

COUNTY GOVERNMENT OF KISUMU



COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

THIRD ASSEMBLY – FOURTH SESSION

Wednesday, 25th June 2025.

House met in the Main Chamber at 09:00 a.m.

(The Temporary Speaker (Hon. Seth Okumu) in the Chair)

PRAYERS

The Temporary Speaker (Hon. Okumu, East Seme): Honourable members, pursuant to the provisions of Orders No. 32 (2) of the Kisumu County Assembly Standing Orders, I direct that the quorum bell be rung for the first five minutes.

(Quorum bell rung for the five minutes.)

The Temporary Speaker (Hon. Okumu, East Seme): The Honourable Deputy Leader of Majority, please confirm if we have the requisite quorum to transact business.

The Deputy Leader of Majority (Hon. Owade, MCA, South East Nyakach): Thank you, Mr. Speaker, we have quorum. We can proceed.

The Temporary Speaker (Hon. Okumu, East Seme): Mr. Clerk, please take us through the orders of today?

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

STATEMENTS

STATEMENT INFORMING THE ASSEMBLY OF BUSINESSES COMING BEFORE THE HOUSE ON WEEK COMMENCING WEDNESDAY, 25TH JUNE, 2025.

BY

HONOURABLE LUMUMBA OWADE, MCA, SOUTH EAST NYAKACH

(DEPUTY LEADER OF MAJORITY)

The Temporary Speaker (Hon. Okumu, East Seme): What is it Honourable Deputy Majority Leader?

The Deputy Leader of Majority (Hon. Owade, MCA, South East Nyakach): Thank you Honourable Speaker. I rise pursuant to Order No. 41 (2) (c) of the Kisumu County Assembly Standing Orders which mandates me, as the County Assembly Majority Leader, 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 on the County Assembly that the week commencing on Wednesday, 25th June, 2025, to Tuesday, 03rd July, 2025, the Select Committee on Assembly House Business at its last meeting approved the following tentative businesses to appear in the order papers as follows.

Wednesday, 25th June, 2025, at 9:00 a.m.

SUBSTANTIVE BUSINESS

The Chairperson of the Select Committee on Public Investments and Accounts, Honourable Kennedy Ouko, will move a Motion for the adoption of report on the Examination of the Report of the Auditor's General on the Financial Statement of Nyakach Sub-County Hospital, Financial Year 2022-2025 and 2023-2024.

Wednesday, 25th June, 2025, at 02.30 p.m.

PAPER TO BE LAID

The Chairperson, Select Committee on County Budget and Appropriation will table the Report on consideration of Estimates of Revenue and Expenditure for Financial Year 2025-2026 and the Medium Term.

NOTICES OF MOTION.

1. The Chairperson, Select Committee on County Budget and Appropriation will give a Notice for adoption of the Report on consideration of the Estimates and Revenue Expenditure for Financial Year 2025-2026 and the Medium Term.
2. Nominated MCA, Honourable Nancy Matara, will give a Notice for the approval of the Call to Action on National Government Commitment to Development Projects in Kisumu County.
3. MCA for Manyatta “B” Ward, Honourable Nereah Okombo, will give a Notice for the approval of the call for Installation of Surveillance Cameras to Enhance Security within County facilities, streets, and roads.

STATEMENTS.

1. The MCA for Nyalenda “B” Ward, Honourable James Were, will seek a Statement on the matter of Operationalization of Kisumu County Trade Fund.
2. Nominated MCA, Honourable Nancy Matara, will seek a Statement regarding Unfair Trade Practices, Exploitative Lending, and Alleged Sexual abuse In the Markets.
3. The MCA for Chemelil Tamu Ward, Honourable Fredrick Odari, will seek statement on;
 - a. Alleged severe Labour Violations, Corruption, and Exploitation of KEDA Ceramics, Miwani Plant in Kisumu County.
 - b. Alleged Environmental Pollution of Oroba River and Nyakoko Stream by KEDA Ceramics in Muhoroni Sub-County.

SUBSTANTIVE BUSINESS

The Chairperson, Departmental Committee on Committee on Labour and Social Welfare Services, Honourable Zachary Okoyo, will move a Motion of adoption of the Report on the Recruitment of Revenue and Enforcement Officers by the Kisumu County Public Service Board.

Monday, 30th June, 2025

SUBSTANTIVE BUSINESS

Mr. Speaker, the County Assembly is intending to hold a Special Sitting to consider the following;

1. Report of the Select Committee on County Budget and Appropriation on its considerations of Estimates of Revenue and Expenditure for Financial Year 2025-2026, and the Medium Term.
2. The Kisumu County Appropriation Bill (Kisumu County Bill No. 2) of 2025.

Honourable Members, please make yourself available for these important deliberations.

Tuesday, 01st of July, 2025, at 02.30 p.m.

STATEMENT

The Leader of Majority will issue a Statement Pursuant to Order No. 41(2) of (c). of the Kisumu County Assembly Standing Orders on businesses coming before the County Assembly for the week commencing Wednesday, 2nd July, 2025.

SUBSTANTIVE BUSINESS

Finally, Mr. Speaker, The Chairperson, Select Committee on Public Investments and Accounts Honourable Kennedy Ouko, will move a Motion for the adoption of the Report on the Examination of the Report of the Auditor General on the Financial Statements of Ahero County Hospital for Financial Year 2022-2023, and 2023-2024. Thank you, Mr. Speaker.

The Temporary Speaker (Hon. Okumu, East Seme): Next order, Mr. Clerk.

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 NYAKACH SUB-COUNTY HOSPITAL FOR THE
FINANCIAL YEAR 2022-2023 AND THE FINANCIAL YEAR 2023-2024

BY

HON. KENNEDY OUKO, MCA, WEST KISUMU

(CHAIRPERSON, PUBLIC INVESTMENTS AND ACCOUNTS COMMITTEE)

The Temporary Speaker (Hon. Okumu East Seme): Yes, Hon. Ouko.

Hon. Ouko (MCA, West Kisumu): Thank you Mr. Speaker, on behalf of the Public Accounts and Investments Committee (PICPAC), and Pursuant to Kisumu County Assembly Standing Orders 188, I wish to present to this House the report of the Committee on the audited financial statements of Nyakach Sub-County Hospital for the financial year 2022/2023 and 2023/2024. Nyakach 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.

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.

Mr. 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 Nyakach Sub-County Hospital for the financial year 2022/2023 and 2023/2024.

In the financial year 2022/2023, the audit issues revolved around; inaccuracies in the financial statements, variance between Financial Statements and Supporting Schedules, unbalanced Statement of Financial Position, Non-Disclosure of property, Plant and Equipment, Unconfirmed Intangible Assets Balance, Non-compliance with the financial reporting framework Template, failure to remit statutory deductions, Incomplete Projects, deficiencies in Implementation of Universal Health Coverage, weak controls in inventory management and incomplete asset register

In light of the audit issues raised in the financial year 2022/2023, the committee has recommended; that the Accounting Officer institute stringent internal control mechanisms to ensure accuracy and consistency between financial statements and supporting schedules, immediate steps should be taken to disclose all existing property, plant, and equipment in line with IPSAS 17, supported by valid ownership documents.

Moreover, the management should ensure full compliance with the financial reporting format prescribed by the Public Sector Accounting Standards Board, and the County Executive Committee member, Health should initiate a capacity building on financial reporting for the personnel in the health facilities.

Additionally, the Accounting Officer should prioritize the remittance of all statutory deductions, including timely resolution of any existing backlogs, to avoid penalties.

Mr. Speaker, Honourable members to address UHC implementation gaps, the County Government should progressively deploy medical staff and invest in essential equipment in line with the Kenya Quality Model for Health. Further, inventory controls should be strengthened through automation, staff training, and regular stock takes, while the asset register must be updated to capture all assets, tagged appropriately, and maintained in a format that supports future audits and asset tracking.

In the FY 2023/2024, the Auditor General raised matters on; employee costs, property, plant and equipment, trade and other payables, unresolved prior year matters, unsupported procurement for goods and services and deficiencies in implementation of Universal Health Coverage (UHC).

To address the audit concerns raised in the Financial Year 2023/2024, this committee has recommended that the hospital management strengthens internal controls and documentation processes across key operational areas.

On unsupported employee costs, the management should institutionalize comprehensive HR documentation, including updated staff files, recruitment records, and verified payrolls to ensure accountability and transparency in wage payments. Similarly, to resolve the long-standing issue of undisclosed Property, Plant and Equipment (PPE), the hospital management, in collaboration with the County Government, should fast-track the asset valuation and transfer process by actively engaging the Intergovernmental County Assets Valuation and Transfer Committee in a mission to resolve the issue.

Mr. Speaker, Honourable members on unresolved prior year issues, the hospital should establish a compliance monitoring unit to track and report on the implementation of past audit recommendations, with quarterly progress updates submitted to the Office of the Auditor General.

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.

Mr. Speaker, Honourable members 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 Nyakach Sub County 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

Mr. 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	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

Mr. 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”.

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

Guiding Principles

Mr. Speaker, Honourable members, 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 occurred under their watch.

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

Mr. Speaker, Honourable members, Dr. Edon Nyagudi Otieno, the Medical Superintendent, and the Accounting Officer appeared before the Committee on 15th January 2025 at 9:00 am to adduce evidence on the Audited Financial Statements of the Nyakach County Level IV Hospital for the year ended 30 June 2023. The following officers accompanied the Medical Superintendent:

1. Okungu Movin – Accounts Clerk
2. Abraham Abuto- HAO

The following officers represented the Office of the Auditor General in the meeting on 15th January 2025 at 0900hrs;

1. Mr. Orori K. – Office of the Auditor General
2. Ms. Judah K. – Office of the Auditor General

BASIS FOR QUALIFIED OPINION

3.1 Inaccuracies in the financial statements

3.1.1 Inaccurate opening balances

Review of the 2022/2023 financial statements opening balances against the audited closing balance for 2021/2022 financial year revealed variances as tabulated below:

Component	Closing balances for 2021/2022 Audited Financial Statement Figure (Kshs)	Opening Balances for 2023/2024 Financial Statement Figure (Kshs)	Variance (Kshs)
General Expenses (Cash Flow Statement)	1,303,775	1,505,964	(202,189)
Note 11; Pediatrics Ward	167,900	0	167,900

Management Response

Mr. Speaker, Honourable members, the Management acknowledges the observations made by the Auditors. We have noted that the inaccuracies arose due to errors of omission during the preparation of the financial statement. We wish to state that prior year adjustments will be made to address the omissions in the subsequent financial statements yet to be audited.

Committee Observations

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

Committee Recommendations

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

3.1.2. Variance between Financial Statements and Supporting Schedule

Reviewing of the financial statements with the supporting schedule provide for audit revealed unexplained variances as tabulated below;

Description	Financial Statement Amount (Kshs)	Supporting Schedule Amount (Kshs)	Variances (Kshs)
Receivable of Exchange Transactions (NHIF)	2,716,690	1,983,690	733,000
Receivables from Non-Exchange Transaction	1,550,000	0	1,550,000

Mr. Speaker, Honourable members, in the circumstances, the accuracy of the above amounts and the balances included in the financial statements could not be confirmed.

Management Response

Mr. Speaker, Honourable members, the management takes note of the variances raised and reiterates as follows:

- a) It is indeed true that the receivables from NHIF as at 30th June 2023 was Kshs 1,983,690 as supported by the schedules provided during the audit. The management commits to adjust the financial statements of FY 2023/2024 to reflect the true receivables from exchange transactions (NHIF).
- b) It is true that receivables from non-exchange transactions stood at Kshs 1,550,000 as at 30th June 2023. We have attached the RTGS from the IFMIS system and the respective AIE issued on the amount, indicating the funds being for FY 2022/2023 as per annex i.

Committee Observations

1. THAT, the facility had a variance of Kshs. 733,000 in Receivable of Exchange Transactions (NHIF) and Kshs. 1,550,000 in Receivables from Non-Exchange Transaction.
2. THAT, at the time of committee deliberation, the management had committed to adjusting the financial statements of FY 2023/2024 to reflect the true receivables from exchange transactions (NHIF).

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

3.2 Understated In-Kind Contribution from the County Government

Mr. Speaker, Honourable members, the statement of the financial performance reflects In-Kind contribution from the County Government of Kisumu amounting to Kshs. 7,722,368. However,

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review of the records revealed that the Hospital received In-Kind contribution amounting to the Kshs 16,410,968.62 in drugs and vaccines from Kenya Medical Supplies Authority through the County Government of Kisumu resulting to an unexplained variance of Kshs 8,688,600.62 in addition, the Hospital received services from twenty-six (26) staff; one (1) medical officer, one (1) dentist, one (1) pharmacist and twenty-three (23) registered community health nurses employed and paid by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for the audit verification.

Management Response

Mr. Speaker, Honourable members, the management acknowledges the issue flagged herein & wishes to state that:

- a) THAT, the delivery/invoice notes available at the facility indicates that the facility received in-kind contributions from KEMSA worth Kshs 7,722,368. In bid to reconcile the variance, the management has made steps to engage KEMSA as per the letter attached in Annex ii.
- b) THAT, The management has done a letter to the County Human Resource department requesting for the details of amounts spent on salaries for county government staffs stationed at the hospital. Refer to letter in Annex iii. Once the data is available, we commit to adjust opening balances of the expenses in the subsequent financial statements.

Committee Observations

1. THAT, the management recorded an amount of Kshs. 7,722,368 relating to In-Kind contributions from the County Government of Kisumu. However, records revealed that the Hospital received an In-Kind contribution amounting to Kshs 16,410,968.62 in drugs and vaccines from Kenya Medical Supplies Authority through the County Government of Kisumu resulting in a variance of Kshs 8,688,600.62.
2. THAT, the management has sent a letter to the County Human Resource department requesting the details of amounts spent on salaries for county government staff stationed at the hospital.

Committee Recommendations

1. THAT, the Accounting officer fast-tracks the process of reconciliation of the variances with KEMSA.
2. THAT, the matter is unresolved

3.3 Unbalanced Statement of Financial Position

The statement of financial position reflects total net assets and liabilities of Kshs. 21,183,622 while the total assets were Kshs. 15,227,338 resulting in unexplained and unreconciled variance of Kshs. 5,956,284, therefore an unbalanced statement of financial position.

In the circumstances, the accuracy of the state of financial position could not be confirmed.

Management Response

Mr. Speaker, Honourable members, the management acknowledges the issue raised herein and commits to make prior year adjustments to the FY 2023/2024 financial statements when it will be revised upon review by Auditors from OAG.

Committee Observation

THAT, statement of financial position reflected the total net assets and liabilities of Kshs. 21,183,622 while the total assets were Kshs. 15,227,338 resulting in an unexplained and unreconciled variance of Kshs. 5,956,284, therefore, an unbalanced statement of financial position.

Committee Recommendations

1. THAT, the Management submits the adjusted Financial Statements to the Assembly and the office of the Auditor General within 30 days upon adoption of this report.
2. THAT, the matter is unresolved

3.4 Non- Disclosure of property, Plants and Equipment

Mr. Speaker, Honourable members, the statement of financial position reflects a nil property, plants and equipment balance. However, review of Hospital records and physical verification revealed various assets including building, motor vehicle, furniture, computers and equipment which were not disclosed in the financial statement. Further, the Hospital sits on land consisting of seven (7) parcels. However, only one (1) parcel of land is in dispute by the community.

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

Management Response

Mr. Speaker, Honourable members, the management acknowledges the concern of the Auditors and wishes to state that process of engaging the relevant departments in bid to ensure that all PPEs are valuated to enable disclosing in the statement of financial position. The management is also working on ways to ensure acquire ownership of the ambulance and the disputed land before being included disclosed in the financial statement in the subsequent years. Attached are the respective letters in Annex iv.

Committee Observation

The statement of financial position reflected nil property, plants and equipment balance. However, review of Hospital records and physical verification by the Auditors revealed various assets including building, motor vehicle, furniture, computers and equipment which were not disclosed in the financial statement.

Committee Recommendations

1. THAT, going forward, the Accounting Officer must fast track the process of engagement with the relevant departments in bid to ensure that all PPEs are valued and report of the same be submitted to Assembly within 60 days upon adoption of the report.
2. THAT, the matter is unresolved

3.6 Unconfirmed Intangible Assets Balance

The statement of financial position reflects a balance of Kshs. 300,000 under intangible assets. The intangible assets relate to two (2) software; one system for the revenue collections and the second one for the medicine tracking and dispensing. However, these were not amortized during the year as per amortizing policy.

In the circumstance, the accuracy and completeness of the intangible assets balance of Kshs. 300,000 could not be confirmed.

Management Response

Mr. Speaker, Honourable members, the management takes note of the concern raised and commits to make corrections in the subsequent financial statement.

Committee Observation

THAT, the intangible assets relating to the system for revenue collections and another for the medicine tracking and dispensing were not amortized during the year as per amortizing policy.

Committee Recommendations

1. THAT, going forward, the Management must ensure the facility amortizes its intangible assets as PER the amortizing policy.
2. 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

Review of the annual report and financial statements submit for audit revealed that the financial statements did not comply with the financial reporting format issued by the Public Sector Accounting Standards Board. This was contrary to section 81(3) of the Public Financial Management Act, 2012, which requires 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 from time to time.

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

Management Response

Mr. Speaker, Honourable members, the management takes note of the issue raised by the auditor. The management commits to ensure compliance in the subsequent financial statements.

Committee Observations

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 Financial Management Act, 2012, which requires 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 from time to time.

Committee Recommendations

1. THAT, moving forward, the Management must ensure compliance with Section 81(3) of the Public Financial Management Act, 2012.
2. THAT, the matter is resolved

4.2 Failure to Remit Statutory Deductions

Review of casual workers' master payrolls revealed that the contribution amounting to Kshs. 53,200 were deducted and were not remitted to National Social Security Fund (NSSF) contrary to section 19(1) and 20(1) of National Social Security Fund, 2013 which require every employer who, under a contract of service, employs one employee or more shall register with the Fund as a Contributing employer and shall, register his employee or employees, as member of Fund and pay to the pension Fund in respect of each employee in his or her employment.

Mr. Speaker, Honourable members, in the circumstance, Management was in breach of the law and this may attract fines, penalties and interest which are avoided charges to public resource.

Management Response

The management acknowledges the issue raised. This arose due to a backlog of remittances, and NSSF declined to accept further payment until the previous backlog is cleared. We have since signed a commitment with the NSSF how to clear the backlog and regularize payment going forward as evidenced in annex v.

Committee Observations

1. THAT, the review of workers' master payrolls by the Auditors revealed that Kshs. 53,200 was deducted and not remitted to National Social Security Fund (NSSF) contrary to section 19(1) and 20(1) of National Social Security Fund, 2013 which require every employer who, under a contract of service, employs one employee or more shall register with the Fund as a Contributing employer and shall, register his employee or employees, as member of Fund and pay to the pension Fund in respect of each employee in his or her employment.

2. THAT, at the time of committee deliberations, the Management had signed a commitment with the NSSF on how to clear the backlog and regularize payment.

Committee Recommendations

1. THAT, the Accounting Officer fast-tracks the process of implementation of the commitment with the NSSF on clearing the backlog and regularizing payments.
2. THAT, in future the Management must ensure strict adherence to Section 19(1) and 20(1) of National Social Security Fund, 2013.
3. THAT, the matter is unresolved

4.3 Incomplete Projects

A physical inspection of the Hospital revealed development projects which were incomplete and abandoned as follows;

- I. Maternity Theatre Complex, funded by the World Bank, was incomplete with a leaking roof
- II. The mortuary building funded by the Constituency Development Fund (CDF) in 2007 was abandoned due to poor workmanship.
- III. Laundry and kitchen complex abandoned in 2004, condemned for poor workmanship.

In the circumstances, indications are that the hospital did not get value for money in these projects, and benefits may not be realized due to poor workmanship and failure to supervise the projects.

Management Response

The hospital management acknowledges the issue of incomplete projects and would like to respond as follows;

- i. Maternity Theatre Complex
The maternity theatre project is a World Bank project through the Kenya Devolution Support Programme [KDSP]. It was started in February 2022 and was inaugurated on 16th August 2024. It had structural defects during its construction that had since been corrected. The construction of the building has been completed and is currently in use, as evidenced in Annex VI
- ii. Mortuary Building and laundry-kitchen complex
The mortuary building was funded by CDF in 2007 while laundry kitchen complex was funded in 2004 both were condemned due to poor workmanship. The county department of health has since written to the department of public works to help in the assessment of condemned buildings for appropriate action as evidenced in annex VII.

Committee Observations

1. THAT, at the time of committee deliberations, construction of the Maternity Theatre Complex had been completed and was currently in use.
2. THAT, the mortuary building was funded by CDF in 2007, while the laundry kitchen complex was funded in 2004, and both were condemned due to poor workmanship, and that the county department of health has since written to the department of public works to help in the assessment of condemned buildings for appropriate action.

Committee Recommendations

1. THAT, the CEC Member for Medical Services, Public Health, and Sanitation follows up on the process of assessment of the condemned buildings for appropriate and immediate action and report to the Assembly within 30 days upon adoption of this report.
2. THAT, the matter in unresolved

4.4 Deficiencies in Implementation of Universal Health Coverage

Review of hospital records and interviews on verification of services offered, equipment used and medical specialists in the hospital at the of audit revealed that revealed that the Hospital did not meet the requirements of the Kenya Quality Model for Health Policy Guidelines due to staff deficit by seventy-seven (77) staff requirements or 76.23% of the authorized establishments as tabulated below.

Staff Requirements	Level 4 standard	Number in hospital	Variance	Percentage
Medical officers	16	1	15	93.75
Anesthesiologists	2	0	2	100
General Surgeon	2	0	2	100
Gynecologist	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurse	75	23	52	69.23
Total	101	24	77	76.23

Mr. 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 hospital standard	Actuals in the hospital	Variance	Percentage
Inpatient beds	150	37	113	75.33
ICU beds	6	0	6	100
Functional High Dependence Unit (HDU) Beds	6	0	6	100
Functional Theatre	1	0	1	100
New Born Unit with Incubators	5	0	5	100
New Born Unit HDU Cots	5	0	5	100
Renal Unit with Dialysis Machines	5	0	5	100

Further, the radiology services lacked the Electroencephalogram (EEG) while specialized therapy services lacked radiotherapy services. In addition, the hospital had not differentiated pharmacy services to include; main pharmacy, outpatient pharmacy and ward level pharmacy resulting in slow admission of drugs and accountability of drugs.

The deficiencies contravene the first schedule of health act ,2017and 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 ,2010 may not be achieved.

In circumstances, the hospital will not be able to deliver.

Management Response

Mr. Speaker, Honourable members, the hospital management acknowledges the deficiencies in the workforce and services as raised.

The county department of health has made efforts to bridge the gaps in human resources as well as services

The hospital now has 3 medical officers from 1, two additional nurses,2 anesthetists, and 1 gynecologist

Additionally, we have increased our bed capacity from 37 to 78 with a newborn unit with 3 incubators and 3 baby cots.

Committee Observation

Mr. Speaker, Honourable members, 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 (CEC) Member for Medical Services, Public Health, and Sanitation should take necessary measures to ensure the facility progressively complies with the Kenya Quality Model for Health policy guidelines.
2. The matter is unresolved

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS/RISK MANAGEMENT AND GOVERNANCE

5.1 Weak Controls in Inventory Management

Review of the Hospital's inventory system revealed several weaknesses, which include: lack of technical training for the clerical officer managing the store, the absence of role segregation resulting in a lack of checks and balances in store management, a non-automated store system compared to the automated pharmacy

Further, there was inadequate access control and security measures in the store area, absence of documented handovers when the storekeeper was absent. In addition, there was no evidence that an end of year stock take was carried out.

In circumstance, the existence of effective internal controls over inventories could not be confirmed.

Management Response

Mr. Speaker, Honourable members, The management acknowledges the issue raised. The weak control in inventory was occasioned by a lack of a qualified supply chain officer

The county department of health has since deployed a supply chain officer to man the department, which will help seal the existing gaps. This is evidenced by the posting order annexed in Annex VIII.

Committee Observations

1. THAT, lack of checks and balances in store management and a non-automated store system in the facility was occasioned by the lack of a qualified supply chain officer.
2. THAT, at the time of committee deliberations, the county department of health had already deployed a supply chain officer to man the department, which will help seal the existing gaps.

Committee Recommendation

That the matter is resolved

5.2 Incomplete Asset Register

Mr. Speaker, Honourable members, a review of the Hospital's Asset Register revealed that details of three (3) motor vehicles, all buildings, and four (4) of the seven (7) parcels of land occupied by the Hospital were not recorded in the assets register. Further, the detailed schedule indicating the assets description, location, cost or valuation, and relevant documentations for additions during the year was not provided for audit. In addition, the assets were not tagged with unique identification codes.

In the circumstances, the existence of effective mechanism to safeguard assets could not be confirmed.

Management Response

The hospital management takes note of the issues raised and would like to respond as follows;

- I. Failure to record motor vehicles and parcels of land was an omission we would like to report that it they have since been uploaded in MR Lite asset register as evidenced. However, the assets are yet to be valued as shown in annex ix.
- II. The untagged assets were new assets procured for the hospital by KDSP. They have now been given unique tags for identification as evidenced in annex x.

Committee Observations

1. THAT, review of the Hospital's asset register by the Auditors revealed that details of three (3) motor vehicles, all buildings, and four (4) of the seven (7) parcels of land occupied by the Hospital were not recorded in the assets register, further, detailed schedule indicating the assets description, location, cost or valuation, and relevant documentations for additions during the year were not provided for audit.
2. THAT, at the time of the committee deliberations, the management adduced that the record of motor vehicles and parcels of land had been uploaded in the MR Lite asset register, though yet to be valued.
3. THAT, the untagged assets were new assets procured for the hospital by KDSP, and that at the time of the committee deliberations, the assets had been given unique tags for identification.

Committee Recommendations

1. THAT, the accounting officer to immediately initiate the process of valuation of all Property and Equipment.

2. The matter is unresolved.

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

QUALIFIED OPINION

6.1 Employee Costs

The statement of financial performance reflects an amount of Kshs. 1,397,490 in respect of expenditure on employee cost as disclosed in Note 16 to the financial statement.

Mr. Speaker, Honourable members, however, the expenditure was not supported with payrolls. In addition, the Management did not provide casual staff bio data containing details of National Identification card numbers, KRA PINs, NHIF & NSS numbers. Further, there was no documentary evidence of how casual workers were identified and recruited and no evidence that a needs assessment and staff rationalization was carried out to identify departments' staff shortage to justify the need to hire casual employees.

In the circumstances, the accuracy and completeness of employee cost amount of Kshs. 1,397,490 as at 30 June, 2024 could not be confirmed.

Management Response

Mr. Speaker, Honourable members, the management acknowledges the issue raised by the OAG and responds that

- Casual payments were being made using payrolls (see sample of payroll and respective muster roll in Annex 1(a) and Annex 1(b).
- The management has also taken steps to ensure that staff files for casual workers are in place; containing all the staff's bio data including their respective National Identification numbers, KRA pins, NSSF, NHIF numbers among other relevant details. The files are updated regularly.

On identification and recruitment of casual staffs, the human resource need assessments are done by the respective user departments before being submitted to the Hospital Board for approval for recruitments (see Annex 1 (c)). Advertisements are then, after which, shortlisting and physical interviews are done before successful candidates are contracted. (see Annex 1 (d) ,Annex 1 (e) and Annex 1 (f) respectively).

Committee Observations

1. THAT, during the time of audit, the management did not provide casual staff bio data containing details of National Identification card numbers, KRA PINs, NHIF & NSS

numbers. Further, there was no documentary evidence of how casual workers were identified and recruited and no evidence that a needs assessment and staff rationalization was carried out to identify departments' staff shortage to justify the need to hire casual employees.

2. THAT, as at the time of committee deliberations, the documents had been provided and verified by the Auditors

Committee Recommendations

THAT, the matter is resolved

6.2 Property, Plant and Equipment

The statement of financial position reflects nil property, plant and equipment balance.

However, review of Hospital records and physical inspection carried out in the Month of December, 2024 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 land, vehicles and Hospital equipment were not provided for audit.

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

Management Response

Mr. Speaker, Honourable members, the management acknowledges the non- disclosure of the PPE in the financial statement presented. The management commits to disclose the already identified PPE in the subsequent reports as it continues to engage the County Treasury to offer resources and expertise in the Valuation and transfer of PPE.

At the same time, the management also awaits the report of the intergovernmental County Assets Valuation and Transfer Committee (with membership spelled out in The Kenya Gazette Notice No. 3839, Paragraph 10, dated 24th March 2023) to enable disclosures. (see Annex 2(a)).

The County Government of Kisumu has also written a letter to the committee to expedite the process as per the attached Annex 2(b) and Annex 2(c). Also find the attached letter from the state Department of Devolution on commencement of valuation of county fixed assets in Annex 2(d).

Committee Observations

1. THAT, assets including land, buildings, motor vehicles, furniture, computers and equipment were not disclosed in the financial statements.

2. THAT, ownership documents for land, vehicles, and Hospital equipment were not provided for audit.
3. As at the time of committee deliberations, the assets were yet to be disclosed in the financial statements. Ownership documents not were yet to be provided

Committee Recommendations

1. THAT, the Hospital management, in collaboration with the County Government, to fast-track the asset valuation and transfer process by actively engaging the Intergovernmental County Assets Valuation and Transfer Committee.
2. THAT, the Accounting Officer ensures that all identified property, plant, and equipment (PPE) including land, buildings, motor vehicles, furniture, computers, and equipment are disclosed in the financial statements in line with IPSAS 17 on Property, Plant and Equipment in the subsequent financial years.

6.3 Trade and Other Payables

The statement of financial position reflects a balance of Kshs.8, 380,391 in respect of trade payables as disclosed in Note 34 to the financial statement. However, account payables ledger or schedules showing names of suppliers, LPO/LSO numbers, invoice numbers, date, amounts and nature of good or services supplied were not provided for audit review.

In the circumstance, the accuracy of trade and other payables balance of Kshs.8, 380,391 could not be confirmed.

Management Response

Mr. Speaker, Honourable members, the management takes note of the issue raised by the Auditor and responds that the details required are available as attached in the Annex 3.

Committee Observations

As at the time of committee deliberations, account payables ledger and schedules showing names of suppliers, LPO/LSO numbers, invoice numbers, date, amounts and nature of good or services supplied had been provided for audit review.

Committee Recommendations

That the matter is resolved

6.4 Unsupported Inventory Balance

The statement of financial position and as disclosed in Note 30 to the financial statements reflects inventories balance of Kshs.5, 684,453. However, there no supporting documents were provided to confirm that annual stock take was conducted to confirm the closing balances of inventories as at 30 June, 2024.

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

Management Response

Mr. Speaker, Honourable members, the management takes note of the issue flagged by the auditor and states that end year stock-take for the period ending 30th June 2024 was successfully carried out by the appointed committee and end-year stock take reports generated to support the inventory balances of Kshs 5,684,453. See Annex 4a (Committee appointment letter) and Annex 4b (stock take reports)

Committee Observations

The supporting documents had been provided as at the time of committee deliberations

Committee Recommendations

THAT, the matter is resolved

6.5 Unresolved Prior Year Matters

In the audit report of the previous year, issues were raised under Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Although Management has indicated that some of the issues have been resolved under progress on follow-up of the auditor's recommendation section of the financial statements, no evidence of how the issues were resolved was provided for audit review.

Management Response

No response

Committee Observation

Mr. Speaker, Honourable members, in the audit report of the previous year, issues were raised under Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance

Committee Recommendations

1. THAT, the Accounting Officer immediately submit to the Office of the Auditor General the status of implementation of resolutions of this Assembly on the prior year audit report
2. THAT, the matter is unresolved

6.6 Unsupported Procurement for Goods and Services

The statement of financial performance reflects an amount of Kshs.51, 166,908 in respect of medical/clinical cost as shown in Note 15 to the financial statements. Review of the payment vouchers and supporting documents submitted for audit revealed that the payments were not supported with requisitions from the user department, delivery notes, invoices, and inspection and acceptance committee report for the procured goods and services. Further, there were no procurement files submitted for audit to enable determination of the methods used by the entity to procure various goods and services. In addition, a list of pre-qualified suppliers was not submitted for audit and so it was not possible to confirm if the suppliers for goods and services were identified from the Hospital's pre-qualified suppliers.

This was contrary to Section 68 (6) of the Public Procurement and Asset Disposal Act, 2015 states that an accounting officer of a procuring entity shall maintain a proper filing system with clear links between procurement and expenditure files that facilitates an audit trail.

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

Management Response

The management takes note of the auditor's concerns and responds as follows;

Mr. Speaker, Honourable members, the medical/clinical costs of Kshs 51,166,908 includes expensed donations from USAID and GoK amounting to Kshs 43,166,908; the procurements of the donations are not done by the hospital but are rather done by the respective partners and only distributed to Nyakach County Hospital for storage and dispensing to public. Kindly refer to the extract of the note 15 of the financial statements showing the hospital procured items and the donations expensed off during the year under review (see Annex 5a).

We have also attached the schedule of donations that were received during the year as shown in Annex 5b. Attached in Annex 5c are samples of delivery documents for the donations received.

Mr. Speaker, Honourable members, the management was directly involved in the procurements of the remaining expenses items worth Kshs 7,236,915 using on-source revenues (facilities improvement financing). Due procurement procedures and documentations were done during the year as evidenced and sample vouchers in Annex 5d, Annex 5e and Annex 5f

Committee Observation

The management explained, during the time of committee deliberations that the medical/clinical costs were donations

Committee Recommendation

THAT, the matter is resolved

6.7 Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 76 staff requirements or 75% of the authorized establishment. Details are in the tables below:

Staff Requirements	Level 4 Standard	No. in Hospital	Variance	Percentages %
Medical Officers	16	1	15	94
Anesthesiologists	2	1	1	50
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	23	52	69
Total	101	25	76	75

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	0	150	100
Resuscitaire (2 in labor & 1 in Theatre)	2	0	2	100
New born Unit Incubators	5	0	5	100
New born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Units (HOU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
2 Functional	2	0	2	100

Operational Theatres -Maternity & General				
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Mr. Speaker, Honourable members, 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

Mr. Speaker, Honourable members, the hospital management acknowledges the deficiencies in workforce and services as raised.

The county department of health has made efforts to bridge the gaps in human resource as well as services

The hospital now has 2 medical officers from 1, 7 additional nurses, 2 anesthetists and 1 gynecologist and 1 general surgeon

Additionally, we have increased our bed capacity from 37 to 78 with a new born unit with 5 incubators and 3 resuscitative and 2 functional operating theatre.

Committee Observation

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

Committee Recommendation

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. Mr. Speaker, therefore, I call upon Honourable James Were to second. Thank you.

The Temporary Speaker (Hon. Okumu (East Seme): Yes, Honourable James Were.

(Hon. James Were bowed)

The Temporary Speaker (Hon. Okumu, MCA, East Seme): Honourable members. A Motion has been moved, on 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 Nyakach Sub-county Hospital for the Financial Years 2022/2023 and 2023/2024. This is a Motion moved

by the Chairperson, Public Investments and Accounts and seconded by Honourable James Were. Honourable Members, it is time to put a question, that we open this Motion for debate.

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

Hon. Nyaoke (MCA, North Nyakach): Thank you, Mr. Speaker. I want to start by appreciating the Chairperson, the Select Committee on Public Investments and Accounts and the entire House Committee, for the informative report on the examination of the report of the Auditor General, on the financial statements for Nyakach Sub-County Level IV Hospital for the year ended 30th June 2023 and June 2024.

Mr. Speaker, this hospital is the heart of Nyakach as a Sub-county. In fact, it is our referral facility in the region. The Chairperson, the Select Committee on Public Investments and Accounts has been very clear on the report, but there is a very important issue that I want to emphasize on, and the House should take note of it.

Mr. Speaker, in any institution, whether public or any other institution, the Asset Register must be put in place so that we have a record of every item that is movable or immovable in any institution. Mr. Speaker, I know the hospital we are talking about, I have been a patient there. I see the movements of some assets which I can clearly see in the institution. Mr. Speaker, the observation of this House Committee did realize something to the effect that the hospital asset register revealed that the details of three motor vehicles, all buildings and four of the seven parcels of land occupied by the hospital were not recorded in the asset register.

Mr. Speaker, those are actually the most important items even if you visit that hospital now. It is really absurd to find that these major assets, in fact, they are the things that even if you visit the hospital now, you will be able to count and see. Apparently, maybe by omission or commission, they were not listed.

Mr. Speaker, I also want to confirm before this House, being a Member of the Select Committee on Implementation, that after the adoption, which is my prayer that this motion be adopted, we will be able to follow up and ensure that, these assets; because the management has also confirmed in this report that they have noted that and they are going to start the valuation. Although they have indicated that they have captured these assets in the register, but then the valuations have not been done. Mr. Speaker, putting them or listing them in the register even without the evaluation is still half work done. I want to also commit here that as Members of the Select Committee on Implementation, particularly in this institution, we shall be able to ensure that that this Asset Register is updated and that the valuation of items that have not been valued is properly done and with those few remarks, I beg to support. Thank you.

The Temporary Speaker (Hon. Okumu, MCA, East Seme): Honourable Members, we are debating on a 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 Nyakach County Hospital for the Financial Year 2022/2023 and 2023/2024.

The Temporary Speaker (Hon. Okumu, MCA, East Seme): Yes, Honourable Nereah Okombo.

Hon. Okombo (MCA, Manyatta “B”): Thank you Mr. Speaker, I rise to give my opinion on the report by the Select Committee on Public Investments and Accounts. The Auditor General gave a Qualified Opinion in their report and there are issues that have been raised here, issues that had been mentioned prior by the Departmental Committee on Medical Services that also visited the same hospital sometime back.

Mr. Speaker, I was looking at the list of staff in this hospital coming to twenty-six and in that list, we cannot see any Accountant, an issue that was also raised by the Departmental Committee on Medical Services, Public Health and Sanitation.

Mr. Speaker, the Unbalanced Statements of financial position are some of the issues that arose because the staff at the hospital. I believe that we had a Medical Superintendent who also doubles up as the Accountant. Mr. Speaker, this is a profession that this officer did not pursue and so the staff is forced to play roles that are not meant for them. We have been going through reports in this House and the recommendations have been going forward.

Mr. Speaker, moving forward, there are no solid recommendations that call for an action by the concerned authorities. The Departmental Committee on Medical Services, Public Health and Sanitation recommended that the department employs accountants to take care of the statements and other records at the facility and other facilities, which was not done. You are aware that we are almost done with our budget for the next Financial Year. We will be passing the Budget Estimates next week but all these factors have not been catered for. Meaning in the subsequent years, even next year, the report that we will be receiving here will still be moving forward with Unbalanced Statements, characterized by irreconcilable statements. Mr. Speaker, reading reports here just for the sake of reading them is not helping Kisumu County.

So, I would wish to implore Members and the watchdog committees, especially Select committee on Public Investments and Accounts and that of the Select committee on Implementation, that as we make our recommendations as I said this earlier, we need to make both administrative and political recommendations that would move the departments or the persons responsible to take action and correct some of these issues that we are talking about. Otherwise, I want to support, but the recommendations have to show some teeth that fling people into action. Thank you, Mr. Speaker.

The Temporary Speaker (Hon. Okumu, MCA, East Seme): Yes Honourable James Were

Hon. Were (MCA, Nyalenda “B”): Thank you Mr. Speaker, I also rise to support the report on Nyakach Sub-County Hospital. Mr. Speaker, apart from having a Qualified Opinion, we understand that a Qualified Opinion means that the management maybe had put their defense fairly but it also means that certain issues were raised that were not done well. One of the key issues highlighted in this report is the Weakness in Inventory Management Controls. This concern was raised by this House Committee and attributed to the absence of a qualified Supply Chain Officer. It is imperative to note that, this House ensures such matters are addressed decisively to prevent similar challenges in the future. We must therefore insist on having the right personnel in the right positions to enhance operational efficiency and accountability.

Mr. Speaker, while this report is not overly severe, it does point out several areas of concern, such as Financial Misstatements. Specifically, there was inadequate reconciliation of NHIF transactions—the report indicates that the entity failed to properly identify and reconcile both payables and receivables.

Additionally, the Auditors encountered a Limitation of Scope, as the management was unable to provide sufficient documentation to address the queries raised. I believe that if these issues are resolved, the facility will achieve a better audit opinion and regain public trust. Mr. Speaker, I support the report. Thank you.

The Temporary Speaker (Hon. Okumu, MCA, East Seme): Yes, Honourable Gard Olima.

Hon. Olima (MCA, South West Nyakach): Thank you Mr. Speaker, I wish to call the mover to reply.

The Temporary Speaker (Hon. Okumu, MCA, East Seme): Yes, the Honourable Ken Ouko.

Hon. Ouko (MCA, West Kisumu): Thank you Mr. Speaker. Allow me to begin by appreciating the Chairpersons present, the Honourable Speaker, and all Members of the County Assembly in attendance for their consistent support towards the House Committee’s work. We have reviewed several reports, and today we seek the House’s adoption of the same, along with the recommendations provided.

Mr. Speaker, I would like to underscore the importance of the Asset Register as a critical management tool in any institution. It enables the tracking of Asset Value, Condition, and Life Cycle—whether the assets are appreciating or depreciating. These aspects are fundamental to sound management. The absence of an asset register, or failure to populate it in accordance with the prescribed format, constitutes a breach of the Public Finance Management (PFM) Act, which is very clear on this matter.

That said, Mr. Speaker, it is also important to recognize that not all the shortcomings highlighted in the report can be squarely blamed on the accounting officers. Some issues raised are beyond their control and lie within the ambit of the respective departments. For example, the failure by the Department of Lands to fast-track the Issuance of Title Deeds was already flagged in a past report during our visit to Nyakach Sub-County. The House adopted our recommendations then, but unfortunately, no meaningful action was taken.

Mr. Speaker, it would be unfair to continue blaming accounting officers when the core issues stem from departmental inaction. We submitted our recommendations accordingly, but implementation remains wanting. Mr. Speaker, once a report is adopted by this House, our committee's mandate ends there. It becomes the responsibility of either the relevant Departmental Committee—such as Health—or the Committee on Implementation to act.

Mr. Speaker, when it comes to the posting of Accountants, again, this is a departmental responsibility. We recognize that there may be staffing challenges. A recommendation had previously been made to assign a roving accountant to serve across the Sub-Counties and support the various facilities. However, Mr. Speaker, when accounting officers appear before this House, they are often accompanied by clerks, not the roving accountant—clearly indicating that this support structure is not functioning as intended.

Mr. Speaker, I concur with the Deputy Speaker that this House Committee has made solid and practical recommendations. But it is not enough to merely read them aloud; implementation is what truly counts.

Mr. Speaker, let us not misplace blame on individuals for systemic failures. It is imperative that we engage the Committee on Implementation more seriously, to ensure resolutions passed by this House are executed. Adoption of reports should translate into improved governance and prudent use of public resources—not merely be a procedural formality. Thank you, Mr. Speaker, and I thank all the Members who took time to contribute to this Motion. I beg to reply.

The Temporary Speaker (Hon. Okumu, MCA, East Seme): Honourable members, the Motion before us seeks the adoption of the Report by the Select Committee on Public Investments and Accounts on the Examination of the Auditor General's Report and the Financial Statements of Nyakach County Hospital for the Financial Years 2022/2023 and 2023/2024. This Motion was duly seconded and has been thoroughly debated by Honourable members. It is now time to formally propose and put the question for adoption.

(Question put and agreed to)

The Temporary Speaker (Hon. Okumu, MCA, East Seme): Honourable members, the Report by the Select Committee on Public Investments and Accounts on the Examination of the Auditor

General's Report and the Financial Statements of Nyakach County Hospital for the Financial Years 2022/2023 and 2023/2024 and 2023/2024 has been adopted today, Wednesday 25th June, at 0946 hours. I further direct that the Select Committee on Implementation follow up on the implementation of the House Resolutions and Recommendations of this report.

Additionally, I equally direct that this report be availed in the County Assembly of Kisumu website. Thank you, Honourable Members.

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

ADJOURNMENT

The Temporary Speaker (Hon. Okumu, MCA, East Seme): Honourable Members, there being no any other business to transact, the House stands adjourned to today, Wednesday, June 25th, 2025 at 02.30pm.

(House rose at 9:48 a.m.)

Addendum

The Hansard Team

Zablon Otiende – Assistant Director, Hansard Services

Hansard Reporters

Fanuel Okode - Chief Hansard Reporter

Edward Odanga - Senior Hansard Reporter

Patrick Okoyo - Senior Hansard Reporter

Jackline Otieno - Senior Hansard Reporter

Jesca Otieno - Senior Hansard Reporter

Vallery Achieng' - Senior Hansard Reporter

Emanuel Omondi – Attache'

Stella Ogada – Attache'

Melissa Hellen – Attache'

Sylvia Awino - Attache'