum bell be rung for further five minutes.

(Quorum bell rung for further minutes)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Kindly inform the Serjeant -at-arms that we have attain the requisite quorum to transact business. Clerk, can you please take us through the Order Paper of the day.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Next order!!

COMMUNICATION FROM THE CHAIR

MEETING OF THE SELECT COMMITTEE ON HOUSE BUSINESS

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Honourable Members, I want to inform the Members of the Select Committee on House Business to kindly remain behind after the plenary and meet in Committee Room One.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Next order!!

PAPERS LAID

REPORT BY THE DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE SERVICES ON THE PETITION FOR THE CONSIDERATION OF KISUMU COUNTY UNIVERSAL HEALTH COVERAGE INTERNS 2020-2021 HEALTHCARE WORKERS FOR EMPLOYMENT.

BY

HON. ZACHARY OKOYO, MCA, CENTRAL KISUMU.

(CHAIRPERSON, LABOUR AND SOCIAL WELFARE SERVICES COMMITTEE)

AND

REPORT BY THE DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE SERVICES ON THE MATTERS OF RECRUITMENT OF REVENUE AND ENFORCEMENT OFFICERS BY THE KISUMU COUNTY PUBLIC SERVICE BOARD AND THE BENCHMARKING EXERCISE UNDERTAKEN IN SIAYA COUNTY

BY

HON. ZACHARY OKOYO, MCA, CENTRAL KISUMU.

(CHAIRPERSON, LABOUR AND SOCIAL WELFARE SERVICES COMMITTEE)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Yes, Honourable Okoyo.

Hon. Okoyo (MCA, Central Kisumu): Thank you, Madam Speaker. Pursuant to provision of Orders No. 182 (6), of the Kisumu County Assembly Standing Orders, I wish to table today, Tuesday, 24th June 2025, report by the Departmental Committee on Labour and Social Welfare Services on the Petition for the consideration of Kisumu County Universal Health Coverage Interns 2020-2021 Healthcare Workers for Employment. Thank you, Madam Speaker.

(Hon. Okoyo tabled the report before the House for consideration)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Honourable Members, I acknowledge receipt of the report by the Departmental Committee on Labour and Social Welfare on the Petition for the consideration of Kisumu County Universal Health Coverage, (UHC) Interns 2020-2021 that has been tabled. That is healthcare workers for employment. Honourable Members, in line with this, allow me take you to a Standing Order on committal of petitions.

I want to refer you to Standing Order No. 217 (2). I read;

“Whenever a petition is committed to a Sectoral Committee, the Committee shall in not more than 60 calendar days from the time of reading the prayer, respond to the petitioner by way of a report addressed to the petitioner or petitioners and laid on the table of the County Assembly and no debate on or in relation to the report shall be allowed by the Speaker may in exceptional circumstances, allow comments or observations in relation to the petition for not more than 20 minutes.

Therefore, Honourable members, please allow me accord you the chance to make observations or comments in relation to the petition presented here for 20 minutes. Honourable members, just observations, no discussion. I therefore want to open this petition for any observations or any comments that may arrive there.

Honourable Members, it is the report on the Petition on consideration of Kisumu County Universal Health Coverage that is UHC, Interns that is 2020-2021, Healthcare Workers for employment. The Departmental Committee has presented their report, though the Standing Orders that does not give provision for debate. However, we are allowed to comment as Members.

I have opened the floor for such comments. Silence means, there are no comments on the reports as presented by the Chair Labor. Therefore, I want to direct that the office of the Clerk to communicate back to the Petitioner, in relation to the petition that they presented.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Honourable members, we still have more Papers to be laid.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Yes, Honourable Okoyo.

PAPERS LAID

REPORTS BY THE DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE SERVICES ON THE MATTER OF REVENUE AND ENFORCEMENT

OFFICERS BY KISUMU COUNTY PUBLIC SERVICE BOARD AND THE
BENCHMARKING EXERCISE UNDERTAKEN IN SIAYA COUNTY

BY

HON. ZACHARY OKOYO, MCA, CENTRAL KISUMU

Hon. Okoyo (MCA, Central Kisumu): Thank you, Madam Speaker. THAT, pursuant to the provisions of Orders No 182(6) of the Kisumu County Assembly Standing Order. I wish to table today, Tuesday 24th, June 2025, reports by the Departmental Committee on Labour and Social Welfare Services Committee on;

- a) The matter of Recruitment of Revenue and Enforcement Officers by the Kisumu County Public Service Board.
- b) The Benchmarking Exercise undertaken in Siaya County.

Thank you, Madam Speaker.

(Hon. Okoyo again tables the report before the House for consideration)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Honourable members, I confirm receipts of a report by the Departmental Committee on Labour and Social Welfare on the following;

- a) The matter of Recruitment of Revenue and Enforcement Officers by the Kisumu County Public Service Board, and
- b) Report on the Benchmarking Exercise undertaken by the same House Committee in Siaya County.

I want to commit the two reports to the Select Committee on House Business, for scheduling for debate.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Honourable members, are there any more Papers?

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Next order.

NOTICES OF MOTION

The Deputy Speaker (Hon. Okombo, Manyatta B): Honourable Okoyo, I thought you had a Notice to give.

Hon. Okoyo (MCA, Central Kisumu): Thank you, Madam Speaker. I have reports by the Departmental Committee on Labour and Social Welfare Services. I rise pursuant to the provisions of Standing Orders No 45(1) of the Kisumu County Assembly. THAT, this House adopts the report by the Departmental Committee on Labour and Social Welfare Services on the following report;

- a) The matter of Recruitment of Revenue and Enforcement Officers, by the Kisumu County Public Service Board. Thank you, Madam Speaker.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Honourable members, according to our custom. We were expecting a Statement from the Leader of the Majority, on the Businesses coming before the County Assembly, for the week commencing Wednesday, 25th June. However, I cannot see the Leader of the Majority in the House, but I can see the Chairperson, Departmental Committee on Finance and ICT occupying the seat of the Leader of Majority. Honourable member, do you have a message from the Leader of Majority?

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Yes, Honourable Carren.

Hon. Carren (MCA, Kaloleni/Shaurimoyo): Thank you, Madam Speaker, for the opportunity. I want to inform this Honourable House that the Leader of Majority Leader, Honourable Ken Ooko, was supposed to present the Statement today, however unfortunately, due to unavoidable circumstances, which could not be controlled, he could not do so and the Statement will be presented tomorrow morning. Thank you. Madam Speaker.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Thank you, Honourable Carren. Honourable Members, it is Statement hour. Silence means none.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Next order!!

MOTION

ADOPTION OF THE REPORT OF THE PUBLIC INVESTMENTS AND ACCOUNTS ON
THE EXAMINATION OF THE REPORT OF THE AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF MIGOSI SUB-COUNTY HOSPITAL FOR THE
FINANCIAL YEAR 2024-2025

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Yes, Honourable Kennedy Ouko.

Hon. Ouko Kennedy (MCA, West Kisumu): Thank you, Madam Speaker. Allow me to correct the clerk; it is Migosi Sub-county Hospital and not Migori Sub-county Hospital.

Madam Speaker, Honourable members, on behalf of the Public Accounts and Investments Committee (PICPAC), and Pursuant to Kisumu County Assembly Standing Orders 188, I wish to present to this House the report of the Committee on the audited financial statements of Migosi Sub-County Hospital for the financial year 2023/2024.

Migosi Sub-County Hospital is one of the sub-County Hospitals in Kisumu County.

As such, it is one of the authorities/entities subject to audit by the Office of the Auditor-General, in line with Article 229(4) of the Constitution of Kenya, 2010.

Madam Speaker, Honourable members, the Public Accounts and Investments Committee is the watchdog committee that examines Auditor General’s reports laid before this House to ensure probity, efficiency, and effectiveness in the use of public resources. The Committee is established pursuant to Standing Orders 188 to examine the accounts showing appropriations of sums voted by this House to meet public expenditure and of such other accounts laid before the House as the committee may think fit. This ensures implementation of Article 229(8) of the Constitution of Kenya, 2010 on reports submitted to this House by the Auditor General.

Madam Speaker, Honourable members, the Committee held three sittings during which it received both written and oral evidence from the Accounting Officer on audit queries raised by the Auditor-General on the financial statements of Migosi Sub-County Hospital for the financial year 2023/2024.

Madam Speaker, Honourable members, the Committee in its scrutiny of the report of the Auditor General, noted that the opinion of the Auditor General on the financial statements of Migosi Sub-County Hospital FY 2023/2024 was a Disclaimer of opinion, implying that the Auditor General was unable to obtain sufficient appropriate audit evidence on which she could base her opinion.

Madam Speaker, Honourable members, the Auditor General raised a number of paragraphs (audit queries) revolving around inaccuracies in the financial statements, Cash and Cash Equivalents, Unsupported Comparative Revaluation Balance, Misclassification of Medical Contracts Gains/Losses, Property Plant and Equipment-Asset Management, Unsupported Revenue from Rendering of Medical Services, Unresolved Prior Year Matters, Deficiency in Implementation of UHC and failure to Establish an Audit Committee and Operationalize Internal Audit Function.

Madam Speaker, Honourable members, the Committee observed that the majority of the issues raised by the Auditor General arose as a result of lack of a qualified Accountant and Procurement Officer at the facility. The lack of these key personnel significantly undermined compliance with financial management and procurement regulations, leading to documentation gaps and weak internal controls.

Madam Speaker, Honourable members, the Committee has therefore recommended that these Officers be seconded to the facility to assist in the financial operations of the facility.

While most of these issues had been resolved as at the time of committee deliberations, key issues such as lack of title deed, deficiency in implementation of UHC and failure to have arrangements for internal audit were still outstanding.

Madam Speaker, Honourable members, on the matter of title deed which this Hon. House has made several resolutions on in the past, the committee recommends that this House summon the County Executive Committee member, Lands, Physical Planning Housing and Urban Development to provide a comprehensive status report on the progress made in acquiring title deeds and other land ownership documents for all public health facilities that lack the same.

Madam Speaker, Honourable members, on the matter of failure to meet several key specifications outlined in the Kenya Quality Model for Health policy guidelines, the committee has recommended that 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.

Madam Speaker, Honourable members, on the matter of failure to establish an Audit Committee contrary to Section 155 (5) of the Public Finance Management Act, 2012 and failure to establish an independent internal audit function contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function, the committee has recommended for adherence with the law.

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

Honourable Speaker, on behalf of the Public Accounts and Investments Committee, I now wish to table the report on the consideration of the Auditor General's report on the Financial Statements of Migosi Sub County Hospital for the year ended 30, June 2024 and urge this House to adopt it.

Establishment and Mandate of the Public Accounts and Investments Committee.

Madam Speaker, Honourable members, 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 February 2025

Name	Position
Members	
1. Hon. Ken Ouko	Chairperson
2. Hon. Tom Onditi	Vice Chairperson
3. Hon. Mickey Ochieng	Member
4. Hon. Habil Nyasuna	Member
5. Hon. Nancy Matara	Member
6. Hon. Rueben Rakwach	Member
7. Hon. James Were	Member
8. Hon. James Omollo	Member
Secretariat	
1. Austine Ochieng'	Committee Clerk
2. Chrispine Oguta	Clerk Assistant
3. Patrick Okoyo	Hansard Officer
4. Faith Judith	Serjeant-at-arms
5. Wycliffe Owade	Researcher
6. CPA Naboth Odero	Internal Auditor
7. CPA Mollen Achayo	Accountant
8. CPA Charles Ageng'o	Internal Auditor

Legal Framework & Guiding Principles - Legal Framework

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

1. Constitution of Kenya 2010: Article 229 (4) of the Constitution of Kenya, 2010 requires the Auditor General, within a period of six months after the end of each financial year, to audit and report, in respect of that financial year, on;
 - i. The accounts of the National and County governments,
 - ii. The accounts of all funds and authorities of the National and County governments,
 - iii. Accounts of all courts,
 - iv. The accounts of every commission and independent office established by this constitution,
 - v. The accounts of National Assembly, the Senate and the county assemblies,
 - vi. The accounts of the political parties funded from the public funds,
 - vii. The public debt and
 - viii. The accounts of any other entity that legislation requires the Auditor General to Audit

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

1. Direct Personal Liability: Article 226(5) of the Constitution is unequivocal that, if the holder of a Public Office or a political office, directs or approves the use of Public Funds contrary to the law or instruction, the person is liable for any loss arising from that use and shall make good, the loss, whether the person remains the office holder or not.
2. Public Audit Act 2015; Section 7 mandates the Auditor General to: (i) Give assurance on the effectiveness of internal controls, risk management and overall governance at National and County 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
3. Section 203(1) of the Public Finance Management Act, 2012 enacts that; a public officer is personally liable for any loss sustained by a County Government and is attributed to; (i) The fraudulent or corrupt conduct, or negligence of the officer or, (ii) The officer’s having done any act prohibited by Sections 196, 197, and 198
4. Public Finance Management Act, 2012: Section 149 (1) of the Public Finance Management Act, 2012 which states that “*An accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is*

designated are used in a way that is –

- a) Lawful and authorized; and*
- b) Effective, efficient, economical, and transparent”*

Guiding Principles

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

These principles include the following;

Constitutional Principles on Public Finance: Article 2010 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.

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

REPORT OF THE AUDITOR GENERAL ON THE FINANACIAL STATEMENTS OF MIGOSI SUB COUNTY HOSPITAL FY 2023/2024

Madam Speaker, Honourable members, the Medical Superintendent, Dr. Everlyne Metobwa appeared before the Committee on 4th April 2025 to adduce evidence on the Audited Financial Statements of the Migosi Sub County Hospital for the year ended 30th June 2024.

Ms. Margaret Onyatta, a Principal Auditor, Kisumu Regional Office represented the Office of the Auditor General.

BASIS OF DISCLAIMER OPINION

3.1 Inaccuracies in the Financial Statement

Review of the annual report and financial statements submitted revealed several inaccuracies:

- i. The face of the financial statement does not show category or level of the hospital as required by the template;

- ii. The statement of cash flows reflects the various component balances that could not be traced in the statement of financial performance and Notes to the financial statements as tabulated below;

Component	Amount (Kshs.)
Medical service income	4,057,015
Medical/clinic cost	1,262,250
Board of Management Expenses	61,000
Repairs and maintenance	159,250
General expenses	1,503,000

- iii. The statement of cash flows reflects an amount of Kshs. 1,074,781 in respect of cash and cash equivalents. However, a re-computation of the balance shows a balance of Kshs. 1,443,058 resulting to unreconciled variance of Kshs. 368,277.
- iv. The statement of comparison of budget and actual amounts shows a figure of Kshs. 5,815,986 in respect of actual medical service income but the statement of financial performance reflects a figure of Kshs. 3,247,356 resulting to unreconciled of Kshs. 2,568,630.
- v. The statement of comparison of budget and actual amounts reflect a deficit of Kshs. 878,955. However, the statement of financial performance shows a deficit of Kshs. 5,539,257 resulting to a variance of Kshs. 4,660,302.
- vi. Note 8 to the financial statements reflect an amount of Kshs. 2,099,322 in respect to general expenses. However, the recomputed figure shows a figure of Kshs. 2,093,042
- vii. Note 13 to the financial statements reflect an amount of Kshs. 5678,340 in respect to inventory. However, the recomputed figure reflects Kshs. 467,340 resulting to unreconciled variance of Kshs. 100,000.
- viii. The Notes to the financial statements do not disclose the rate used to depreciate and amortize assets.
- ix. The statement of financial performance reflects a balance of Kshs. 2,568,630 in respect of medical services contract gains. However, this figure is supported and overstates surplus/deficit figure for the year;
- x. The hospital did not indicate the progress of the prior year audit report
- xi. The Hospital did not provide an approved trial balance to support the financial statement balances.

Madam Speaker, Honourable members, in the circumstances, the completeness and accuracy of the disclosed financial statements could not be confirmed

Management Response

THAT, financial statements yet to be revised.

Committee Observation

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

Committee Recommendations

1. THAT, in future, the Management must adhere to the requirements of Section 164(1) of the Public Finance Management Act 2012.
2. THAT, the matter is resolved

3.2 Cash and Cash Equivalents

The statement of financial position reflects a balance of Ksh. 1,074,781 in respect of cash and cash equivalent and a disclosure under Note 11 of the financial statements. However, a review of the cash and bank records together with the supporting documents revealed that, the closing balances of the hospital bank account maintained at the Co-operative Bank reflects a cash book balance of Kshs 1,097,494 while the financial statements show a balance of Kshs 1,074,7814 resulting to unreconciled variance of Kshs 22,713.

Further, the certificate of bank balance on the on the same account reflects Kshs.1,048,560 while the while the board of survey and the bank reconciliation statement reflect a bank balance of Kshs.1,074,781 resulting to unreconciled variance of Kshs.26,22.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,074,781 could not be confirmed.

Management Response

Madam Speaker, Honourable members, the management takes note of the audit findings and wishes to state as follows; that the management sought the attention of the bank on the matter and the bank admitted to have made an error while writing the statement of certificate of bank balance. That the manager who wrote the certificate, indicated the bank balance as at the date the request for certificate was made (on 02/12/2024) and not as at 30th June, 2024. As at 30th June, 2024, the bank statement shows a balance of Ksh. 1,074,781. The variance figure of Ksh. 22,713, relates to daily subsistence allowance payment of Ksh. 20,000 which had been reconciled in the bank reconciliation statement for the month of June, 2024 and bank charges amounting to Ksh. 2,713 as indicated on note 9. Payment voucher for the daily subsistence allowance of Ksh. 20,000 was provided during the audit exercise. Bank response letter, bank reconciliation statement and note 9 is attached under appendix 2(a), 2(b) and 2(c) respectively.

Committee Observation

THAT, as at the time of committee deliberations, the Management had provided support to reconcile the variance

Committee Recommendations

THAT, the matter is resolved.

3.3. Unsupported Comparative Revaluation Balance

The statement of financial position reflects a comparative balance of Kshs.48,311,170 for revaluation reserve. However, the audited financial statements for 2022/2023 reflect a balance of Kshs. 45,024,402 resulting to unreconciled and unexplained variance of Kshs3.286,768.

Further, the statement of changes in the Net Assets reflects re-valuation reserve – opening balance of Kshs 47,687,668, while the closing balance of Kshs 48,311,170 leading to unexplained variance of Kshs 623,502.00.

Management Response

THAT, the observed variances are as result of depreciation charges and new acquisition (through donations and transfers) on PPEs and that the hospital is working on the process of valuing its assets. As per the international Accounting Standards 16 principles, revaluation, depreciation and impairment losses has an effect on the value of PPEs

Committee Observation

THAT, at the time of committee deliberations, the Management explained that the observed variances were as a result of depreciation charges and new acquisition (through donations and transfers) on PPEs and that the hospital was working on the process of valuing its assets as per the international Accounting Standards 16.

Committee Recommendations

The matter is resolved.

3.4 Misclassification of Medical Contracts Gains/Losses

The statement of financial performance reflects an amount of Kshs. 2,568,630 in respect of medical services contracts gains/losses and as disclosed under Note 10 to the financial statements. However, review of the ledger revealed that the items were actually receivables from NHIF and MARWA and not medical contracts gains as indicated in the statement of financial performance.

Management Response

Madam Speaker, Honourable members, the management takes note of the audit findings and wishes to state as follows; that the figure of Ksh. 2,568,630 is not receivables rather are revenue collection on the accrual basis. The revenue reporting format on statement of financial is divided into two; cash collection under note 2 and all other claims to NHIF, MARWA, TIKO and OLPS under note 10. The figure relates to submitted NHIF claims of Ksh. 2,410,200 MARWA submitted claims of Ksh. 119,680, OLPS submitted claims of Ksh. 18,850 and TIKO submitted claims of Ksh. 19,900. The total amount under receivables is indicated under note 12. Note 10 and 12 is attached under appendix 4.

Committee Observation

Madam Speaker, Honourable members, the statement of financial performance reflected an amount of Kshs. 2,568,630 in respect of medical services contracts gains/losses. However, review of the ledger revealed that the items were actually receivables from NHIF and MARWA and not medical contracts gains.

Committee Recommendation

THAT, the matter is resolved.

3.5 Property Plant and Equipment-Asset Management

Review of asset register revealed the following weaknesses:

- i. The value of land of Kshs. 15,800,000 was not incorporated in the land register.
- ii. The Asset Register indicates the size of land occupied by the Hospital as approximately 1.4 hectares against 5 hectares required for Level IV Hospitals
- iii. The facility did not have a title deed for land occupied by the hospital that is approximately 1.4 Ha.
- iv. The significant accounting policies did not have detailed policy on depreciation and rates applied.
- v. The value of the Plant and medical equipment of Kshs. 9,803,972 was not incorporated in the plant and machinery register provided for audit.

Management Response

Madam Speaker, Honourable members, the management takes note of the audit findings and wishes to state as follows; that value of land of Ksh. 15,800,000 was incorporated in the land register and was indicated under the column of acquisition amount as 15.8 million and was availed during the audit exercise. The size of the land has not been ascertained as documents of title deed are not available, however, the land is estimated in the asset register at appropriately 1.4hectares. Land as an asset has the tendency of appreciating in value, hence cannot be depreciated. The value of plant and medical equipment of Ksh. 9,803,972 has been incorporated into the asset register accordingly. Depreciation rates have been indicated on depreciation policy to the financial statement. The management has since written a letter to the department of lands requesting for the land documentation processing. A copy of the letter is attached under appendix 5

Committee Observations

1. THAT, a review of property, plant and equipment by the Auditor revealed several weaknesses
2. THAT, the value of land of Ksh. 15,800,000 was incorporated in the land register and was indicated under the column of acquisition amount as 15.8 million
3. THAT, at the time of committee deliberations, the value of plant and medical equipment of Ksh. 9,803,972 had been incorporated into the asset register.
4. THAT, at the time of committee deliberations, the management had written a letter to the department of lands requesting for the land documentation processing.

Committee Recommendations

1. THAT, this House summons the County Executive Committee Member for Lands, Physical Planning, Housing, and Urban Development to appear before it and provide a comprehensive status report on the progress made in acquiring title deeds and other land ownership documents for all public health facilities that lack the same.
2. THAT, the matter is unresolved.

3.6 Unsupported Revenue from Rendering of Medical Services

The statement of financial performance reflects and an amount of Kshs. 3,247,357 in respect of rendering services- medical service income and as disclosed in Note 2 of the financial statements. However, review of support summary for sampled receipts in the month of June, 2024 revealed a total revenue collection of Kshs. 314,090 against a ledger amount Kshs. 323,801 resulting to unexplained variance of Kshs. 9,711 that was not supported by receipt issued for the service. Management explained that the variance relates to revenue from parking- a service the hospital offers to members of the public who wish to park their vehicles with the facility and that the parking fees were paid directly to the hospital pay bill account number just as other services. However, it was not clearly explained why the revenue from parking fees could not be reported

on the ledgers independently. Further, the summary revenue receipts for the months of July, 2023 to May, 2024 were not provided for review.

In circumstances, the accuracy and completeness of rendering of services- medical service income amount of Kshs. 3,247,356 could not be confirmed

Management Response

Madam Speaker, Honourable members, the management takes note of the audit findings and wishes to state as follows; that the parking fees started towards the end of quarter four of FY2023/2024, that is, in the month of June, 2024 as was passed in the health management meeting during the month of June, 2024 minutes attached under appendix 6. (a). The figure of Ksh. 9,711 for parking was paid directly to the facility pay-bill and has been incorporated in the figure of Ksh. 323,801 as indicated in note 2. The summary of revenue from July 2023 to June, 2024 has been provided under note 2 to financial statement. Appendix 6. (b).

Committee Observations

1. THAT, review of support summary for sampled receipts in the month of June, 2024 revealed a total revenue collection of Kshs. 314,090 against a ledger amount Kshs. 323,801 resulting to unexplained variance of Kshs. 9,711 that was not supported by receipt issued for the service.
2. THAT, at the time of committee deliberations, the Management explained that the variance related to revenue from parking- a service the hospital offered to members of the public who wished to park their vehicles with the facility and that the parking fees were paid directly to the hospital pay bill account number just as other services.

Committee Recommendation

THAT, the matter is resolved

3.7 Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, Management had not resolved the issues as at 30 June, 2024.

Management Response

Madam Speaker, Honourable members, the management takes note of the audit findings and wishes to state as follows; that prior year financial statements report was addressed adequately and most of the audit queries raised were resolved through a response both to the auditor general and the county assembly. That only matter that are beyond the hospital management are yet to be resolved like the issue of title deed for the hospital land which is still being worked on. On the

issue of effectiveness of internal controls, risk management and governance, the hospital established an audit committee and a risk management policy document which was availed during the audit for the period 2023/2024.

Committee Observation

That several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, Management had not resolved the issues as at 30 June, 2024.

Committee Recommendations

1. THAT, within 60 days of adoption of this report, the Accounting Officer submits the status of implementation of prior year resolutions to both the Office of the Auditor General and the County Assembly.
2. THAT, the matter is unresolved

3.8 Deficiency in Implementation of UHC

Madam Speaker, Honourable members, a review of the hospital records and interviews on verification of services offered, equipment used and medical specialists in the hospital at the time of audit revealed that the hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by eighty-four (84) staff requirements or 83% of the authorized establishment.

Staff Requirements	Level 4 Std	No. in Hospital	Variance	Percentage %
Medical Officers	16	0	16	100
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	50
Kenya Registered Community Health Nurses	75	16	59	79
Total	101	17	84	83

Madam Speaker, Honourable members, in addition, the hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below:

Service	Level 4 Hosp.	Actuals in the	Variance	Percentage
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	Std	Hospital		%
Beds	150	29	121	81
Resuscitaire (2 in labor & 1 in Theatre)	2	2	0	0
New Born Unit Incubators	5	0	5	100
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two functional operational theatres- Maternity & General	2	0	2	100

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.

Management Response

The management takes note of the audit findings and wishes to state as follows; the management will seek guidance through County Executive Member of Health on the way forward on this matter.

Committee Observation

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

Committee Recommendations

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 unresolved

3.9 Failure to Establish an Audit Committee and Operationalize Internal Audit Function

During the year under review, the facility's board failed to establish an Audit Committee contrary to Section 155 (5) of the Public Finance Management Act, 2012. Further, the Management had not established an independent internal audit function contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function. As such, the facility did not benefit from the assurance and advisory services from the internal audit function.

Management Response

THAT, the board of management established an audit committee comprising board members and part of the hospital health management team. The internal audit function is established at the county level. A copy of Audit Committee Appointment Letter is attached under appendix 9.

Committee Observation

THAT, contrary to Section 155(1)(a) of the Public Finance Management Act, 2012, which requires a county government entity to establish appropriate arrangements for conducting internal audits in accordance with guidelines issued by the Accounting Standards Board, and Section 155(5) of the same Act, which mandates the establishment of an audit committee, the hospital management had not established an audit committee or an internal audit function.

Committee Recommendations

1. THAT, going forward, the Management must ensure compliance with Section 155 (1) (a) and 155 (5) of the Public Finance Management Act, 2012
2. THAT, the matter is unresolved.

Conclusion

Madam Speaker, I hereby request that this House adopts this report of the Public Accounts and Investments Committee on the consideration of the Auditor General's Report on the Financial Statements of the Migosi Sub County Hospital for the financial years 2023/2024. May I call upon Honourable Reuben Rakwach to second. Thank you, Madam Speaker.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Honourable Rakwach

Hon. Rakwach (MCA, Kolwa East): Thank you Madam Speaker, I rise to second the report by the Select Committee on Public Investments and Accounts (PIC/PAC) which has just been read by the able Chairperson.

Madam Speaker, Honourable members, I would also wish to state here that our entities should start taking their work very seriously because when the Chairperson was taking us through the report, we realized that the entity received a Disclaimer Report. This implies that, there are some key records that were not provided at the time of the audit and if you go to Public Audit Act 62(2), it is clearly spelt out there that' failure to adduce these documents there is an action which should be taken. It is high time we took action or the relevant authority takes action against these public entities so that we realize the prudent use of money.

Madam Speaker, even establishing an Internal Audit Committee, this is a committee being established by the same management in the same entity. It is an entity which has the staff who have the capacity to sit in that committee. You realize that the same has been reported here to be lacking. What are they up to and what are they planning in their entity? They are planning to misuse funds and that is why the Internal Audit Committee cannot be established since it is established by the same people for the same people. Madam Speaker, it is high time we took stringent measures against these officers who are managing this entity. Otherwise I second, thank you.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Thank you Honourable Rakwach. It is not Honourable Chairperson though, it is Honourable Madam Speaker. Thank you. Honourable members, the Chairperson, Select Committee on Public Investments and Accounts, Honourable Kennedy Ouko has fluently and efficiently moved his Motion on the financial statements of Migosi Sub-county Hospital for the Financial Year 2023/2024. This motion was seconded by Honourable Rakwach. Honourable members, this Motion is now open for debate.

Honourable members, before you proceed, from the report presented, it has been noted that the Auditor's Opinion issued was a Disclaimer, and Honourable Rakwach has clearly articulated what a disclaimer entails. I now invite Honourable Members to engage in this discussion.

Let us also reflect on this: earlier today during the *Kamukunji*, several Members raised valid concerns about the state of affairs in various sectors. The Select Committee on Public Investments and Accounts has echoed some of these issues in its report—issues that deserve your serious attention as Members of this House. Remaining silent in the face of such matters may be interpreted as indifference.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta "B"): Yes, Honourable Alandoh, you have the floor.

Hon. Alandoh (Nominated Member): Thank you, Madam Speaker, I wish to call the mover to reply.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Honourable Members, before I call the Mover to reply, allow me just to state that, we should be preachers of wine and takers of wine at the same time. Honourable Ouko, you have been called upon to reply.

Hon. Ouko (MCA, West Kisumu): Thank you, Madam Speaker. I take note of matters of internal control. I know all the organisations are required to have Internal Control Mechanisms put in place and this is a very easy.

Madam Speaker, as I proceed. This is a very critical committee—whether in a government-run institution or a private entity. The role it plays cannot be overstated. Madam Speaker, imagine an institution operating without a proper internal control system. In such a scenario, anyone from any department could act unilaterally, possibly worsening issues or creating new ones.

Unfortunately, Madam Speaker, the facility in question—Migosi Sub-County Hospital—lacks such systems. I must correct myself for the record; I earlier referred to it as Lumumba, but I meant Migosi Sub-County Hospital.

Madam Speaker, this facility does not have Qualified Accountants, yet it is a procuring entity that requires a competent Procurement Officer, a Supply Chain Manager, and an Accountant. It is quite disappointing that such essential personnel are missing.

Madam Speaker, without these key officers in place, how do we expect their financial statements to be accurate or reliable? Naturally, the Audit Opinion ends up being a Disclaimer, because most of the staff—including doctors and health administrators—are not trained in financial management or accounting. That is why this House Committee strongly recommended that qualified personnel be seconded to this facility.

It is unacceptable that a sub-county hospital is operating with only a Clerk and no Accountant or Supply Chain Officer. Madam Speaker, we have repeatedly drawn attention to these concerns raised by the Auditor General. We expect action to follow.

Regrettably, once our reports are adopted, our mandate ends there. There is need for follow-up.

Therefore, Madam Speaker, I urge the relevant Departmental Committees—particularly the Departmental Committee on Medical Services and Public Health and Sanitation and the Select Committee on Implementation, to take up these matters and ensure our recommendations are acted upon. We look forward to receiving progress reports on these actions in this House. Thank you, Madam Speaker. I beg to reply.

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Thank you, Honourable Ouko. Although there were no contributions requiring a formal reply, it is understood that when called

upon to reply, one is expected to address the comments, observations, or proposed amendments raised by Members during debate. In this case, Honourable Members felt the report was comprehensive and required no further input—hence; your response serves more as commentary and reflection on your own report. Thank you once again, Honourable Ouko, for those remarks.

Honourable members, the Motion for the adoption of the report by the Select committee on Public Investments and Accounts (PIC/PAC) on the Examination of the Auditor General's Report on the Financial Statements of Migosi Sub-County Hospital for the Financial Year 2023/2024, having been duly moved, seconded, and replied to, I now proceed to put the question for its adoption.

(Question put and agreed to)

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Honourable members, the Motion on the Report of the adoption of the Examination of the Report of the Auditor General on the Financial Statements of Migosi Sub-County Hospital for the Financial Year 2023/2024, stands adopted today, Tuesday 24th June, 2025 at 15:11 hours. Honourable members, I direct that the report, together with the Hansard report, be forwarded to the relevant authorities for any necessary action. Therefore, next order!!

ADJOURNMENT

The Deputy Speaker (Hon. Okombo, MCA, Manyatta “B”): Honourable Members, Members of the Select Committee on Appointment are requested to meet tomorrow, Wednesday, 25th June, 2025, after the afternoon session, in Committee Room One. Honourable members, there being no any other business to transact, the House stands adjourned until tomorrow, Wednesday, 25th June, 2025, at 09:00 a.m.

(House arose at 15:13 hours)

Addendum

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