

COUNTY ASSEMBLY OF BUNGOMA  
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**COUNTY ASSEMBLY OF BUNGOMA**

**OFFICE OF THE CLERK**

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**BUNGOMA COUNTY**  
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**COMMITTEE ON HEALTH**  
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**A REPORT**

**ON**

**THE FACT-FINDING ACTIVITY ON THE STATUS OF THE  
COLLECTIONS AND USAGE OF OWN GENERATED REVENUE ON  
DEVELOPMENT PROJECTS IN RESPECT TO THE DEPARTMENT  
OF HEALTH AND SANITATION**

Clerks Chambers  
County Assembly Buildings  
PO BOX 1886,  
BUNGOMA, KENYA.

January, 2023

*Tabbed on 9/3/23 at  
2:30 pm  
[Signature]*

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## ACRONYMS

ACC	Assistant County Commissioner
CCTV	Closed-Circuit Television
CECM	County Executive Committee Member
CT Scan	Computed Tomography Scan
ECG	Electrocardiogram
ENT	Ear, Nose and Throat
FY	Financial Year
HIV	Human-Immunodeficiency Virus
ICU	Intensive Care Unit
KCB	Kenya Commercial Bank
KDSP	Kenya Devolution Support Program
KEMSA	Kenya Medical Supplies Authority
KEPI	Kenya Expanded Programme on Immunization
MCH	Maternal Child Health
MEDS	Mission for Essential Drugs and Supplies
MOH	Ministry of Health
MRI	Magnetic Resonance Imaging
OPD	Outpatient Department
SGBV	Sexual and Gender –Based Violence
TB	Tuberculosis

## **PREFACE**

### **1.1 COMMITTEE MANDATE**

**Hon. Speaker Sir,**

The Sectoral Committee on Health 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 COMMITTEE MEMBERSHIP**

**Hon. 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             |

### 1.3 ACKNOWLEDGEMENT

**Hon. Speaker, Sir,**

On behalf of the Committee, I wish to express my gratitude to the Offices of the Speaker and the Clerk of the County Assembly for the support provided to the Committee.

May I take this opportunity to thank all Members of the Committee for their effort and time during the fact finding exercise and their participation and contributions in making of this report.

Hon. Speaker Sir,

The Committee is also thankful to the members of the Secretariat for their overwhelming participation in the entire process. It is as a result of their commitment and dedication to duty that the work of the Committee and production of this report came to fruition.

**Hon. Speaker Sir,**

It is now my pleasant duty on behalf of the Committee to present this report to this Honorable House for debate and adoption.

Sign Geo Orizekwer Date: 2/2/23

**HON. GEORGE MAKARI, MCA**

**CHAIRPERSON, SECTORAL COMMITTEE ON HEALTH AND SANITATION**

## CHAPTER TWO:

### 2.1 BACKGROUND AND GUIDING PRINCIPLES

#### 1). Constitutional Principles on Public Finance

Article 201 of the Constitution of Kenya, 2010 enacts fundamental principles that “...*shall guide all aspects of public finance in the Republic...*”

- a) *there shall be openness and accountability, including public participation in financial matters;*
- b) *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 227 of the constitution of Kenya 2010 on procurement of public goods and services provides as follows:-

- (1) *When a State organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.*

In addition Hon. Speaker Sir, Section 53(2) of the Public Procurement and Assets Disposal Act, 2015 obligates Accounting Officers responsible for Government entities to prepare annual procurement plans which are realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

Furthermore, the provisions of section 117 (1) & (2) of the County Governments Act, 2012 on standards and norms for public service delivery state that;

*(1) A County Government and its agencies shall in delivering public services-*

- (a) Give priority to the basic needs of the public;*
- (b) Promote the development of the public service institutions and ensure that all members of the public have access to basic services.*

*(2) Public services shall be equitably delivered in a manner that accords to-*

- (a) Prudent, economic, efficient, effective and sustainable use of available resources;*
- (b) continued improvement of standards and quality;*
- (c) Appropriate incorporation of the use of information technology; and*
- (d) Financial and environmental sustainability.*

**Mr. Speaker Sir,**

Part (IV) of the Bungoma County Health Services Act No.5 of 2019, more particularly Sections 29 and 30 on Health planning and Management provide that;

*Section 29 (1), In accordance with the County Governments Act,2012,the department shall prepare a ten-year health plan which shall provide among others for-*

- a) investment in physical infrastructure in the County Health units; and*
- b) human resource strategy and development.*

*Section 30(1) Each county health unit established under Section(8) of the Act,shall be a planning unit.*

*(2) Each planning unit shall-*

- a) develop a five year strategic plan which shall be approved by the respective Board/Committee.*
- b) prepare annual estimates of income and expenditure; and*
- c) implement county health policies and programs at the respective level.*

*(3) a strategic plan prepared under sub-section (2) shall be in accordance with the health plan prepared under Section 29.*

**Hon. Speaker Sir,**

As a fiscal responsibility principle in respect to the management and control of public finances, and in the spirit of the provisions of part (IV) of the Public Finance Management Act, 2012, and subject to the Constitution, all Accounting Officers designated to the County Government entities shall-

- a. ensure that over a medium term, a certain percent of the entity's budget/resources are utilized on development projects.*
- b. ensure proper management and control of, and accounting for the finances of the respective entity in order to promote efficient and effective use of the entity's resources; and*
- c. maintain proper accounts and other records in respect of their entities and ensure effective management of the entity's resources and in particular, proper accountability for the expenditure of those funds.*

## **2.2 Objectives of the Fact-Finding Activity**

**Hon. Speaker Sir,**

The committee on Health and sanitation vide a resolution in one of its meetings resolved to embark on the site visits to various health facilities in the county with the following key objectives:

- 1) Ascertain whether own generated income at the health facilities was collected as per the procedures governing management and control of public finance;

- 2) Ascertain if at least a certain percent of the collected revenue was utilized on development projects;
- 3) Determine the impact of the development projects if any on the community and on service delivery;
- 4) Determine whether collections and usage of the revenue collected by the health facilities have impacted positively on service delivery and quality of services rendered to the public.

### 2.3 Submission from the Department of Health

**Hon. Speaker Sir,**

The committee requested for a status report on the collection and usage of own generated Revenue on development projects in the major hospitals in the county which report included the following areas:

- i. The number of Hospitals collecting own revenue in the county
- ii. The method used by each Hospital in collecting revenues
- iii. The total collections by each Hospital in the last financial year
- iv. The usage of the own generated revenue in each of the Hospitals
- v. Challenges faced by each Hospital in exercising the revenue collection

The department responded as follows:

#### **The number of Hospitals collecting own revenue in the county and the methods used.**

The hospitals collecting and using their own revenue are eleven (11) and that they use various methods in collecting revenue as summarized in the table below:

No.	Name	Method used for revenue collection
1	Bungoma county referral hospital	Fumsoft and KCB Agent
2	Webuye County Referral Hospital	Fumsoft and KCB Agent
3	Kimilili Sub- County Hospital	KCB Agent
4	Naitiri Sub-County Hospital	KCB Agent and Miscellaneous receipt books
5	Sirisia Sub-County Hospital	Cooperative Bank Agent and Miscellaneous Receipt books
6	Mt. Elgon Sub-County Hospital	KCB Bank Agent and Miscellaneous Receipt books
7	Cheptais Sub-County Hospital	Cooperative Bank Agent and miscellaneous receipt books
8	Chwele Sub-County Hopsital	KCB Agent and Fumsoft system
9	Bumula Sub-County Hospital	M-pesa paybill and miscellaneous receipt books
10	Bokoli Sub-County Hospit	Miscellaneous receipt books
11	Sinoko Sub-County Hospital	Miscellaneous receipt books

## **CHAPTER THREE**

### **3.0. SITE VISIT TO THE MAJOR HOSPITALS AND COMMITTEE FINDINGS**

#### **3.1. Kimilili Sub-County Hospital**

##### **3.1.1. Methods of revenue collection**

**Mr. Speaker Sir,**

The facility has a bank account with KCB where the monies charged on user charges are deposited. The charges are authorized by the County Executive and are collected through an automated KCB agent and the Hospital pay-bill number located at the Hospital front desk.

##### **3.1.2. Appropriation In Aid Collections**

The facility's target collection in the FY 2021/2022 was Kshs. 32, 000,000 but the total collections for that period were 49,000,000. The target for the financial year 2022/2023 is Kshs. 54 million.

The facility had a challenge of low collection in the month of December due to reduced number of patients visiting the facility. Further, the money collected is not enough to pay for the current bills which stand at Kshs. 5 million. The Linda Mama and NHIF schemes delayed in their reimbursements for the services rendered by the facility during the period under review.

##### **3.1.3. Waivers and exemption cases**

Kimilili Sub-County Hospital has a waiver and exemptions committee led by the hospital Social Work Department which assesses such cases and presents the same to a waiver and exemptions committee for approval. The facility offers both partial and full waiver services to the public.

The committee could not access any breakdown on waivers and exemptions by the hospital management hence cannot ascertain the amount of money waived or cases of exemptions from the facility. But the management indicated that such waivers have a negative impact on projected revenue.

On exemptions, the hospital management informed the committee that the health facility provides such services to the members of the public free of charge. The exemption cases are as per the guidelines provided in the National Health circulars on exemptions and such cases include children under five years, psychiatric cases, people living with disability and prisoners among others.

These services have had a large impact on the projected revenue collection because coupled with late or low supply of medicine by the county health headquarters, the services are provided free of charge and the facility is forced to use the collected revenue for purchase of medicine and other consumables for such cases.

#### **3.1.4. Usage**

Kimilili sub-county hospital had several development projects initiated using the own generated revenue in the last financial year. The development projects include:

- 1) Construction of the emergency room and casualty unit at Kshs. 1,342,900, complete;
- 2) Construction of the holding room worth Kshs. 372,770, incomplete;
- 3) Face lifting of the OPD area at Kshs. 484,559, complete;
- 4) Renovation of the theatre and the Pediatrician wards, terrazzo floor and painting at Kshs. 559,655, complete;
- 5) Drilling of borehole and pump installation, at Kshs. 1,158,683, complete;
- 6) Purchase of the ECG at Kshs. 700,000;
- 7) Purchase of curtains across departments at Kshs. 207,350, complete
- 8) Extension of the family planning unit at Kshs. 110,959, complete
- 9) Renovation of the Radiology room and painting at Kshs. 124,624, complete
- 10) Purchase of egg machine at Kshs. 300,000, in place.

The hospital management also submitted that there are a total of 58 (fifty eight) employees on a three month contract but who are paid by the county health headquarters.

The facility purchases medical supplies from MEDS using the revenue collected. This is necessitated by delayed supplies from the county health headquarters and supplies by KEMSA. On the matter of instances of shortage of medical drugs for children under five years, the management informed the committee that the facility prioritizes the demands to ensure all areas of need are catered for when the main supply delays.

### **3.2. Sinoko Sub-County Hospital**

**Mr. Speaker Sir**, the committee makes the following findings from Sinoko Sub-County hospital:

#### **3.2.1. Methods of revenue collection**

The facility has a KCB account and revenue is collected through a KCB Agent and the hospital pay-bill. The collection is not automated but monthly collections by KCB Agent receipts are kept by the hospital accountant and the monthly collections displayed on the hospital wall for accountability purposes.

#### **3.2.2. Appropriation in Aid Collections**

The facility had a target of Kshs. 1,500,000 in the financial year 2021/2022. The target was not met due to power step down in the later months of the financial year, reduced workload as

most of the services are referred to Webuye level 4 hospital for lack of facilities at the hospital.

Sinoko Sub- County hospital currently gets an allocation equivalent to a dispensary despite being elevated to a sub-county hospital. The MOH and facility staff are currently housed at the office of the Assistant County Commissioner (ACC). This has hampered its operations and expansion plans as partners shun the facility for being at the level of a dispensary.

The facility needs to upgrade its power supply to three phase, improve the network connectivity and automate its collection services and expand the range of services for out-patients and construct a storage facility for non- pharmaceuticals.

The revenue collected is not sufficient as it caters for purchase of food for in-patients, purchase of office stationery, purchase of non- pharms, fuel cost, and other hospital bills and consumables.

### **3.2.3. Waivers and exemptions**

The Health Facility has a Social Work Department in charge of follow-up and assessing waiver and exemption cases in the hospital. The committee however did not access documentation on waivers and exemptions for the last financial year neither did the management provide a breakdown of the cases that had been waived.

On Exemption services, the hospital does provide such services to patients as per the guidelines provided in the Ministry of Health on exemptions including the prisoners, children aged below five years and psychiatric cases among others.

### **3.2.4. Usage**

On development projects, the facility management informed the committee that in the last financial year, there was construction of two door pit latrines and tiling of the male ward.

The facility has at least sixteen (16) employees on contractual terms who include: 3 nurses, 1 nutritionist, 1 grounds man, 1 accountant, 1 office secretary, 1 lab tech, 1parmarcy tech, 2 health records officers, 3 cleaners and 2 security-men. These employees are paid centrally by the county government.

The facility is supplied with water from a borehole which is a health hazard and has frequent experiences of power outages. There is need for connection of piped water and a three phase power supply.

The facility has not received medical supplies since the month of October, 2022 and has been making its own purchases through MEDS. This situation has forced the facility to balance

and prioritize its purchases because of lack of enough finances in the course affecting medical drugs for children under five years.

### **3.3. Chwele Sub-County Hospital**

**Mr. Speaker Sir**, the committee visited Chwele Sub-county hospital and found out the following:

#### **3.3.1. Appropriations In-Aid collections**

The revenue target for the FY 2021/2022 was Kshs.15M. The facility surpassed its target and collected Kshs.25M. The money collected is still not sufficient to run the facility and to cater for the deficit the administration has reduced on capital expenditure. In order to increase revenue collection the facility intends to expand the health services offered by the facility and digitize all the hospital operations.

#### **3.3.2. Waivers and Exemptions**

For the years 2021, 2022 and 2023, the facility waived a total of Kshs. 133,392. The committee confirmed the existence of a waiver committee whose minutes, case summaries for home visits and social work reports were submitted for scrutiny by the committee. The amount waived was approximately 1% of the total facility collection. The facility waived services every Thursday and as when waiver cases arise. It was noted that waivers affect health services negatively as it depletes facility medical stock leading to untimely service provision.

The exemptions offered by the facility are guided by the Ministry of Health service guidelines which provide for the services not to be paid by the client directly as they are reimbursed by the government through the exchequer.

The facility offers exemptions for all children below five (5) years of age, prisoners, mentally incapacitated /psychiatric cases, SGBV cases and all services offered at MCH department. It was noted that although the exemptions are supposed to be refunded by the county government, that has not been done for the last one year hence a reduction on the revenue projected.

#### **3.3.3. Usage**

Part of the revenue collected has been utilized on development projects which included: procurement of a dental unit, ultrasound machine and painting of the hospital roof, walls, doors, windows and gutter replacements.

The revenue collected has also been used by the facility to hire three (3) professional staff during the period of May to September, 2022 on locum basis at a rate of Kshs.15, 000 each.

With regard to shortage of medical supplies for children under five (5) years, it was noted that this category constitute majority (more than 70%) of the patients attended to. The medical supplies purchased by the hospital are not adequate to meet the needs of this population. Additionally, since the under-fives are exempted from payment of services, the hospital allocation for medicines will continuously be reduced with time.

### **3.4. Bokoli Sub-County Hospital**

**Mr. Speaker Sir**, at Bokoli Sub-County Hospital, the committee found out the following:

#### **3.4.1. Methods of revenue collection**

Bokoli Sub-County Hospital has a KCB account and uses a KCB Agent to collect revenue then the receipt numbers are recorded by the Hospital accountant for accountability purposes.

#### **3.4.2. Appropriation In Aid Collections**

The facility had a target of nine (9) million for the last financial year but attained a total of nine (8) million. The committee was informed that the hospital did not attain the target due to stoppage of renovation of the maternity ward for inpatients hence reduction in NHIF payment and reduced customer flow due to lack of essential commodities and services. The committee confirmed that the hospital has only two wards, a male and female ward, and no theatre for operations. This situation forces patients to seek services from other facilities.

The management has a current target of 13M to be attained through review of costs and charges, encouraging circumcision at the facility, increasing its services through completion of the stalled theatre and the male ward.

A notable fact was that the facility is currently operating below its status as a Sub-County hospital due to lack of adequate infrastructure to enable it offer a wide range of services.

#### **3.4.3. Waivers and exemptions**

The Hospital through the Hospital Social Work Department assesses all the waiver cases through investigation and documentations and presents them to the waiver committee which may waive either partially or fully the user charges payable by a particular person.

However, the committee was not able to quantify the waiver documents and breakdown because they were not available at the time the committee visited the facility. The management informed the committee that waivers have affected the projected revenue since the hospital at times fully waived services provided to certain patients.

On exemptions, the hospital management offers such services to cases as per the guidelines provided by the Ministry of Health. Some of the exemptions offered by the facility include services to the mentally challenged persons, under five children and prisoners. These services eventually affect the overall revenue collection and the targets set for the facility since they are offered free of charge.

#### **3.4.3. Usage**

Some of the development projects that have been initiated by the facility through the revenue collected include the extension of the NHIF and the Records offices, renovation of the main gate and painting of the entire hospital premises.

The committee could not quantify the total amount spent on the projects as the hospital administration didn't avail approved bills of quantities to the committee for verification at the time of the visit.

Concerning employment of temporary professional or other staff that have been hired for the facility using the revenue collected, the management gave an estimated number of twenty (20) staff including 2 clinicians, 6 cleaners, 1 accountant, 4 security men, 1 grounds man, 1 laboratory technician, 2 NHIF officers, 1 clerk and 2 cooks.

The facility does purchase medical supplies from the revenue collected from MEDS but largely rely on supplies from KEMSA through the County health headquarter.

### **3.5. Sirisia Sub-County Hospital**

Mr. Speaker Sir, at Sirisia Sub-County hospital, the committee made the following findings:

#### **3.5.1. Appropriation in Aid Collections**

The facility had a target of Kshs. 18M for the FY 2021/2022 to be collected as Appropriation In Aid. The total amount collected was Kshs. 15M, thus Kshs. 3M less the target. The funds collected therefore were not sufficient to run the facility.

Collection of AIA largely depends on the customer flow and the availability of consumables used in the provision of services to the customers and non-pharms. Some of the challenges that leading to missed targets include:-

1. 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.
2. Delays in reimbursement by Linda Mama resulting in depletion of the already strained consumables available for general use in the hospital.

3. 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.
4. Inadequate exchequer releases and little support from the headquarters.
5. Frequent referrals due to lack of operation theater, mortuary and adequate maternity space.

Currently, the facility is operating below the status of a Sub-County Hospital; however, the hospital has potential to raise its revenue collection due to its large catchment area. The management plans to expedite on the completion of the renovations for the theatre since machines were already supplied, construction of a mortuary, completion of the construction of the waiting bay and completion and operationalization of the 100-bed capacity maternity as per the contract agreement as revenue collection avenues.

### **3.5.2. Waivers and exemptions**

The committee ascertained that indeed waivers were offered to deserving cases upon investigation by a committee set up for that purpose. This is done in conjunction with the Social Work Department and as per the guidelines provided by the Ministry of Health. It was further noted that the waivers are given on a frequent basis which ultimately affects the projected revenue and hence amounts collected.

On Exemptions, the committee noted that exemptions were given to children under five (5) years of age, psychiatric patients, prisoners and victims of Sexual Gender Based Violence (SGBV). All services rendered and drugs administered to these categories of patients are free of charge. With regard to shortage of medical drugs for children under five(5) years, it was noted that due to competing demands, the hospital management is sometimes forced to prioritize and purchase lifesaving drugs at the expense of the drugs for the under- five hence the notable shortage.

### **3.5.3. Usage**

The committee noted that the facility had not attained the target as set but had initiated small development works like renovation of the eye unit, dental unit, x-ray unit, and ultra-sound unit, purchase of a dental chair and fencing of the hospital.

In addition to the development activities done, the facility utilized the revenue collected to purchase office supplies, pay for fuel and purchase food for the patients. On hire of temporary professional staff and other personnel, it was noted that all temporary staff (casuals) are paid by the County Health Headquarters.

### **3.6. Cheptais Sub-County Hospital**

**Mr. Speaker Sir,** the committee found the following from Cheptais Sub- County Hospital:

#### **3.6.1. Appropriation In-Aid Collections**

The facility had a target of Kshs. 12,152,174 for the financial year 2021/2022 and achieved Kshs. 15M. It surpassed the set target by approximately 3M which was attributed to the use of the Fumsoft system for revenue collection, enhanced enrolment of patients on NHIF and reasonable availability of essential commodities for service delivery.

The funds collected, though above the set target, were still not adequate to run the facility due to the large catchment area. However, the extra funds on the set target enabled the hospital management to offset part of the pending bills that had accrued from the last financial year. The hospital management expressed notable delays in NHIF reimbursement and sought for assistance from the Finance Department and County Health Headquarters in the payment of the pending bills.

Despite the large catchment area, the facility is yet to maximize its full potential and is currently operating below its status as a Sub-County hospital. This is because the facility does not provide X-ray, theatre, physiotherapy, ENT, eye and dental services. In addition for revenue collection, there is need to expand laboratory services by purchase of adequate reagents and equipment. Currently the ward has a capacity of thirty (30) patients, thus a limitation on the number of patients that can be admitted.

The hospital revenue target was raised to Kshs.21M which they intend to raise through mobilizing more patients to join NHIF scheme since it provides a better payment package than cash payment. The facility further intends to reduce on referrals by increasing essential services and drugs to ensure that patients get most of the required services from the facility.

#### **3.6.2. Waivers and Exemptions**

The committee confirmed that the facility offered waivers to deserving patients as documented in the waiver application forms and files. A committee has been set up which investigates the cases through homes visits and documentation.

Exemptions were given to children under five (5) years of age, psychiatric patients, prisoners and victims of Sexual Gender Based Violence (SGBV). All services rendered and drugs administered to these categories of patients are free of charge. With regard to shortage of

medical drugs for children under-fives, the hospital management due to cost benefit analysis prioritizes purchase lifesaving drugs at the expense of the drugs for the under -fives.

Currently, the exact amount exempted from payment could not be ascertained since the facility did not quantify the exemptions. There is therefore need for proper record keeping and costing for all cases exempted from payments to enable the formulation of guidelines on the extent to which exemptions may be offered.

### **3.6.3. Usage**

The revenue collected at the facility is used to purchase drugs, pay hospital bills, purchase general supplies, non-pharmaceuticals, purchase food, and maintenance of computers and other equipment. Fuel costs consume much of the revenue collected with the amount costing Kshs. 1.6M in the last financial year alone. This is due to increased number of referrals and use of a full time generator back –up that consumes a lot of fuel. The facility currently has no water due to challenges in the management of water resources in Cheptais town leading to additional expenses. All the casuals, both technical staff and the other staff, engaged by the facility were paid by the County Health Headquarters. However, salaries for the months of January 2021 and December 2022 were yet to be paid.

The committee confirmed that part of the revenue collected was used in development projects which included purchase and installation of CCTV equipment for enhanced security, renovation of buildings, construction of pit latrines and soak pits among others.

The facility seeks to expand and construct more facilities in order to increase the level of services rendered to the community. However, the hospital owns 6 acres of land but only 2 acres are registered under the County Government. The remaining 4 acres, as at the time of the fact finding still had a tussle as the seller claimed non-payment by the County Government.

## **3.7. Bungoma County Referral Hospital (BCRH)**

**Mr. Speaker Sir**, the committee found out the following about the facility;

### **3.7.1. Methods of revenue collection**

The hospital has two revenue collection methods i.e KCB Bank Agent and County Government Miscellaneous Receipts.

### **3.7.2. Appropriation In -Aid Collections**

The amount targeted by the facility for the financial year under review was two hundred and thirty nine (239) million but the facility surpassed the target collecting Kshs. two hundred and sixty five (265) million. The hospital attributes this achievement to automation of revenue collection where the KCB Agent works in tandem with the Fumsoft system which is an integrated hospital management system that incorporates various modules including the payment module. Once the client deposit funds into the hospital account using the KCB Agent, a banking slip is issued that is then used by the hospital to generate an official receipt using the Fumsoft system.

The two receipts generated by KCB Agent and Fumsoft System must both be presented as prove of payment in order to receive the services. The KCB Agent is a third entity enabling the hospital do real time banking for easy monitoring. The hospital management explained that although the targets were achieved the hospital has the potential to collect more revenue and thus they intend to improve on the following areas:

- i. Improvement of infrastructure
- ii. Adequate supplies of drugs and non-pharms
- iii. Strengthening internal control mechanisms to further eliminate corruption
- iv. Expansion of scope of services e.g Cancer treatment, MRI
- v. Review of waivers and exemptions

The management further explained that the money collected is not sufficient to offer the highest standards of care and therefore the hospital is looking towards partnerships and exchequer funding in order to operationalize services like the cancer centre that was recently established.

### **3.7.3. Waivers and Exemptions**

There exists a waiver committee which meets every fortnight to consider such cases. The committee ascertained this upon scrutinizing documented evidence submitted by the hospital management. In the FY 2021/2022 an average of Kshs. Eighteen (18) Millionn was waived which affected revenue projection since the hospital is not reimbursed to carter for the spend monies.

The facility offers exemption to the following categories; Children under five years, prisoners, Malaria, TB, HIV cases, Street Children, Sexual and Gender based violence survivors.

The hospital accountant explained to the committee that monthly exemptions and waivers at the facility averages Kshs. 2.5 million against a monthly collection of Kshs 8 million. If the ballooning waivers and exemptions are not checked, it will negatively impact on the revenue

projections in the long term. That since devolution the County Government has never honoured the agreement on reimbursement hence no remittance has been made to the hospital

#### **3.7.4. Usage**

The development projects that have been initiated by the facility include;-

1. Cancer and palliative care centre
2. Renovations (shelves, tiling, installation of work tables, signage, service charters)
3. Borehole
4. Installation of CCTV cameras
5. Purchase of Computers
6. Purchase of water tanks and water tower
7. Purchase of assorted furniture
8. Installation of transformer and medical equipment

The hospital has employed a total of two hundred and seventeen (217) workers whom (one hundred and twenty nine (129) are unskilled and eighty eight (88) contracted technical staff.

Due to limited resources coupled with little exchequer support and delayed KEMSA supplies, the hospital can averagely meet 70% of its prescriptions from the pharmacy. 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 hospital to recoup money spend on medical drugs.

Lack of critical services has also seen the hospital loose clients who prefer to seek treatment in private facilities or facilities outside the county.

### **3.8. Mt. Elgon Sub-County Hospital**

#### **3.8.1. Methods of revenue collection**

**Mr. Speaker Sir,**

The facility uses the County Miscellaneous Receipts (MR) and partially KCB agents as the means for collection of revenue.

#### **3.8.2. Appropriation In-Aid**

The facility had a target of Kshs. 16M for the financial year 2021/2022 to be collected as AIA. The total amount collected was Kshs. 12M, Kshs. 4M less than the targeted amount. The amounts collected were insufficient to run the facility leading to high number of referrals and pending bills amounting to Kshs. 6M by the end of the financial year. The reasons for not attaining the target include:

1. Inadequate and erratic supply of drugs and essential materials by the health headquarter;
2. Exemptions and waivers in which some patients are treated and provided with drugs at the cost of the facility;
3. Delays in reimbursement by Linda Mama and NHIF schemes;
4. Fluctuations in collections due to reduced customer flow during certain periods of the year; and
5. Few numbers of staff, working for a restricted period, hence increase in the number of referrals especially in the theatre and orthopedic sections.

In order to carter for the deficit, the facility management made an appeal for support from the county health headquarters through the exchequer releases to help sustain the hospital through payment of water and electricity bills and undertake direct reimbursement as it was previously under the National Government.

Currently, the facility is under-performing below its status as a sub-county hospital with most patients preferring to visit other nearby facilities. This is attributed to poor staff attitude and dedication, unexplained absenteeism, non-performing organizational culture among the staff. This ultimately scares away patients and subsequently affects the services sought and revenue collected. Additionally, the facility is in dire need of a facelift as most of the buildings are dilapidated.

### **3.8.3. Waivers and Exemptions**

The facility waived payments to deserving patients as evidenced by the documentation presented to the committee. Records of the historical backgrounds of the patients, home visits and duly filled waiver forms were presented as evidence of the investigations done. It emerged that the facility offers waivers amounting to approximately Kshs. 20,000 per month. The waiver cases are frequent with almost a case per day which ultimately affects the projected revenue collections.

The facility offers exemptions to children under-five (5) years, SGBV cases, prisoners, patients seeking family planning services and psychiatric cases. This category of patients are treated free of charge. The total amount spent on exemptions could not be ascertained as at the time of the fact-finding since the services offered were not quantified.

### **3.7.5. Usage**

The revenue collected by the facility was used for payment of water and electricity bills, purchase of drugs and other essential commodities. However, due to inadequate funds and

erratic supplies by KEMSA, the facility often times lacks the essential commodities required to offer services; hence patients are forced to purchase them from chemists.

Preparation and approval of the facility's budgets is often undertaken by the Facility Management Boards, whose term had expired at the time of the visit, hence there was no board in place to approve expenditures for the facility.

Temporary professional staff and other staff are centrally paid by the county headquarter, with a total of thirty four (34) casuals. At the time of the visit, the committee noted that the management had constructed pit latrines, tiled some floors and undertaken paintings of some buildings with part of the revenue collected. The management additionally presented proposals for construction of a post-surgery ward and completion of a stalled maternity ward.

### **3.9. Naitiri Sub-County Hospital**

#### **3.9.1. Methods of revenue collection**

**Mr. Speaker Sir,**

The facility uses the Miscellaneous Receipts (MR) and partially KCB Agents as the means for collection of revenue. The Hospital owns eight acres of land out of which only two acres are registered under the County Government.

#### **3.9.2. Appropriation In- Aid Collections**

The facility had a target of Kshs. 22M for the financial year 2021/2022 to be collected as AIA. However, the total amount collected was Kshs. 13M, Kshs. 9M less than the targeted amount. The amounts collected were insufficient to run the facility leading to high number of referrals and pending bills by the end of the financial year. The reasons given by the hospital management for not attaining the target include:

1. Inadequate and erratic supply of drugs and essential materials by the county health headquarters;
2. Exemptions and waivers in which some patients are treated at the cost of the facility;
3. Delays in reimbursement by Linda Mama and NHIF schemes;
4. Fluctuations in collections due to reduced clients during certain periods of the year;
5. Inability of the facility to offer services like X-Ray(imaging centre), ENT, Dental unit and physiotherapy services which leads preferrals to visit Webuye Level 4 Hospital;
6. Few numbers of staff, who are overworked hence demoralized; and ,

Additionally, concerning staffing, the management submitted that the Hospital is in dire need of a Medical officer, ten (10) Nursing officers and five (5) Clinical officers for improved service delivery.

The facility has also put in place measures to enhance its revenue collections by encouraging more patients to enrol with NHIF scheme. The facility further intends to reduce on referrals by increasing essential services and drugs to ensure that patients get most of the required services from the facility.

In order to carter for the deficit and to improve on service delivery, the Hospital management requires to purchase the following equipment at a cost of Ksh.65million;-

- a) A complete set of X-Ray machine at an estimated cost of Ksh.10 million;
- b) Construction of a modern incinerator at an estimated cost of Ksh.5 million;
- c) Equipping the maternity ward under construction at an estimated cost of Ksh.15million,
- d) Purchase of coolers for the new mortuary under construction at a cost of Ksh.20 million; and
- e) Construction of a modern MCH to de-congest the existing one at an estimated cost of Ksh.15 million.

Currently, the facility is under-performing below its status as a Sub-County hospital with most patients preferring to visit Webuye Level 4 Hospital which ultimately affects the revenue collected.

### **3.9.3. Waivers and Exemptions**

The committee was informed that there is a waiver committee which meets every fortnight to consider such cases. As at the time of the visit, the Hospital management did not however submit documented evidence for verification by the committee.

During the period under review, an average of Kshs 65,495 was waived which affected revenue projection since the hospital is not reimbursed to replenish its stocks.

The facility exempts Children under- five years, Gender Based Violence, HIV and mental cases from payments.

The hospital accountant explained to the committee that annual exemptions and waivers at the facility average Kshs .65, 495 against an average collection of Kshs. 13 million impacting negatively on the hospital targets.

### **3.9.4. Usage**

The revenue collected by the facility is used for the purchase of drugs and other essential commodities. However, due to inadequate funds and erratic supplies by KEMSA, the facility often times lack the essential commodities required to offer services. Preparation and approval of the facility budgets is undertaken by the Facility Management Board. However, as at the time of the visit, the term of the board had expired hence there was no board to approve expenditures for the facility.

Temporary professional staff (one doctor and seven (7) Clinical officers) and other staff were centrally paid by the county health headquarter. At the time of the visit, the committee noted that the following projects had been initiated during the FY 2021/2022;- The Hospital morgue (initiated in May/ June, 2022 through funding by KDSP), Maternity unit (initiated in the FY 2021/2022 through funding by KDSP) and KEPI project which was initiated through own generated revenue.

### **3.10. Webuye level 4 Hospital**

#### **3.10.1. Methods of revenue collection**

**Mr. Speaker Sir,**

The facility has two revenue collection methods; Fumsoft system and KCB Agents.

The Hospital owns approximately 30 acres of land. However, the management did not clearly point out whether the same is registered under the County Government.

#### **3.10.2. Appropriation In- Aid Collections**

The Hospital had a target of Kshs. 95M for the financial year 2021/2022 to be collected as AIA. The facility surpassed the set target by Kshs. 68,112,956, thus collecting a total of Kshs. 163,112,956.

The rise in revenue collections was attributed to the high enrolment of more patients on NHIF scheme since it provides a better payment package than cash payment. In order to improve on the collections, the facility further intends to reduce on referrals by increasing essential services and drugs to ensure that patients get most of the required services from the facility.

The following challenges were highlighted by the Hospital management:

1. Inadequate and erratic supply of drugs and essential materials by the health headquarter and delays in reimbursement of Linda Mama scheme disbursements;
2. Exemptions and waivers in which some patients are treated at the cost of the facility;

3. Fluctuations in collections due to industrial actions that are unpredictable ;
4. Few numbers of staff, who are always overworked.

Additionally, concerning staffing, the management submitted that the Hospital is in dire need of four (4) Medical officers, two (2) physiotherapists, an ENT specialist, a Dermatologist, a pathologist and four (4) clinical officers.

### **3.10.3. Waivers and Exemptions**

During the FY 2021/22, the facility granted exemptions and waivers quantified at Kshs.5, 517,406. The use of the Fumsoft system has enhanced record keeping and production of reports for the facility which the committee was able to verify.

The facility exempts prisoners, GBV cases and children under (5) years from payment. Owing to its proximity to the main highway, the facility extends exemptions to trauma patients and those involved in accidents.

### **3.10.4. Usage**

The committee confirmed that during the period under review, part of the revenue collected was used on the purchase and installation of sixty (60) cameras and CCTV equipment for enhanced security and renovation of buildings among other development projects. The installation of CCTV cameras was meant to enhance security and also to curb rampant cases of staff assisting patients to abscond payments.

The projects undertaken by the facility within the FY 2021/2022 totaled to Kshs. 16,719,903.44 as outlined below:

- i. Construction of an additional cloth line at a cost of Ksh.467,160.00;
- ii. Extension of NHIF building and painting at a cost of Ksh.650,078.00;
- iii. Renovation of the mortuary at a cost of Ksh.4,296,555.00;
- iv. Expansion of the mortuary (chapel area, waiting bay, parking area and space for unclaimed bodies) at a cost of Ksh.5,333,025.00;
- v. Renovation of Amenity ward at a cost of Ksh.278,086.00;
- vi. Installation of cold rooms in the mortuary at a cost of Ksh.5,412,399.00;and
- vii. Renovation of Non-pharmaceuticals store at a cost of Ksh.282,600.00

## **3.11. Bumula Sub-County Hospital**

**Mr. Speaker Sir**, at Bumula Sub-County Hospital, the following was what the committee found:

### **3.11.1. Methods of revenue collection**

The methods in use are the Co-operative Mtaani Agent and the County Miscellaneous Receipts Books. The Compufix system works alongside Coop Agent in issuing official

receipts. As of the time the committee visited the Cooperative pay point booth, the receipt machine had not been charged and was therefore not functional despite the booth having been connected to electricity, as a result, the facility resorted to the use of Miscellaneous Receipt Books for revenue collection. The hospital management undertook to resolve the anomaly.

The Compufix system which works alongside the Co-operative Mtaani agent in order to generate official receipts was also reportedly malfunctioning and that plans were underway to fix it. This pointed to weak financial controls that easily allows for revenue leakages which could also explain the dismal performance of the hospital in its revenue collection.

### **3.11.2. Appropriation In Aid Collections**

The facility had a target of Kshs. 38 million in the FY 2021/2022 but fell short of target and collected only Ksh.20 million.

The management submitted that the targets were not met due to low patient turn out. This is usually occasioned by the facility's lack of critical services hence forcing clients to seek treatment at Bungoma County Referral Hospital and other private health facilities.

The following challenges were highlighted:

- i. Delayed supply of medical drugs occasioned by KEMSA;
- ii. Lack of X-Ray Machine;
- iii. Lack of an intranet to enable automation of services;
- iv. Lack of sensitization of the public on the services offered;
- v. High running cost on ambulance fuel, electricity and water;
- vi. Lack of theatre equipment;
- vii. Lack of involvement in executing projects at the facility;
- viii. Central procurement of drugs at the headquarters; and
- ix. Lack of a dental unit

The management appealed for timely and adequate supply of drugs and non-pharmaceuticals. This will cut down frequent referral cases to better equipped facilities and help improve revenue collection.

### **3.11.3. Waivers and Exemptions**

The facility offers waiver for children under-five years, mental cases, prisoners, TB, HIV and SGBV cases. The committee upon scrutinizing the waiver committee minutes ascertained that waivers were indeed offered to the deserving cases. This is done in consultation with the Social Work Department who conduct field visits to ascertain the social status of the patient. It was further noted that waivers and exemptions have affected the projected revenues since they eat into available supplies without replenishment.

#### **3.11.4. Usage**

The development projects that have been initiated by the facility include re-painting of the facility, putting up a gate in the hospital, fencing of the inpatient section and partitioning of some blocks to create more offices.

The management has employed temporary staff who are centrally paid by the County Government. Shortage of medical drugs for children under 5 years is occasioned by limited budget where the management is forced to prioritize on emergency medicine at the expense of other equally critical areas. The committee also noted that even though the hospital had partitioned some blocks to create more offices, nurses were sharing a desk while administering to the patients raising the question of patient confidentiality. The management also stated that the budget was not adequate to cater for all the earmarked renovations.

## **CHAPTER FOUR**

### **COMMITTEE GENERAL OBSERVATIONS AND RECOMMENDATIONS**

#### **COMMITTEE GENERAL OBSERVATIONS**

**Mr. Speaker Sir**, the committee makes the following observations:

1. All the facilities visited cited erratic and delayed reimbursement of funds by schemes as a major challenge in revenue collection.
2. Facilities that had embraced the cashless system of revenue collection recorded higher revenue collections compared to the ones still using Miscellaneous Receipts.
3. Revenue collected by the facilities was not adequate to manage operations at the hospitals leading to accrued pending bills.
4. All the sub-county hospital recorded frequent referrals due to inadequate equipment and facilities to undertake specialized treatment leading to loss of revenue from such avenues.
5. There was notable variance on the rates paid to casual workers per hospital. This resulted in frequent exits by the casual workers in pursuit for better remuneration in other facilities.
6. All the facilities offered waivers and exemptions to patients as stipulated in the Ministry of Health guidelines and circulars. The committee noted that in most facilities, the amounts waived and exempted was not quantified hence the total revenue lost could not be ascertained.
7. As at the time of the visit, the serving terms of the Facility Management Boards had expired ,thus hindering the administrative operations of the hospitals

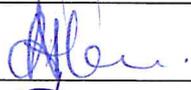
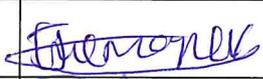
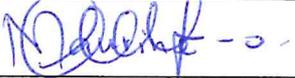
## **COMMITTEES' GENERAL RECOMMENDATIONS**

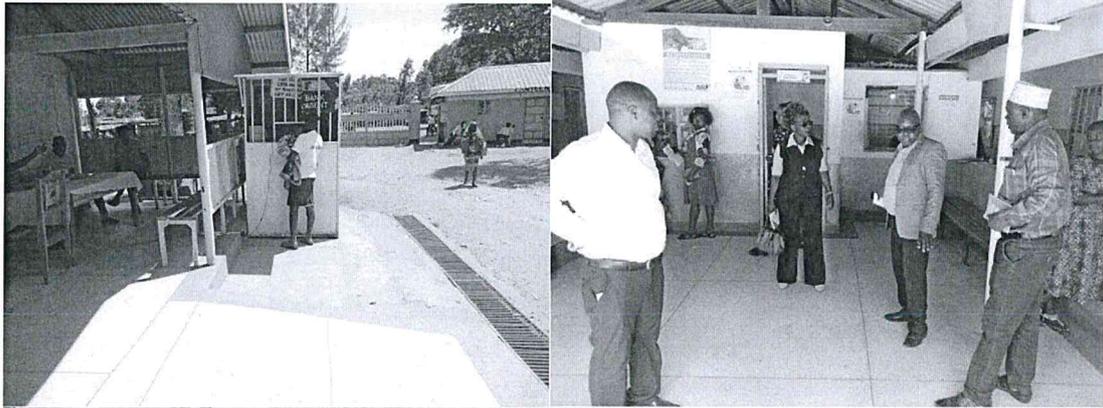
**Mr. Speaker Sir**, the committee therefore recommends as follows:

1. **THAT**, the department should expedite to form and gazette new Hospital Management Boards for seamless operations at the facilities. A progress report on the measures taken to should be submitted to the committee within thirty (30) days of adoption of this report.
2. **THAT**, County Health headquarters should ensure full automation of all hospital operations and revenue collection for all the facilities to avoid revenue leakages. To ensure this is implemented, the County Health headquarters must include the program in the budget planning process and ensure budgetary allocation in the FY 2023/2024.
3. **THAT**, the Department should ensure timely remittance of exchequer releases as per the facility approved budgets to enable the facilities to eliminate the issue of pending bills. Henceforth, facilities should limit expenditures to activities that were strictly budgeted for and approved by the Hospital Management Boards and in proportion to the revenue collected.
4. **THAT**, the Department of Health should develop a policy on reimbursement of waivers and exemptions to alleviate health facilities from delayed reimbursement of funds by NHIF and Linda Mama schemes;
5. **THAT**, there is need for harmonization of the rates paid to casual workers per hospital for uniformity purposes to avoid frequent exits by the casual workers in pursuit for better remuneration in other facilities;
6. **THAT**, the Department of Health should develop a policy on infrastructure development and financing of health services in the health facilities. This will guide in infrastructure development for specialized units like theatre rooms, x-rays, dental and eye units and acquisition and installation of equipment where there is great demand; hence reduce cases of frequent referrals and increase revenue collected from the facilities.
7. **THAT**, each county health unit in accordance with provisions of section 30 of the Bungoma County Health Services Act, 2019, should expedite in developing strategic plans for the facilities to aid in preparation of annual estimates of income and expenditure and implement county health policies and programs at the respective levels.

## 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	



**Hon. Members inspect development projects at Kimilili Sub-County Hospital.**



**Some of the scenes at Sinoko Sub-County Hospital**



**Committee members at Cheptais and Sirisia Sub-County Hospitals**



**Some of the committee members at Bumula Sub-County Hospital and Bungoma referral hospital respectively**