

COUNTY GOVERNMENT OF BUNGOMA



COUNTY ASSEMBLY OF BUNGOMA

**REPORT ON THE 4TH QUARTER FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30TH JUNE, 2023**

**BY THE COMMITTEE ON
HEALTH SERVICES**

**Clerks Chambers
County Assembly Buildings
P.O BOX 1886,
BUNGOMA – Kenya**

NOVEMBER, 2023

Delivered
14/2/24

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CHAPTER ONE

1.1 PREFACE

Mr. Speaker.

This report is on the 4th quarter financial statements for the period ended 30th June, 2023 in respect to the ministry of Health and Sanitation.

The 4th quarter financial statements for the period ended 30th June, 2023 was tabled on 26th October, 2023 and submitted to the committee for interrogation. The committee interrogated the department on 9th November, 2023 and thus submits its report herein below.

The report analyses expenditure of exchequer releases during the stipulated periods as well as the budget absorption rate in relation to the annual budget. It gives the legal background and objectives that informed the committee to analyze the financial statements as submitted and further through an interrogation process. The report also contains observations and recommendations unanimously adopted by the Committee.

1.2 MANDATE OF THE COMMITTEE

Hon. Speaker Sir,

The Sectoral Committee on Health Services was constituted pursuant to the provisions of Standing Order No. 217 of Bungoma County Assembly and executes its mandate in accordance with Standing Order 217(5) which provides as follows:

The functions of a sectoral committee shall be to;

- a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations, coordination, control and monitoring of budget;
- b) Consider quarterly reports of the assigned departments and report to the House within twenty-one (21) sitting days upon being laid;

- c) Study the program and policy objectives of departments and the effectiveness of the implementation;
- d) Study and review all county legislation referred to it;
- e) Study, assess and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;
- f) Investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;
- g) To vet and report on all appointments where the constitution or any law requires the House to approve, except those under *Standing Order 208* (Committee on Appointments); and
- h) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

1. 3 COMMITTEE MEMBERSHIP

Mr. Speaker Sir,

The Committee as currently constituted comprises the following Members;

1. Hon. George	Makari	Chairperson
2. Hon. Jerusa	Aleu	Vice – Chairperson
3. Hon. Anthony	Lusenaka	Member
4. Hon. Joan	Kirong'	Member
5. Hon. Meshack	Simiyu	Member
6. Hon. Milliah	Masungo	Member
7. Hon. Grace	Sundukwa	Member
8. Hon. Vitalis	Wangila	Member
9. Hon. Tony	Barasa	Member
10. Hon. Jack	Wambulwa	Member
11. Hon. Orize	Kundu	Member
12. Hon. Mourine	Wafula	Member

13. Hon. Dorcas	Ndasaba	Member
14. Hon. Jacob	Psero	Member
15. Hon. Job	Mukoyandali	Member

1.4 LEGAL FRAMEWORK

Mr. Speaker,

The process of analyzing quarterly financial statements is anchored on various Kenyan laws that are enacted to support accountability and effective delivery of services to citizens in the spirit of promoting the goals of devolution.

The laws state the financial obligations of accounting officers and direct personal liability of officers who erroneously approve expenditure of public funds.

The Kenyan constitution

Article 201 of the Constitution of Kenya, 2010 enacts fundamental principles that

“...shall guide all aspects of public finance in the Republic...” These principles include, among others, that: **201(a)** *there shall be openness and accountability, including public participation in financial matters;* **201(d)** *Public money shall be used in a prudent and responsible way;* and **201(e)** *financial management shall be responsible, and fiscal reporting shall be clear.*

Article 226(5) of the Constitution of Kenya, 2010 is emphatic 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”*.

Section 149 (1) *an accounting officer is accountable to the County Assembly for ensuring that resources of the entity for which the officer is designated are used in a way that is;*

- *Lawful and authorized*
- *Effective, efficient, economical and transparent*

Section 149 (2) in carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned;

Section 149 (2) (a) ensure that all expenditure made by the entity complies with subsection 1

Section 149 (2) (f) bring a matter to the attention of the Executive Committee member responsible for the entity if, in the accounting officer's opinion a decision or policy or proposed decision or policy of the entity may result in resources being used in a way that is contrary to subsection (1)

Section 149 (2) (q) provide information on any fraud, losses, or any violations of subsection (1) and provide explanations for the actions taken to prevent similar conduct in future.

Section 166 of the Public Finance Management Act dictates that:

- a. An accounting officer for a County Government entity shall prepare a report for each quarter of the financial year in respect of the entity.
- b. In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report—

Contains information on the financial and non-financial performance of the entity;
and

Is in a form determined by the Accounting Standards Board

- c. Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.
- d. Not later than one month after the end of each quarter, the County Treasury shall—
 - a) Consolidate the quarterly reports and submit them to the county assembly;
 - b) Deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation; and (c) publish and publicize them.

The Public Finance Management Act, 2012 section 166 states as follows;

1. *An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.*
2. *In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report—*
 - a) *contains information on the financial and non-financial performance of the entity; and*
 - b) *is in a form determined by the Accounting Standards Board.*
3. *Not later, than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.*
4. *Not later than one month after the end of each quarter, the County Treasury shall—*
 - c) *(a) consolidate the quarterly reports and submit them to the county assembly;*
 - d) *(b) deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation; and*
 - e) *(c) publish and publicize them*

It is in the interest of the Committee that the Accounting Officer in the department observed the Principles of Public Finance as laid down in Article 201 of the CoK, 2010 in managing the finances of the entity in the period under review.

1.5 TERMS OF REFERENCE

Mr. Speaker,

During the Committee sitting and as had been directed by Hon. Speaker on the floor of the House, the committee resolved to interrogate the report on the 4th quarter financial statements for the period ending 30th June, 2023 with the following guiding principles:-

- i. To interrogate the departmental exchequer releases for the 4th quarter for both recurrent and development
- ii. To interrogate the Budget implementation reports; projects implemented as per the approved PBB and activity costing
- iii. Interrogate the personnel expenditures in the period under review
- iv. Interrogate the CEF project implementation status in the department for FY 2022/23
- v. Interrogate the status of the outstanding Imprests and pending accounts payable

1.6 ACKNOWLEDGEMENT

Mr. Speaker.

I take this opportunity to thank the Office of the Speaker and the Clerk of the County Assembly for the logistical support accorded to the Committee as it executed its mandate. My gratitude also goes to all members of the Committee for dedicating their time to examine the report on the 4th quarter financial statements for the period ending 30th June, 2023 for the Health and Sanitation department.

It is therefore my pleasant duty and privilege, on behalf of the Sectoral Committee on Health Services, to table this report to the Assembly for deliberation and adoption.

Thank you.

Sign  **Date**..... 19/07/24

**HON. GEORGE MAKARI, MCA, MUSIKOMA WARD
CHAIRPERSON, COMMITTEE ON HEALTH SERVICES**

CHAPTER TWO

2.1 THE BUDGET IN THE FINANCIAL YEAR 2022/23

The county targeted revenue projection for the financial year 2022/23 was **Kshs. 14, 824, 738, 618** as per the approved 2nd supplementary budget. Of this, **Kshs. 665,486,021** relates to AIA projections for level 4 and level 5 Hospitals that report separately outside the County Revenue Fund leaving **Kshs. 14,159,252,597** as the expected revenue to be received through the CRF Account. By the end of the period under review, **Kshs. 11,890,639,396** had been transferred from CRF account to respective operational accounts and this represented 84% of revenue realization.

The department of Health and Sanitation had an approved Budget of Kshs. 3,601,854,548 comprising of Kshs. 3,434,904,489 recurrent and Kshs. 168,665,103 for Development expenditure programmes.

2.2 GENERAL ADMINISTRATION AND PLANNING, AND SUPPORT SERVICES

Health Administration Planning and support services had an allocation of Kshs. 692,826,019 where they absorbed kshs.66,715,421. The amount includes grants amounts which were not realized by the department. A list of the activities undertaken is as follows:

Preventive Promotive and Rehabilitative

- The communicable and non-communicable was allocated Kshs. 18,005,084 where Kshs. 7,280,500 was utilized.
- The Health Promotion services allocation of Kshs. 3,046,938 absorption was beyond by Kshs. 1,153,062.
- The Diseases surveillance with an allocation of Kshs. 3,046,938 saw Kshs. 850,000 used.
- The community Health services allocation of Kshs. 78,072,000 was fully utilized.

- The capacity building of CHVs spent Kshs. 3,580,000 out of the approved Kshs. 10,000,000.
- The retooling of CHVs kits spent Kshs. 2,400,000 out of the approved Kshs. 10,000,000.

Curatives

- The routine medical services allocation of Kshs. 153,580,742.92 recorded an expenditure of Kshs 84,290,480.
- The blood bank Services was allocated 10,000,000 where Kshs. 1,200,000 was utilized.
- The referral strategy allocation of Kshs. 987,751 ad nil expenditure.

Health Research

- The capacity development was allocated Kshs. 8,200,000 where they utilized Kshs. 4,250,400

Maternal and child Health

- The Maternal Services was allocated Kshs. 52,969,787 while they spent Kshs. 25,126,417.
- The Immunization Services was allocated Kshs. 1,500,000 with zero expenditure.

Personnel Emoluments

Personnel emoluments with an allocation of Kshs. 2,388,001,123 for P&P had an absorption of kshs.2, 293,081,763 leaving a balance of 94,919,358. The unspent balance was attributed to non-recruitment of the additional skilled workforce, an explanation that was not tenable since allocation for the vacant positions was only 50million. The contracted staff was allocated Kshs. 102million for the sub-county facilities including BCRH. Submissions from the department gives expenditures total of Kshs. 137,819,896 for 10 sub-county facilities excluding Sinoko way above the budgeted amount by

35million.Explanation from the department indicate the amount was sourced from unspent allocation for the P&P.

2.3 DEVELOPMENT EXPENDITURES

Health and infrastructure (development) had allocation of Kshs. 168,665,103 as detailed below;

- Ward Based Projects approved allocation was Kshs. 45,829,000.The contracted sum was Kshs. 40,713,232.80 for the 21 projects across the county. The reported expenditure is a paltry Kshs. 4,105,243.55 that paid; Erection and Completion Works for Maternity Ward at Chepyuk Dispensary Kshs. 1.5 million and completion of maternity wing and 2No door pit latrines at Mayanja Dispensary Kshs. 2.5 million
- Equipping BCRH (300 bed capacity maternity wing) @ Kshs. 38, 000,000. The amount was converted to completion of the project as opposed to equipping, funding works that were not in the initial BQ but essential before operationalization of the project. the amount expended was Kshs. 21 million as per the certificate raised
- Completion of Sirisia Hospital with an approved budget of Kshs. 15,000,000 and 11 million paid as per the certificate raised,
- Milembe dispensary construction at Kshs. 4M and Chwele KMTC Dispensary at Kshs 4M had no expenditure recorded.
- Supplier Credit vote had – Ward Based Projects 12,287,565 and Kshs. 49,548,538 for departmental projects. The expenditures are as detailed under accounts payable.

2.4 PENDING ACCOUNTS PAYABLES (PENDING BILLS)

The pending accounts payable (pending bills) across all the departments was Kshs. 713,291,819. The department had an approved appropriation of Kshs. 103,748,050 towards pending bills as follows:

Health		Sanitation
Recurrent	27,617,133	0
Development	49,548,538	9,028,404
Ward-based	12,287,565	5,269,410

The financial statement shows a total payment of Kshs. 95,543,781 out of the allocated Kshs. 103,748,050 leaving an unspent balance of Kshs. 8,204,269.

Recurrent pending bills payment shows 3 pending bills settled: Kshs. 30 million for KEMSA, 212,000 for computer accessories Agumary and Kshs. 2.4 million for fuel from MBIG which were not captured in the approved budget list. Whereas the payment went beyond the budgeted amounts, none of the pending bills as captured in the approved PBB was settled.

Development pending bills allocation was Kshs. 76,133,917 for departmental and ward-based pending bills in health and sanitation.

Departmental response

The department provided detailed status on pending bills in health and sanitation with outstanding balances of Kshs. 84,751,350. The amount paid out was Kshs. 79,777,074 way above an approved allocation of Ksh. 76.1 million hence an over expenditure of Kshs. 3.6 million.

Notably, a number of pending bills with allocations were not paid while others that were not captured in the PBB were paid.

2.5 ACCOUNTS RECEIVABLES (OUTSTANDING IMPREST)

The outstanding imprest across all departments amounted to Kshs. 288,712,420. The department of Health and Sanitation had a total outstanding Imprest worth Ksh. 14,287,870 by the end of June 2023. The following was noted from the list of Imprest:

- Some Imprest advanced are overdue for surrender dating back to October 2022
- Staff advanced Imprest before surrender of previously held Imprest.

- Imprest funding activities not in the departments approved PBB e. g facilitation to Lake Region economic activities that has allocation under finance department.

2.6 CONDITIONAL GRANTS

The department expected to receive the following grants with no clear information in the financial statements on whether any grant was realized by the department:

➤ MES Equipment	110,000,000
➤ Unicef	1,571,000
➤ DANIDA grant for universal Health care	28, 605,056
➤ Covid-19 Grant	9,856,193

The lease of medical equipment grant has been reported as released submission required on which equipment were delivered.

Departmental response

The department explained that the grant for DANIDA for universal Health care 28,605,056, came in late while the grant for MES Equipment, sh. 110,000,000, did not come for the financial year under review. The grant (MES Equipment) is however, meant for replacing broken down equipment and not in cash.

2.7 THE DIRECTORATE OF SANITATION

The directorate of Sanitation had kshs.1, 715,044 recurrent and Kshs. 25,026,858 for Development.

The sanitation management (development) was allocated Kshs. 25,026,858 while they spent Kshs. 19,127,587 on development with no expenditures reported on recurrent.

2.7 HEALTH FACILITIES.

The 12 facilities including public health had a total budget of Kshs. 547,236,097. The financial statement/expenditure reports tabled on the floor of the house did not include expenditures for the facilities rendering them unaccountable to the County Assembly.

CHAPTER THREE

COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

OBSERVATIONS

1. On personnel, the department had a substantial amount of unspent balances on the allocation for salaries for the permanent and pensionable. The allocation for contracted was insufficient with Sinoko hospital recording no data on contracted staff payments.
2. The Pending payments were made on some bills which were not captured in the approved PBB as illustrated under both Recurrent and development accounts payable.
3. Several Officers were advanced imprests without considering whether previously held imprests have been surrendered, resulting in multiple un-surrendered imprests held by an individual. Further, Imprests were advanced to staff to fund activities not budgeted for.
4. Implementation of ward-based projects was dismal with 9% expenditure recorded.

COMMITTEE RECOMMENDATIONS

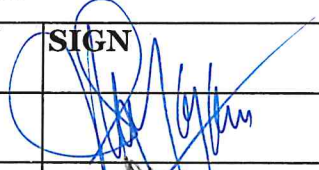




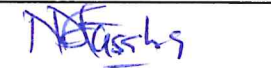



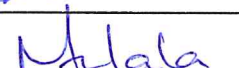

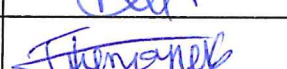
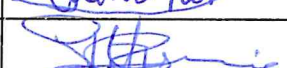
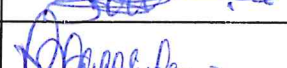
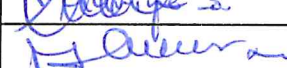
Mr. Speaker Sir,

The Committee made the following recommendations

- 1) **THAT** on personnel expenditure the department should abide by PFM regulations Sec 119(2) that states that *"The budgetary allocation for personnel costs shall be determined on the basis of a detailed costing of a human capital plan of a county government entity"* and contracted staff should be paid through IFMIS and IPDD platforms.
- 2) **THAT** implementation of Ward-Based projects should be hastened since they have a direct impact on the community.
- 3) **THAT** facilities (Sub-county hospital) should spend their budgets through IFMIS as opposed to a manual or cheque system. Accounting officers of the Facilities should report to the County Assembly Pursuant to the Public Finance Management Act, 2012 section 166 (1),(2),(3).
- 4) **THAT** accounting officer should account for grant and donor funds pursuant to the Public Finance Management Act, 2012 section 138 (9)(b).
- 5) **THAT**, the Accounting Officers **MUST** comply with the provisions of Regulation 93(5), (6), (7) and (8) of the Public Finance Management Regulations, 2015 in respect to management of Imprest.
- 6) **THAT**, the budgets should be implemented as approved pursuant to PFMA 149 (1).

ADOPTION OF THE REPORT

We the undersigned members of the Sectoral Committee on Health affix our signatures adopting this report with the recommendations therein.

	MEMBERS NAME	DESIGNATION	SIGN
1	Hon. George Makari	Chairperson	
2	Hon. Jerusa Aleu	Vice- Chairperson	
3	Hon. Meshack Simiyu	Member	
4	Hon. Anthony Lusenaka	Member	
5	Hon Tony Barasa	Member	
6	Hon. Ndasaba Dorcas	Member	
7	Hon. Jack Wambulwa	Member	
8	Hon. Vitalis Wangila	Member	
9	Hon. Sundukwa Grace	Member	
10	Hon. Milliah Masungu	Member	
11	Hon. Job Mukoyandali	Member	
12	Hon. Joan Kirong	Member	
13	Hon. Orize Kundu	Member	
14	Hon. Mourine Wafula	Member	
15	Hon. Jacob Psero	Member	

**MINUTES OF HEALTH SERVICES COMMITTEE HELD ON 10TH
NOVEMBER, 2023 AT 9: 00 A.M, AT VICTORIA COMFORT INN HOTEL.**

MEMBERS PRESENT

1. Hon. George	Makari	Chairperson
2. Hon. Jerusa	Aleu	V/Chairperson
3. Hon. Vitalis	Wangila	Member
4. Hon. Tony	Barasa	Member
5. Hon. Job	Mukoyandali	Member
6. Hon Jacob	Psero	Member
7. Hon. Orize	Kundu	Member
8. Hon. Miliah	Masungo	Member
9. Hon. Meshack	Simiyu	Member
10. Hon. Anthony	Lusenaka	Member
11. Hon. Joan	Kirong'	Member
12. Hon. Ndasaba	Dorcas	Member
13. Hon. Jack	Wambulwa	Member
14. Hon. Grace	Sundukwa	Member
15. Hon. Mourine	Wafula	Member

MEMBERS OF SECRETARIAT

1. Mr. Paul	Mudoga	-Committee Clerk
2. Ms. Diana	Khaemba	-Fiscal analyst
3. Mr. Robert	Mumbwani	-Serjeant- At- Arms
4. Mr. Alex	Cherongis	-Hansard Editor

AGENDA

1. Preliminaries
 - i. Prayer.
 - ii. Determination of quorum.
 - iii. Adoption of agenda.
2. Communication from the Chairperson.

3. Adoption of Fourth quarterly report and financial statements report in respect to the department of Health and Sanitation for the financial year 2022/2023

MIN.HS/01/13/11/2023 PRELIMINARIES

i. Prayer

The meeting was called to order at 9:00 a.m. with prayer read from the County Assembly Standing Orders by Hon. George Makari.

Determination of quorum

Quorum for the meeting was determined as sufficient.

ii. Adoption of agenda

On proposal by Hon. Anthony Luseneka and seconded by Hon. Tony Barasa , agenda for the meeting was adopted.

MIN.HS /02/10/11/2023 COMMUNICATION FROM THE CHAIRPERSON

The chairperson did welcome Members to the meeting and thanked them for the cooperation during the fourth quarter financial statements interrogation.

MIN.HS/3/10/11/2023 ADOPTION OF FOURTH QUARTERLY REPORT AND FINANCIAL STATEMENTS REPORT IN RESPECT TO THE DEPARTMENT OF HEALTH AND SANITATION FOR THE FINANCIAL YEAR 2022/2023.

Members were taken through the fourth quarterly report and financial statements for the FY 2022/2023 . They unanimously agreed to the contents of the report.

ADJOURNMENT

There being no other business, the meeting ended at 11:00 A.M. The next meeting will be convened on notice.

Confirmed by:

Committee Clerk: Paul Mulya

SIGN: **DATE:** 10/11/2023

Chairperson: Hon. George Makari

SIGN

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

DATE

10/11/23