

**COUNTY GOVERNMENT OF BUNGOMA**

**COUNTY ASSEMBLY OF BUNGOMA**

**COUNTY ASSEMBLY DEBATES**

**THE DAILY HANSARD**

**TUESDAY, 29<sup>TH</sup> OCTOBER, 2024**

**Afternoon Sitting**

**COUNTY ASSEMBLY OF BUNGOMA**  
**HANSARD OFFICIAL REPORT**  
**TUESDAY, 29TH OCTOBER, 2024**

The House met at the County assembly Chamber at 2:30 p.m.

(Mr. Speaker [Hon. Emmanuel Situma] in the Chair)

**PRAYER**

**PAPERS**

1. REPORT BY THE COMMITTEE ON DELEGATED COUNTY LEGISLATION

**Hon. Wafula Waiti:** Thank you Hon. Speaker. On behalf of the Committee on Delegated County Legislation, I hereby table a report on the post legislative scrutiny of Acts passed by the County Assembly of Bungoma namely;

- i. Bungoma County Youth polytechnics Act, 2015,
- ii. Bungoma County Decentralized Units Administration Act, 2015; and
- iii. the Bungoma County Trade Licensing Act, 2017

**Mr. Speaker:** Honourable Members, a report by the Committee on Delegated County Legislation; specifically on the post legislative scrutiny of Acts passed by the County Assembly of Bungoma namely;

- i. Bungoma County Youth polytechnics Act, 2015,
- ii. Bungoma County Decentralized Units Administration Act, 2015; and
- iii. the Bungoma County Trade Licensing Act, 2017

is hereby tabled by the committee and formally becomes property of the House.

2. ANNUAL REPORT AND FINANCIAL STATEMENTS FOR NAITIRI SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024

3. ANNUAL REPORT AND FINANCIAL STATEMENTS FOR CHEPTAIS SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024

**Hon. Joseph Nyongesa** (Leader of Majority): Thank you Speaker. I rise to table the following reports:

1. Annual report and financial statements for Naitiri Sub County hospital for the year ended 30<sup>th</sup> June, 2024

2. Annual report and financial statements for Cheptais Sub County hospital for the year ended 30<sup>th</sup> June, 2024

**Mr. Speaker:** Honourable Members, the annual reports and financial statements for Naitiri Sub County hospital for the year ending 30<sup>th</sup> June, 2024 and annual report and financial statement for Cheptais Sub-County hospital for the year ending 30<sup>th</sup> June, 2024 are hereby tabled and I subsequently commit the same to the Committee of Health and Sanitation for processing and reporting back to the House accordingly.

## NOTICE OF MOTION

1. REPORT BY THE COMMITTEE ON DELEGATED COUNTY LEGISLATION

**Hon. Waiti Wafula:** Thank you Hon. Speaker. I rise to issue a notice of motion that this House adopts the report by the Committee on Delegated County Legislation on the post legislative scrutiny of Acts passed by the County Assembly of Bungoma namely; the Bungoma County Youth Polytechnics Act, 2015, the Bungoma County Decentralized Units Administration Act, 2015 and the Bungoma County Trade Licensing Act, 2017

**Mr. Speaker:** Honourable Members, a notice of motion has been duly issued by the Committee on Delegated County Legislation on the post legislative scrutiny of Acts passed by this House. I urge the Clerks- at- the- Table to share the reports with Honourable Members; the same will be on our Order Paper once scheduled by the HBC

## STATEMENT

1. STATEMENT NUMBER 27 OF 2024 INFORMING THE COUNTY ASSEMBLY OF THE WEEKLY BUSINESS FROM TUESDAY, 29<sup>TH</sup> TO THURSDAY, 31<sup>ST</sup> OCTOBER, 2024

**Hon. Cornelius Makhanu:** Thank you Mr. Speaker Sir for this opportunity to present the tentative weekly program of Business of the County Assembly for the week commencing Tuesday, 29<sup>th</sup> to Thursday, 31<sup>st</sup> October, 2024.

**Tuesday, 29<sup>th</sup> October, 2024 at 2:30 p.m.**

### Papers

1. Report by the Committee on Delegated County Legislation on the post legislative scrutiny of the Acts passed by the County Assembly of Bungoma, namely Bungoma County Polytechnics Act 2015, Bungoma County Decentralization Units Administration Act 2015 and the Bungoma County Trade Licensing Act 2017.
2. Annual report and financial statements for Naitiri Sub-county Hospital for the year ended 30th June, 2024.
3. Annual report and financial statements for Cheptais Sub-county Hospital for the year ended 30th June, 2024.

## **Notices of motion**

1. That this House adopts the report by the Committee on Delegated County Legislation on the post legislative scrutiny of the Acts passed by the County Assembly of Bungoma namely; the Bungoma County Youth Polytechnics Act, 2015, the Bungoma County Decentralization Units Administration Act, 2015 and the Bungoma Trade Licensing Act, 2017.

## **Questions and statement**

1. A member of the House Business Committee informing the County Assembly of the weekly Business coming before the House from Tuesday, 29<sup>th</sup> to Thursday, 31<sup>st</sup>, October, 2024.

## **Motion**

1. Report by the Sectorial Committee on Health Services on the management of own generated revenue in health facilities in the County in respect to the Department of Health and Sanitation.

**Wednesday, 30<sup>th</sup> October, 2024 at 9:30 a.m.**

## **Papers**

1. Report by the Sectoral Committee on Education and Vocational training on the status of ECDE teachers in Bungoma County.
2. The County Government of Bungoma County Budget Review Outlook Paper- CBROP, 2024.
3. Report by the Committee on Selection on the placement of members in committees.

## **Notices of motion**

1. That this House adopts the report by the Sectoral Committee on Education and Vocational Training on the status of ECDE teachers in Bungoma County.
2. That this House adopts the report by the Committee on Selection on the placement of members in committees.

## **Statements and questions**

1. A Member for Misikhu Ward Hon. Milliah Masungo, MCA to seek a response from the Chairperson Education and Vocational Training Committee in respect to the bursary disbursed to Vocational Training Centers in Bungoma County since 2013.

## **Motions**

1. Report by the Sectoral Committee on Gender, Culture, and Social Welfare on the Bungoma County Gender Mainstreaming, Bungoma County Disability Mainstreaming, Culture and Heritage Group Registration, and Bungoma County Children Policies, 2023.
2. Alteration of the House calendar.

**Thursday, 31<sup>st</sup> October, 2024 at 2:30 p.m.**

## **Motion**

1. Report by the Sectoral Committee on Lands, Urban Physical planning and Housing on 10 Local Fiscal and Land Use Development Plans.
2. Report by the Committee on Selection on the placement of members in committees.

I think that is the last item.

**Mr. Speaker:** Honourable Members that was the tentative weekly programme for the week starting today. We will now proceed to the next item on our Order Paper accordingly.

## **MOTION**

1. REPORT ON THE MANAGEMENT OF OWN GENERATED REVENUE IN HEALTH FACILITIES IN THE COUNTY

**Hon. Jerusa Aleu:** Thank you Mr. Speaker Sir, for giving me this chance to present a report on the management of own generated revenue in health facilities in the county; in respect to the Department of Health and Sanitation.

## **CHAPTER ONE**

### **Preface**

Mr. Speaker Sir.

In the dynamic landscape of healthcare financing, the management of internally generated revenues stands as a cornerstone for the sustainability and enhancement of health services. The county's health facilities, which serve a critical role in the delivery of medical services to the community are increasingly looking towards self-sufficiency in financial management to bolster their operations.

This report delves into the intricate processes and strategies employed by health facilities in Bungoma County to manage their own generated revenues. It explores the impact of these financial practices on the availability of medicines, the procurement process, and the overall service delivery within the public health sector. Drawing from a cross-sectional analysis and firsthand accounts from various stakeholders, the report aims to shed light on the successes and challenges faced in the pursuit of financial autonomy.

Understanding this is key because it can help make better policies and ways of doing things, which can lead to improved health care. Knowing the details of how money is managed locally helps those in charge make smarter choices about health care money. This can help build a robust and resilient health system in Bungoma County.

The report pays special attention to the money that comes from local sources, which the Health Department collects as Appropriation in Aid (AIA). This money comes from different services that health facilities provide. This year, the goal is to collect over Kshs1 billion from the Health Department.

I beg to move to the next page leaving out the mandate of the Committee.

### **Committee Membership**

Mr. Speaker Sir,

The Committee as currently constituted comprises of 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

### **Terms of Reference**

During the Committee sitting, it was resolved that the Committee undertakes this exercise by interrogating the following areas of concern;

- 1) The departmental usage of the IFMIS platform;
- 2) Revenue collection and setting of targets in the Department
- 3) Revenue budget, work plan and expenditure in the Health Sector
- 4) Responsibilities of various stakeholders in the Health Sector;
- 5) Financial reporting and Audit of the Health Facilities; and
- 6) Possible causes of low revenue collection

### **Acknowledgement**

I take this opportunity to thank the Offices 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 fourth quarter financial statements for the period ending 30<sup>th</sup> 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.

**Signed by Hon. George Makari, MCA, Musikoma Ward and Chairperson, Committee on Health Services**

## **CHAPTER TWO**

### **Background Information**

Owing to the nature of operations of the health facilities, all monies raised by the facilities have previously been retained to finance the operations of the facilities. The Executive Committee Member in charge of Finance and Economic Planning appointed the Medical Superintendents of the Sub County Hospitals to be Accounting Officers for the various facilities. This mandated the Medical Superintendents was to collect AIA and spend it at the source. This setting however had various challenges; among them lack of accountability for the revenue collected and gave rise to audit queries on spending at the source.

The Health Services Committee during its interrogation of the quarterly departmental reports noted challenges of revenue and expenditure reporting by the facilities. The Committee therefore in its own motion undertook to interrogate on the matter and provide recommendations that would provide efficient, secure and accountable mechanisms for collection, retention and management of revenue derived from health facilities.

In a meeting held in the County Assembly precincts, the Committee held a consultative meeting with the CECM, Finance and Economic Planning, CECM, Health and Sanitation, the Chief Officers, Health and Finance, Directors and Medical Superintendents of the level 4 and 5

hospitals. The meeting sought to find an amicable solution on the management of own generated revenue collection in health facilities.

## **COMMITTEE'S INTERROGATION**

### **Usage of IFMIS Platform**

In order to ensure accountability, the County Treasury recommended that all health facilities undertake transactions through IFMIS. The purpose for the migration was to improve on accountability and report on revenue collection and expenditures in line with IFMIS requirements in compliance with the Facilities Improvement Financing Act, 2023.

With the assent of the Facilities Improvement Financing Act in 2023; and through consultative meetings between the Departments of Health and Finance, a decision was reached to revoke the appointment of the Medical Superintendents as Accounting Officers and have them designated as AIE holders. The role of the Accounting Officer was retained by the Chief Officer as stipulated in Section 46 of the County Governments Act, 2012. (Section 148 of PFM Act, 2012, Section 23 of the PFM Regulations)

The proposed IFMIS migration however posed challenges on the promptness of service delivery given that the Department of Health Services handles emergency cases that require prompt response. This is because the Sub County health facilities do not have Special Purpose Accounts and have to rely on the central accounts where all AIA is deposited. Additionally, the final approvals for withdrawals of funds still rest with the County Treasury hence the fear of lack of prioritization in discharge of funds for operations.

During the interrogation, it emerged that Special Purpose Accounts were opened for Bungoma County Referral Hospital (BCRH) and Webuye County Hospital as a pilot. Arising from the experiences and lessons learnt from the two facilities, the accounts would be rolled down to the rest of the Sub County hospitals across the county. Once the Special Purpose Accounts are opened for all the facilities, the funds would be accessible for use by the facilities any time.

Arising from the deliberations, it was agreed that the CECM Finance and Economic Planning would undertake to decentralize internet banking (IB) to the Health Department to solve the problem of delays in clearing requests.

### **Committee's Findings**

The Committee undertook to ascertain the AIA targets, sources of revenue for the health facilities, methods of revenue collection, banking options and expenditures in order to unearth the reasons for the reduction in revenue collection. The Committee further sought to identify the challenges and loopholes leading to low revenue collection and loss of revenue.

### **AIA Targets**

The Department realized total AIA of Kshs291, 183,642 out of the targeted Kshs1, 105,246,884 representing 26.3 per cent over a period of six months.

An analysis of the submitted half year reports indicated that none of the facilities attained 50 per cent of the set targets. Some of the facilities were way below the targets and realistically would not be able to achieve the set targets by the end of the financial year. Below is a table showing the targets and revenues raised by various facilities as at December, 2023:

Name of Facility	AIA Target	Half year Collection	% Realized
Bungoma County Referral Hospital	311,512,744	140,576,881	45.1
Level 2 and 3 hospitals	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	6,392,8228	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
<b>Total</b>	<b>1,105,246,884</b>	<b>291,183,642</b>	<b>26.3</b>

During the interrogation, it emerged that the AIA targets were set by the County Treasury without regard to the inputs provided and ability of the facilities to collect the desired revenue. The Department of Health Services decried their inability to raise the set targets since no additional funds were provided for drugs and equipment hence there were outputs in return.

The CECM, Health made reference to the **FIS 03A** tool which is a Financial Information System tool that is used to establish fee levels and set Annual Collection targets. He implored upon all parties to utilize the tool in setting realistic targets.

Based on the above, the Committee made the following inferences about the management of local revenues in the County health facilities:

1. The **Appropriation in Aid (AIA) targets** set by the County Treasury are unrealistic, as indicated. None of the facilities attaining 50 per cent of their goals by the mid-year mark. This suggests a disconnect between the target-setting process and the actual revenue-generating capacity of the facilities. The data underscores the importance of setting realistic revenue targets that consider the actual capabilities and limitations of the health facilities.

2. There is a significant variance in performance among the facilities. For instance, the **Kimilili Sub County Hospital** achieved nearly **46.8 per cent** of its target, while **Sinoko Sub County Hospital** only managed **7.6 per cent**. This point to differences in operational efficiency, patient volume, or services offered.
3. The lack of additional funds for drugs and equipment has been highlighted as a major barrier to achieving revenue targets. Without necessary inputs, health facilities struggle to generate outputs, such as services that would bring in revenue.
4. The medical practitioners' strike and inadequate medical supplies are external factors severely impacting the ability of health facilities to meet revenue targets. These issues extend beyond financial management and reflect broader systemic challenges.
5. The total AIA collected was **Kshs291, 183,642**, which is only **26.3 per cent** of the targeted **Kshs1, 105,246,884**. This indicates that the health facilities are facing significant challenges in revenue collection.

### **Sources of Revenue**

The following were identified as the sources of revenue in the Department of Health and Sanitation:

#### **Revenue sources for BCRH and Webuye County Hospitals**

1. Pharmacy
2. Occupational Therapy
3. Mortuary fees
4. In-Patient
5. Out- Patient
6. Laboratory Services
7. Reports
8. M/ Records
9. X-Ray
10. Medical Forms (Students)
11. Injections
12. P3 Forms
13. Ultrasound
14. Dental
15. Orthopedic
16. Orthopedic Technology
17. Primary Health
18. Laundry Services
19. Research Fee
20. Nutrition Counseling
21. Purchase of tender
22. Welfare Canteen

- 23. Theatre
- 24. Maternity Linda Mama
- 25. NHIF
- 26. NHIF UHC
- 27. EDU -Afyा
- 28. Britam
- 29. AON
- 30. Nutrition
- 31. Causality
- 32. Stitching
- 33. Dressing
- 34. Non-Pharms
- 35. Endoscopy
- 36. ECHO
- 37. Oncology
- 38. Rental Income
- 39. Renal
- 40. Disability
- 41. ECG
- 42. Debtors
- 43. Sale of Jerricans
- 44. Sickle Cell Support
- 45. ENT and Clinics
- 46. Eye Clinics
- 47. Special Clinics
- 48. Pediatric Clinic
- 49. Nursing
- 50. Skin and Chest
- 51. Administration
- 52. Registration
- 53. Consultation
- 54. ICU
- 55. Psychiatry
- 56. Oxygen
- 57. Ambulance
- 58. Search Fee
- 59. Waste Disposal
- 60. Fistula Support
- 61. New Born Unit
- 62. Palliative Care
- 63. Water
- 64. Attachment

### **Revenue sources for Level 4(Sub County) Hospitals**

1. Pharmacy	19. Registration	37. Rental
2. Inpatient	20. P3	38. Research fee
3. Outpatient	21. Ultrasound	39. Renal
4. Laboratory Service	22. Special Clinics	40. Disability
5. Reports	23. Dental	41. Ampath
6. Maternity Linda Mama	24. ENT Clinics	42. Debtor
7. M/Records	25. Eye Clinics	43. Waste disposal
8. X-Ray	26. Nursing	44. Sale of jerricans
9. Medical Exams	27. Skin and Chest	45. Circumcision
10. Theatre	28. ICU	46. Water
11. NHIF	29. Counseling	47. New Born unit
12. NHIF Universal HC	30. Nursery	48. Land lease
13. EDU AFYA	31. Psychiatry	49. Sale of tenders
14. AON	32. Oxygen	50. Palliative Care
15. Non-Pharms	33. Ambulance	51. Search fee
16. Nutrition counseling	34. Orthopedic	52. FP Service
17. Administration	35. Public Health	53. Causality
18. Sanitation Service fee	36. Attachment	

### **Public Health and Sanitation Revenue sources**

1. Food Hygiene Licensing
2. Licensing of Premises
3. Medical Examination of Food Handlers
4. Plan Approval
5. Inspection Of Premises/Institution for Registration
6. Occupational Certificates for New Buildings
7. Vaccination Fee
8. Siting/Pegging of New Buildings.

### **Committee's Observation**

From the listed revenue sources above, the Committee noted that the Department of Health and Sanitation has several sources from which the County Government targets to collect local revenue. However, most revenue streams do not perform well with key revenue streams recording zero collections.

### **Methods of Revenue Collection**

The level 4 and 5 hospitals collect and utilize their own revenue and use various methods in collecting revenue as summarized in the table below:

No.	Name	Method used for revenue collection	Banking options
1	Bungoma County Referral Hospital	Fumsoft and KCB Agent	KCB Account
2	Webuye County Referral Hospital	Fumsoft and KCB Agent	KCB Account
3	Kimilili Sub- County Hospital	KCB Agent and Pay Bill	KCB Account
4	Naitiri Sub-County Hospital	KCB Agent and Miscellaneous Receipt Books	KCB Account
5	Sirisia Sub-County Hospital	Cooperative Bank Agent and Miscellaneous Receipt books	KCB Account
6	Mt. Elgon Sub-County Hospital	KCB Bank Agent and Miscellaneous Receipt books	KCB Account
7	Cheptais Sub-County Hospital	Cooperative Bank Agent and miscellaneous receipt books	KCB Account
8	Chwele Sub-County Hospital	KCB Agent and Fumsoft system	KCB Account
9	Bumula Sub-County Hospital	Cooperative Bank Agent , Compufix system, Miscellaneous Receipt Books	Coop Account
10	Bokoli Sub-County Hospital	Miscellaneous Receipt Books	KCB Account
11	Sinoko Sub-County Hospital	Miscellaneous Receipt Books	KCB Account

### Committee's Observations

Based on the information, the Committee noted the following about the management of local revenue and methods of collection in Bungoma County's health facilities:

- Diverse Collection Methods:** The health facilities employ a mix of digital and manual methods for revenue collection. Facilities using **Fumsoft** and **KCB Agent** services indicate an adoption of digital platforms, which appeared to streamline the collection process and potentially reduce errors and pilferage.
- Banking Uniformity:** All facilities bank their revenue into KCB accounts; suggesting a centralized banking approach that could facilitate better oversight and management of funds.
- Risk of Pilferage:** The prevalent use of **manual miscellaneous receipt books** in many facilities raises concerns about the security of funds. Manual systems are more susceptible to errors and fraud, indicating a potential risk area that needs addressing.
- Need for Modernization:** The reliance on manual systems in several facilities points to a need for modernization. Implementing more robust digital collection systems could enhance efficiency and accountability.

5. **Variation in Systems:** The variations in revenue collection methods among facilities reflect differing levels of resource availability or administrative capacity. It could also impact the consistency of revenue management across the County.

The current setup presents opportunities for improvement such as adopting more secure and efficient revenue collection systems across all facilities to minimize the risk of fund loss. While there is an effort to collect and manage local revenue in the health facilities, the reliance on manual receipt books in many facilities suggests a vulnerability to financial losses. A move towards more digital and secure methods of revenue collection could help mitigate these risks and improve financial management.

## REVENUE EXPENDITURES IN HEALTH SECTOR

The health facilities have previously been implementing the budget off IFMIS; hence it has been difficult to ascertain the true position of their vote and expenditures. However, from the submitted reports from the various facilities, expenditures were recorded as summarized below during the first half of the financial year 2023/2024:

No.	Name	Approved Budget	Expenditures	(%) Absorption
1	Bungoma County Referral Hospital	204,048,926	128,636,048	68.3
2	Webuye County Referral Hospital	181,044,550	74,888,422	41.4
3	Kimilili Sub- County Hospital	35,311,531	24,999,799	72.3
4	Naitiri Sub-County Hospital	30,041,832	17,894,466	60
5	Sirisia Sub-County Hospital	40,645,489	9,957,630	24.5
6	Mt. Elgon Sub-County Hospital	21,959,252	15,892,615	72.4
7	Cheptais Sub-County Hospital	31,464,162	10,960,922	35
8	Chwele Sub-County Hospital	26,946,277	8,039,018	30
9	Bumula Sub-County Hospital	23,161,816	7,687,090	33.6
10	Bokoli Sub-County Hospital	12,923,100	7,710,619	60
11	Sinoko Sub-County Hospital	7,585,952	684,253	9

### Committee's Observations

From the data provided on local revenue expenditures for health facilities from July 1st to December 31st, 2023, the Committee noted the following:

1. There is a wide range of budget utilization across the health facilities, with percentage absorption rates varying from as high as **72.4 per cent** at Mt. Elgon Sub-County Hospital to as low as **9 per cent** at Sinoko Sub-County Hospital. This suggests differing levels of efficiency and capacity in managing and utilizing allocated funds.
2. The **Bungoma County Referral Hospital** has the highest approved budget and also the highest expenditure, which is expected given its status as a referral hospital. However, its absorption rate of **68.3 per cent** indicates that there might be room for improvement in terms of fully utilizing the approved budget.

1. **Potential Under-funding:** Facilities like **Sirisia Sub-County Hospital** with an absorption rate of only **24.5 per cent** may indicate underfunding or challenges in executing planned expenditures, which could affect service delivery.
2. Some facilities, such as **Kimilili Sub-County Hospital** and **Mt. Elgon Sub-County Hospital**, show high absorption rates (**72.3 per cent** and **72.4 per cent** respectively); indicating over expenditure in some votes.
3. The low absorption rates in several facilities suggest a need for a review of the budgeting process, to ensure that the approved budgets are realistic and in line with the facilities' capacity to spend.

The disparities in expenditure rates may reflect varying needs, capacities, and challenges faced by each facility, which should be addressed individually for optimal financial management.

### **Possible Causes of Low Revenue Collection**

The following are some of the challenges and loopholes leading to low revenue collection / loss of revenue in health facilities;

1. Weak financial controls that easily allows for revenue leakages like use of manual Miscellaneous receipts and sabotaging use of systems leading to pilferages.
2. Lack of critical and specialized services in most of the facilities has led to the facilities losing clients who prefer to seek treatment in private facilities or facilities outside the county thus loosing revenue.
3. The government policy on waivers and exemptions which requires that Children under - five years, Prisoners, Malaria, TB, HIV cases, Street Children, Sexual and Gender based violence survivors get free treatment makes it difficult for the hospitals to recoup money spend on medical drugs.
4. Delays in delivery of supplies from the county health headquarters and supplies by KEMSA leading to loss of revenue.
5. Lack of adequate infrastructure in most of the level 4 facilities which reduces their ability to offer a wide range of services.
6. Delayed reimbursement and erratic payment of funds by the schemes like the NHIF. This led to inability of the facility to purchase drugs, non-pharms and consumables, hence most of the times, the patients were forced to purchase the drugs on their own.
7. Delays in reimbursement by Linda Mama resulting in depletion of the already strained consumables available for general use in the hospital.
8. Low customer flow due to lack of essential commodities and services: Patients tend to shy off from the facility and prefer other facilities where they can get the services.
9. Inadequate exchequer releases and little support from the headquarters.
10. Frequent referrals due to lack of Operation Theater, mortuary and adequate maternity space.
11. Fluctuations in collections due to industrial actions that is unpredictable.

## CHAPTER FOUR

### Committee's Observations and Recommendations

#### Committee's General Observations

**Honorable Speaker**, the Committee made the following observations:

1. The Department of Health witnesses frequent referrals due to lack of specialized services by Sub County facilities due to inadequate equipment and facilities to undertake specialized treatment leads to reduced revenue collection across the health facilities;
2. The Committee noted that health facilities that had embraced the cashless system of revenue collection recorded higher revenue collections compared to the ones still using miscellaneous receipts.
3. The Committee observed that all the health facilities in the County have previously been implementing the budget off IFMIS; hence it has been difficult to ascertain the true position of their vote and expenditures. This has led to reduced transparency and accountability of the revenues collected.
4. As at the time of production of the report, Internet Banking was centralized at the County Treasury and the two Special Purpose Accounts for Webuye County Hospital and Bungoma County Referral Hospital were still operated by accountants at the County Treasury.
5. The County Health facilities have several revenue sources; however, most of revenue streams do not perform well and are not publicly declared in the displayed Service Charters.
6. The Committee noted that in the previous quarterly reports, there has been poor record of collections. The revenues collected were reported in lump sum as Health Department AIA without breakdowns of the specific amounts collected per revenue stream.
7. Members noted that waivers have had a large impact on the projected revenue collection; coupled with late or low supply of medicine by the county health headquarters. The services are provided free of charge and the facilities are forced to use the collected revenue for purchase of medicine and other consumables for such cases.

#### Committee's Recommendations

**Mr. Speaker**, the Committee recommends as follows:

1. That, the Department of Health Services should embrace use of the Integrated Hospital Management System which incorporates various modules including the payment module and utilize proven systems to automate revenue collection and reporting.
2. That the Department of Health should ensure IFMIS rollout for level 4 and 5 health facilities from 1<sup>st</sup> July, 2024. The Accounting officer shall ensure that all the prerequisite activities which include training of staff, issuance of IFMIS rights and appointment of

Medical Superintendents as Special Purpose Accounts signatories and decentralization of internet banking be done by the end of the FY 2023/2024.

3. That, the Chief Officer, Health Services should expedite on the appointment of the facility Medical Superintendents as Authority to Incur Expenditure holders in compliance with Section 21 of the FIF Act, 2023 within 30 days of adoption of this report.
4. That the health facilities should mobilize more patients to join SHIF scheme and other insurance schemes since they provide better payment package than cash payment, thus improve on revenue collection.
5. The facilities should reduce on referrals by increasing essential services, drugs and non-pharms to ensure that patients get most of the required services from the facilities. Additionally, there is need to expand laboratory services by allocation of adequate funds to purchase reagents and equipment.
6. That all the County Health facilities shall update the Service Charters to include all revenue streams. The updated service charters shall be in line with the approved Finance Act for the FY 2024/2025.
7. That the Department of Health should endeavor to improve on Health Infrastructure, completion of stalled projects and the equipping of completed facilities. This will ensure availability of facilities and devolution of health services to the community levels and consequently raise the revenue collection.
8. The health facilities should endeavor to strengthen internal control mechanisms to eliminate revenue pilferage.
9. The Department of Health should initiate a review of waivers and exemptions and ensure timely supply of medicines and non-pharms.

There is the adoption schedule and all members have signed on it. Thank you.

**Mr. Speaker:** You invite the seconder of the motion before you are discharged.

**Hon. Jerusa Aleu:** I welcome Hon. Jack Wambulwa to second the report.

**Mr. Speaker:** Hon. Jack, you have the honour of seconding the Committee's report.

**Hon. Jack Wambulwa:** Thank you Hon. Speaker. I take this opportunity to thank my able Vice Chair Hon. Jerusa Aleu for reading the report. I therefore wish to take this opportunity and second that report.

**Mr. Speaker:** Thank you Hon. Jack. Honourable Members, allow me frame or propose a motion for debate.

*(Motion proposed)*

Hon. Hentry, you are the first one to go!

**Hon. Hentry Nyongesa:** Thank you Hon. Speaker. I would like to laud the mover of the motion, that is Hon Aleu, for having read the report very eloquently and I will have just one or two things to mention which relates to the source of revenue and the strings attached.

I wish to laud that the health facilities have so many avenues for revenue and more specifically; it has come out clearly that some of the facilities like the BCRH and Kimilili are well structured in terms of revenue collection...but some of the areas which have been mentioned are a letdown in revenue collection. You realize that some hospitals like Bumula, Chwele and others; and I want to specifically mention the one that I have been witnessing.

A hospital like Bumula has a very good outlet in terms of inpatient flow but the issue of referrals from Bumula is too high. The ratio of patients being referred to BCRH is too high. If you go to the inpatient in the BCRH, you find that one ward might be holding 20 patients against the standard 30 which means... I do not know if Bumula has the highest number of sick people, but in terms of revenue, you realize that patients who are referred pay highly and looking at the diagnosis of those patients, they can be treated at Bumula Sub county hospital. Only that one or two things that are hampering service delivery. A patient who has a toothache pays almost Kshs500 to come to Bungoma and he or she is looking for a service that costs Kshs200; that is tooth extraction.

What we are saying is that the facility can even collect more and that is why the Vice Chair is saying that some patients even fear to seek medical attention because some of them are exposed to other serious challenges like transport. If we have a tooth extraction clinic at Bumula, the collection could go high and having such a facility requires little resources. If we can spend like Kshs3, 000,000 and collect Kshs5, 000,000 in return, it will be a plus to Bumula Sub County hospital.

In terms of personnel, most of the facilities are understaffed. One doctor manages 150 patients and I am referring to facilities like Bumula. That the patient may be taking too long on queues to be given a service and that relates also to BCRH. A patient who has come from Bumula and is seeking for outpatient services at the BCRH will come at 8:00 a.m. and leave at almost 7:00 p.m. Those who leave in between are so many and that affects collection. You find that those who leave and look for private facilities are too many. So, we are saying that the Department must put in some effort to make sure that the issue of personnel is looked at and the hospitals are well facilitated in terms of human resource.

I want to mention something about the receipts. I heard the Vice Chair mentioning miscellaneous receipts. That is an analogue way of collection of money and in that list there was a lot of corruption such that you cannot even ascertain where the miscellaneous receipts are emanating from.

I would like to mention that in relation to number one, you go to BCRH; you are given an outpatient card which costs a hundred shillings. That is the source of revenue, but look at the input for printing out that card; it cannot match and the receipt that is given out. That is a miscellaneous receipt at the outpatient department at the BCRH and other facilities including Bumula. That is what opens avenues for corruption because anybody, including myself when I am taken there to manage that facility, I cannot miss my own miscellaneous receipts.

I wish to say that the facilities must run away from these miscellaneous receipts.

Two, the Vice Chair read that out as one way of collection. He is supposed to come out very clearly on how that system is managed.

**Mr. Speaker:** It was a she!

**Hon. Hentry Nyongesa:** Yes a she... the Vice chair.

**Mr. Speaker:** Proceed!

**Hon. Hentry Nyongesa:** Thank you Mr. Speaker. That revenue collection system must be explained very clearly because it arises from some automatic machines that are being used in some areas; and yet the accountability of the collections is wanting.

I realized that in one of the facilities which I cannot mention because the Committee must move in further to investigate. When a patient was paying using the provided pay bill, the payment notification reflected the name of an individual. That means that people have a government pay bill but the money is collected by individuals. The Committee must move further and investigate. The collection must be put in proper accounting systems such that when information is required, it must be at the finger tip.

I support the report but I want to emphasize that a lot of effort must be put in so that we have our revenue spent in a prudent manner.

Lastly, this issue of spending money at source is going on in so many facilities and the Chair has even indicated that absorption in some of those facilities is almost at 97 per cent. You wonder per cent been spent on? Which items? What I want to mention is that expenditure at source is still rampant in our institutions. You find that once you go to a hospital, the person in charge says we have procured some machines or drugs, but there is no accountability.

I want to support the report, but the Committee must go further and dig especially regarding the absorption of revenue and the method used for its collection. It has gone ahead to say that the facilities must also mobilize patients. Mobilizing patients is very easy. The hospital itself must advertise because if the patients can queue the whole day, you better choose the easiest option which is a private entity. So, we shall not tell the facilities to mobilize the patients; patients are so many out there; including myself. But I fear going to government entities because of the services that are provided. They are supposed to summersault so that the services are sped.

**Mr. Speaker:** Thank you. Hon. Caleb!

**Hon. Caleb Wanjala:** ...Thank you Mr. Speaker. First of all I would like to laud the Honourable Member who just read the report and I also wish to add my voice on the same. If there is an area that this County can indeed get a lot of revenue from, then it is on the side of our hospitals. You realize that most of the private hospitals are making a lot of money. As a County Government, we have facilities that are not rented, just our own facilities; but some of them are in very deplorable states. At the same time, we don't have specialists. Some of these hospitals you go to will tell you to wait until a specialist comes from Eldoret or elsewhere so that you can be attended to. How I wish that the Committee puts in a lot of efforts to make sure that we get professionals and specialists in all areas.

I would also agree with the Committee on what they said about the cashless system; the hospitals that were working with the cashless system collected a lot of money compared to those collecting cash. I think that should be replicated across all hospitals in the County. Another issue is on equipment; you know in this digital era if there is an area that our hospitals can make a lot of money is on the side of equipment. Some of our hospitals don't have modern equipment like MRI machines or even the scanning machines and so they end up being sent to some private hospitals so that the results can be brought back to maybe the Bungoma BCRH Hospital. If we can also put in a lot of effort in equipping our hospitals with modern equipment, this will increase our own-source revenue.

Maybe I don't agree with the Committee when they said that those people who are...the free medication for those who are suffering from HIV and those who are suffering from drug abuse related diseases. In some of those areas we have partners who are supplementing these services and that so that cannot be an excuse for hospitals not to raise our own-source revenue. Otherwise I support the report and just like Hon. Hentry has said, how I wish that the Committee puts in effort to make sure that our hospitals are doing well.

Lastly, let us take an example of Makueni County. In this great country of Kenya, the county that has the best hospitals is Makueni. People are flocking in Makueni even from Nairobi and other parts of this country for treatment. That is why you realize that Makueni is doing well when it comes to own-source revenue. Luckily, we are close to Uganda here. If we modernize our hospitals, we are likely to even get patients from across the country and this will enhance and raise our own-source revenue. I support the report.

**Mr. Speaker:** Thank you, the mover of the motion Hon. Jerusa Aleu, you respond accordingly.

**Hon. Jerusa Aleu (Mover):** Thank you Mr. Speaker Sir. First of all, I would like to thank all those members who have debated or contributed some issues arising from this report; and for supporting the report. I think when they look at our recommendations, some of the issues that they have raised; we have put there and as a Committee and we are going to put in more effort to ensure that all the issues that you have raised are going to be implemented. Otherwise, I thank you all for supporting our report.

**Mr. Speaker:** Thank you Hon. Jerusa Aleu for the reply to the motion accordingly. Honourable Members, allow me proceed and put a question to the motion beforehand so that I allow members to make decision over the same.

*(Question put and agreed to)*

The report is hereby adopted accordingly by this House.

## **ADJOURNMENT**

Honourable Members, that was the only motion that we had. We adjourn our sitting today and resume on Wednesday 30<sup>th</sup> October, 2024 at 9:30 a.m.

***The House rose at 4:02 p.m.***