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COUNTY GOVERNMENT OF BUNGOMA

COUNTY ASSEMBLY OF BUNGOMA
(LPCS)
23 JUL 2024
TABLED
By: *A. K. Keny S.*



COUNTY ASSEMBLY OF BUNGOMA
(LPCS)
23 JUL 2024
NOTICE ISSUED
By: *A. K. Keny S.*

**COUNTY ASSEMBLY OF BUNGOMA
OFFICE OF THE CLERK**

THIRD ASSEMBLY
THIRD SESSION

COMMITTEE ON HEALTH SERVICES

REPORT ON THE HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31ST DECEMBER, 2023 IN RESPECT TO THE DEPARTMENT OF HEALTH
AND SANITATION

**Clerks Chambers
County Assembly Buildings
P.O BOX 1886 - 50200
BUNGOMA, KENYA**

APRIL, 2024

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CHAPTER ONE

PREFACE

1.1 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.

1.2 BACKGROUND INFORMATION

This report is on the half year quarter financial statements for the period ended 31st December, 2023 in respect to the ministry of Health and Sanitation.

The County Assembly on receipt of the 1st & 2nd Quarter Financial Statements for the FY 2023/2024, scheduled interrogations for Sector Committee on 5th April, 2024 at the County Assembly precincts and invited the County CECM for Health together with (Accounting Officer for the case of County Executive Departments) and other relevant officers for the interrogation.

Further, the department was requested to submit the following and any other supporting documents to the Office of the clerk of the County Assembly;

- i. Revenue realized by the department (Exchequer, Local revenue and grants) in the period under review.
- ii. Departmental budget implementation report as per approved PBB for the period ending December 2023
- iii. Detailed departmental personnel expenditure
- iv. Status of ongoing projects/ flagship projects
- v. Approved procurement plan FY 2023/24
- vi. Detailed status report on the pending bills settled in the period under review and those outstanding.
- vii. A status report on the outstanding imprests.
- viii. Status report on stalled/incomplete project and way forward

1.3 TERMS OF REFERENCE

Hon. Speaker Sir.

The committee resolved to interrogate the report on the half year financial statements for the period under review with the following terms: -

- i. To interrogate the departmental exchequer releases for the half year 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 Ward based project implementation status in the department for FY 2023/24
- v. Interrogate the status of the outstanding Imprests and accounts payable

The report therefore, 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.

1.4 LEGAL FRAMEWORK

Mr. Speaker Sir.

The process of analyzing quarterly financial statements is anchored on various Kenyan laws 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) 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) states that, *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;*

(a) *ensure that all expenditure made by the entity complies with subsection 1*

(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)*

(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.*

The Public Finance Management Act 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.*

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 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. Miliar | 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 |

1.6 ACKNOWLEDGEMENT

Mr. Speaker Sir.

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 half year financial statements for the period ending 31st December, 2023 for 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**.....22/5/24.....

HON. GEORGE MAKARI, MCA, MUSIKOMA WARD

CHAIRPERSON, COMMITTEE ON HEALTH SERVICES

CHAPTER TWO

2.1 THE HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 2023 IN THE DEPARTMENT OF HEALTH AND SANITATION

Mr. Speaker Sir.

The County's approved 1st supplementary budget for the FY 2023/24 was Kshs. 15,470,095,611 comprising Kshs. 5,643,037,428 (36%) and Kshs. 9,827,0528,184(64%) allocation for development and recurrent programmes, respectively.

The largest part of the budget is expected from exchequer issues contributing 73.6% of the requirement, local revenue 13% and other receipts including grants 13.3%.

The department of Health had an approved supplementary of kshs. budget of kshs.4, 103,728,886. comprising kshs.3, 632,696,235 for recurrent and Kshs. 471,032,651 on development. Sanitation had recurrent budget of kshs. 2,017, 430 and development Kshs.15, 358, 366 totaling to 17,375,796.

2.1.1 Revenue Realized

The department realized total revenues to a tune of Kshs. 1,431,567,944 representing 34.8% absorption: Kshs 1,410,248,140 recurrent and Kshs. 21,319804 on development.

The breakdown of the revenues realized is as follows:

S/No.	Revenue Source	Total (Kshs.)
1	Exchequer	1,091,227,959
2	Appropriation in Aid (Level 4 and 5 Hospitals)	
	Bungoma County Referral Hospital	140,576,881
	Head Quarter(level 2&3)	
	Webuye County Hospital	76,314,618
	Kimilili Sub County Hospital	16,523,680
	Mt. Elgon Sub County Hospital	8,901,235
	Sirisia Sub County Hospital	11,966,360

	Cheptais Sub County Hospital	8,371,826
	Bumula Sub County Hospital	7,168,870
	Chwele Sub County Hospital	8,718,007
	Naitiri Sub County Hospital	6,392,228
	Bokoli Sub County Hospital	5,676,935
	Sinoko Sub County Hospital	573,002
	Sub total	291,183,642
3	Appropriation in Aid (Level 2 and 3 Facilities)	20,722,086
4	Danida	28,015,305
	Total	1,431,148,992

2.1.2 Expenditure Analysis

1. General administration planning and support

The Health Administration and Support Services unit was allocated a budget of KSh 126,916,175, of which KSh 99,243,425 was spent. This represents an absorption rate of 78%, which is relatively high compared to other areas of the health budget. The expenditure details for the activities undertaken by the sub-county hospitals were provided in the attached statements. During the review of the financial statements, the committee issued a directive regarding the reporting format. They instructed that, going forward, the financial statements from individual health facilities should be consolidated with those of other departments.

Leadership and Governance spend kshs. 23,546,920 i.e 68.2% of the budget. The department submitted that the amount relates to daily operational cost like board meetings allowance and traveling substance allowance incurred by the listed facilities.

Facility	Cost
Bumula	-
Bokoli	762,350.00
Cheptais	744,900.00
Chwele	819,505.00
Kimilili	1,885,565.00

Mt elgon	1,538,500.00
Sirisia	1,036,300.00
Sinoko	101,000.00
Webuye	8,986,180.00
Bungoma	7,672,620.00
Naitiri	-
Total	23,546,920.00

Human resource management (salaries) had an allocation of kshs. 2,757,964,682 where they spent kshs.1, 043, 655, 533 which is equivalent to 37% much more below the 50% target in half year. The department detailed personnel expenditure amounting to Kshs. 1,042,454,224, as outlined below.

Month/Item	Salaries (Kshs.)	Wages (Kshs.)	Total (Kshs.)
July	0	0	0
August	183,215,476	0	183,215,476
September	398,821,776	28,148,496	426,970,272
October	0	0	0
November	195,898,143	40,472,190	236,370,333
December	195,898,143	0	195,898,143
Total	973,833,538	68,620,686	1,042,454,224

Delays in receiving funds from the exchequer, led to the payment of salaries for December in the 3rd quarter.

Infrastructure development had an allocation of kshs. 471,032,651 where they utilized Kshs. 21,319,804 which is equivalent to 5%. The 300 Bed Capacity Mother and Child Hospital at BCRH was paid 22,610,331 for variation that was caused by inclusion of sewage system which was not in the

2. Preventive and promotive with a total revenue of Kshs. 183,305,894 attained the following:

Reproductive, maternal, Newborn, child and Adolescent health had an allocation of Kshs. 15,000,000 where they absorbed kshs. 5,000,000.

Specialized material and supplies had an allocation of kshs. 507,349,707 where kshs.178, 305,894 was utilized. The list provided is as follows:

Facility	Discription	cost
Bumula	Drugs,non-pharms lab supplies and food	6,730,530.50
Bokoli	Drugs, non-pharms lab supplies and food	2,964,198.00
Cheptais	Drugs, non-pharms lab supplies and food	4,236,000.00
Chwele	Drugs,non-pharms lab supplies and food	1,853,155.20
Kimilili	Drugs,non-pharms lab supplies and food	11,738,073.00
Mt.Elgon	Drugs,non-pharms lab supplies and food	6,528,395.00
Sirisia	Drugs,non-pharms lab supplies and food	4,368,910.00
Sinoko	Drugs,non-pharms lab supplies and food	413,266.00
Webuye	Drugs,non-pharms, lab supplies ,food ratios and X-ray supplies	49,839,828.50
Bungoma	Drugs,non-pharms, lab supplies ,food ratios and X-ray supplies	81,978,199.00
Naitiri	Drugs,non-pharms, lab supplies ,food ratios and X-ray supplies	7,655,339.00
TOTAL		178,305,894.20

3. Curative Health Services

Routine medical services had allocation of kshs. 105,172,120 recording expenditure worth utilized kshs. 32,481,062 which is equivalent to 31%.

DANIDA/UNICEF had an allocation of kshs. 46,408,065 where they absorbed kshs. 28,015,305.

Public Health & Sanitation with a total allocation of Kshs. 24.1 million recorded no expenditures.

2.1.3 Imprest and outstanding imprest

The department of Health un-surrendered imprest amount kshs. 10,186,320 relating to the period July-Dec 2023.The activities done by the imprests are shared below:

- Devolution Conference meetings Kshs. 1, 949,000
- Standing imprest(Office imprests) Kshs. 600,000
- Midwives Annual Scientific Conference in Mombasa Kshs. 713,600
- Supervisory and Secretarial Training in Mombasa Kshs. 230,900
- Renewal of UHC Staff contract letters Kshs. 151,200

- Attending International Conference on Sickle Cell Disease Kshs. 87, 200
- Integrated external quality assessment review meeting Kshs.98,000
- Travelling subsistence allowance Kshs. 724, 220 for conducting feasibility on existing structures in preparation of IFMIS rollout in facilities, this was transport and lunch re-imburements for officers participating.
- Nurse managers meeting Kshs.130,000
- Midwives Annual Scientific Conference in Mombasa Kshs. 102, 400
- World Contraceptives Day Kshs. 543, 000
- Purchase of Accountable Documents2 Kshs. 184, 000
- Report Writing on Selection Kshs. 845,600/. Facilitation for report writing after interview of medical doctors and other cadres who participated on interview for employment.
- Policy Review Consultative Forum Kshs. 980, 000
- Report Writing on Selection Kshs. 1,467,200. Facilitation for report writing after interview of medical doctors and other cadres who participated on interview County public service board for employment.
- Taskforce Policy Review ksh.1, 380, 000

The department shared the activities done as indicated in the imprests. The imprests have since been surrendered and will be reported in the 9 months' Financial statements for the period ended 31st March, 2024.

2.1.4 Pending Bills/Accounts Payable

The report indicates the department paid pending bills as captured below:

- ✓ Biju Insurance agency (insurance cover) Kshs. 1,004,100.
- ✓ Webmar investment ltd (Fuel) Kshs. 1,965, 517.25
- ✓ Amylin Chemists(non-pharms) Kshs. 797,500
- ✓ Bungoma Chemist(drugs) Kshs. 117,000
- ✓ Dovas Pharmacy (non-pharms) Kshs. 498,650

It is unclear where the money to pay the pending bills came from, as there was no specific budget allocation for this purpose. However, the department indicated that the County

Treasury provided direction to treat pending bills as a "first charge" against the current budget. This means that funds from the existing budget were used to settle these outstanding obligations before financing any other activities. While this approach ensures pending bills are paid, it also reduces the amount of funding available for planned current-year expenditures, which could create new budgetary pressures or lead to the deferral of important spending. This directive also goes against the PFMA 2012 which states that an accounting officer shall ensure that public funds entrusted to their care are properly safeguarded and are applied for purposes for which they were intended and appropriated by the County Assembly.

The inclusion of unpaid June 2023 salaries for all sub-county hospital staff in the pending bills list raises concerns. No explanation was given for why these wages remained outstanding by the treasury. This also casts doubt on whether salaries for the following months from July to December 2023 were disbursed.

However, the department later clarified that listing the June salary as a pending bill was an error, as the delayed payment was eventually made in July. They further confirmed that subsequent salaries have been paid through November 2023.

2.1.5 Departmental Appropriation In AID (AIA)

It's noted that the department of Health facilities collected and spent Kshs. 291.9 million, achieving a performance of 25% against set targets. However, there is a lack of data in the report by the County treasury regarding the performance of the 11 facilities, both in terms of revenue generation and expenditures, compared to the approved budget. During interrogation session with the department revenue realized was submitted as indicated below:

Facility	Target	Half year collection	%age realized
Bungoma County Referral Hospital	311,512,744	140,576,881	45.1
Head Quarter	285,486,179		-
Webuye County Hospital	278,244,550	76,314,618	27.4
Kimilili Sub County Hospital	35,311,531	16,523,680	46.8
Mt. Elgon Sub County Hospital	21,923,252	8,901,235	40.6
Sirisia Sub County Hospital	40,645,489	11,966,360	29.4
Cheptais Sub County Hospital	31,464,162	8,371,826	26.6
Bumula Sub County Hospital	23,161,816	7,168,870	31.0
Chwele Sub County Hospital	26,946,277	8,718,007	32.4
Naitiri Sub County Hospital	30,041,832	6,392,228	21.3
Bokoli Sub County Hospital	12,923,100	5,676,935	43.9
Sinoko Sub County Hospital	7,585,952	573,002	7.6
Sub total	1,105,246,884	291,183,642	26.3
Appropriation in Aid (Level 2 and 3 Facilities)	0	20,722,086	

The analysis shows BCRH, Kimilili, Bokoli had an over 40% against the set targets while the rest performed poorly. None of the facilities hit the 50% mark.

The targets are not realistic or achievable because they not set by individual facilities nor at the health headquarter. Imaging services are not offered in other facilities hence an explanation on the low collection. The primary health care programme when rolled out, will help reduce the targets for the facilities.

CHAPTER THREE

COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

COMMITTEE OBSERVATIONS

1. The overall absorption rate for the Department of Health's recurrent budget was only 34.8% by half year, indicating significant underspending. The development budget absorption was even lower at just 4.5%.
2. Many individual line items had very low absorption rates below 50%, such as specialized materials and supplies (2.5%), printing and advertising (2.3%), routine maintenance (0-0.8%), and purchase of furniture and equipment (0-1%).
3. Some hospitals and sub-county units significantly overspent their budgets in certain areas, such as domestic travel (146% at Webuye), utility bills (electricity 125% at Kimilili), and committees/conferences (293% at Kimilili, 158% at Chwele).
4. Spending on essential medical supplies like drugs, non-pharmaceuticals, lab materials, and X-ray supplies was quite low, often in the 30-40% range and as low as 3-4% in some cases. This results in shortages of key items.
5. The reports sub-county units are spending their budgets outside the IFMIS platform as seen on over expended votes. This practice undermines transparency, accountability, and effective control over public funds. It can lead to irregularities, misuse of resources, and a lack of reliable financial data for decision-making.
6. Expenditure reporting appears inconsistent across units, with varying formats and levels of detail, making comparisons difficult. The expenditure figures are above the AIA realized in the facilities.


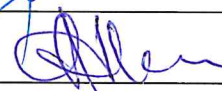
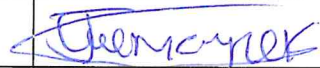
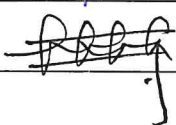


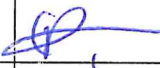

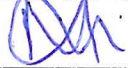
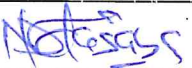
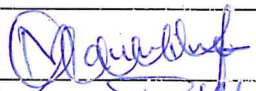
COMMITTEE RECOMMENDATIONS

Mr. Speaker Sir,

1. **THAT** the County treasury should urgently investigate the reasons behind the low overall absorption of approved budgets. Identify and address bottlenecks in procurement, cash flow, and budget execution.
2. **THAT** the Chief Officer Health and Sanitation should establish and enforce budgetary discipline as an expenditure control measure, especially for travel, imprest, committees, and utilities, to prevent unsanctioned over-expenditure.
3. **THAT** the department should prioritize spending on core medical supplies to ensure adequacy throughout the year. Future budgets should have funding re-allocated from non-essential areas.
4. **THAT** all sub-county health units must use IFMIS for all financial transactions, in compliance with the PFMA and County Governments Act. Training and support should be provided to sub-county staff on how to effectively use IFMIS for budgeting, expenditure management, and reporting. The department should report implementation status to the committee within 90 days from the adoption of this report.
5. **THAT** the department should standardize reporting formats across all units to enable easier consolidation, comparison and analysis.
6. **THAT** the department should build the capacity of facility staff in financial management and reporting to ensure data quality and timeliness.

ADOPTION SCHEDULE

We, the members of Health Services hereby append our signatures adopting this report with its recommendations.

No	NAME	SIGNATURE
1.	Hon. George Makari	
2.	Hon. Jerusa Aleu	
3.	Hon. Meshack Simiyu	
4.	Hon. Joan Kirong	
5.	Hon. Anthony Luseneka	
6.	Hon. Tony Barasa	
7.	Hon. Jack Wambulwa	
8.	Hon. Milih Masungu	
9.	Hon. Grace Sundukwa	
10.	Hon. Vitalis Wangila	
11.	Hon. Job Mukoyandah	
12.	Hon. Dorcas Ndasaba	
13.	Hon. Jacob Psero	
14.	Hon. Moureen Wafula	
15.	Hon. Orize Kundu	