

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY
(FIFTH SESSION)



NCCA/TJ/PL/2026(57)

8TH APRIL 2026

PAPER LAID

SUBJECT: REPORT OF COMMITTEE

Pursuant to the provisions of Article 229 (8) of the Constitution of Kenya 2010 and Standing Order 196 (6), I beg to lay the following Paper on the Table of the Assembly, today Wednesday, 8th April, 2026

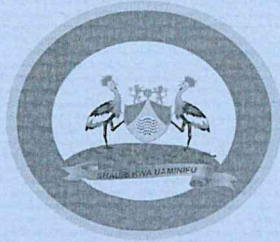
- THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS ON THE CONSIDERATION OF THE REPORTS OF THE AUDITOR-GENERAL ON MBAGATHI COUNTY REFERRAL HOSPITAL FOR THE YEARS ENDED 30TH JUNE, 2022, 2023 AND 2024

(Chairperson, Select Committee on Public Accounts)

Copies to:
The Speaker
The Clerk
Hansard Editor
Hansard Reporters
The Press

NCCA/TJ/NTC/2026

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY

(FIFTH SESSION)



NOTICE OF MOTION

Subject: Adoption of Committee Report

Hon. Speaker, I beg to give notice of the following motion:-

THAT, this Assembly adopts THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS ON THE CONSIDERATION OF THE REPORTS OF THE AUDITOR-GENERAL ON MBAGATHI COUNTY REFERRAL HOSPITAL FOR THE YEARS ENDED 30TH JUNE, 2022, 2023 AND 2024, laid on the Table of the Assembly today, Wednesday, 8th April, 2026.

(Chairperson, Select Committee on Public Accounts)

Nairobi City County Government



Nairobi City County Assembly

Third Assembly – Fifth Session

The Report of the Select Committee on Public Accounts

On

Consideration of the Reports of the Auditor General
on Mbagathi County Referral Hospital for the years
ended 30th June 2022, 2023&2024

Clerks Chambers
Nairobi City County Assembly
City Hall Buildings
Nairobi

April, 2026

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1.0. PREFACE

Hon. Speaker,

On behalf of the Public Accounts Committee (PAC) and pursuant to the provision of Standing Order 196(6), it is my pleasant privilege and honor to present to this Assembly this report of the Public Accounts Committee on the consideration of the *“Reports of the Auditor-General on Mbagathi County Referral Hospital for the years ended 30th June 2022,2023&2024”*.

1.1. Mandate of the Public Accounts Committee

The Public Accounts Committee derives its mandate from Standing Order 203 (2) of the Nairobi City County Assembly, which provides that: -

“The Public Accounts Committee shall be responsible for the examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think fit”.

The primary mandate of the Committee is therefore to oversight the expenditure of public funds by Nairobi City County entities, to ensure value for money and adherence to government financial regulations and procedures. The Committee further aims at ensuring that Nairobi City County public funds are prudently and efficiently utilized. The Committee executes its mandate on the basis of annual and audit reports prepared by the Office of the Auditor General (OAG).

Article 229 (8) of the Constitution provides that within three months after receiving the report of the Auditor General, Parliament or the **County Assembly** shall debate and consider the report and take appropriate action. It is on this basis that this report has been produced by the Committee for consideration and adoption by the County Assembly.

1.2. Guiding principles

In the execution of its mandate, the Committee is guided by core constitutional and statutory principles on public finance management, as well as established customs, traditions, practices and usages. These principles include the following: -

(a) Constitutional Principles on Public Finance

Article 201 enacts fundamental principles aimed at guiding all aspects of public finance in the Republic. It states that the principles are, *inter alia*, *openness and accountability, including public participation in financial matters; public money shall be used in a prudent and responsible way; and financial management shall be responsible, and fiscal reporting shall be clear*. The Committee places high regard on these principles, among others, and has been guided by them in the entire process that has led to this report.

(b) Direct Personal Liability

Article 226(5) of the Constitution is unequivocal that: - *“If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not”*. Consequently, Section 203(1) of the Public Finance Management Act, 2012 enacts that: - *“A public Officer is personally liable for any loss sustained by a county government that is attributable to-*

- (a) the fraudulent or corrupt conduct, or negligence, of the officer; or*
- (b) the officer’s having done any act prohibited by sections 196, 197 and 198”*

The Committee considers this Constitutional and legal provisions as the basis for holding Accounting Officers and other Public Officers directly and personally liable for any loss of public funds that may occur under their watch.

1.3. Obligations of the Accounting Officer

Article 226(2) of the Constitution of Kenya 2010 provides, inter alia, that: *“the Accounting Officer of a national public entity is accountable to the National Assembly for its financial management, and the Accounting Officer of a county public entity is accountable to the County Assembly for its financial management”*. Subsequently, Section 149(1) of the Public Finance Management (PFM) Act, 2012 provides that: *“An accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is—*

- (a) lawful and authorized; and*
- (b) Effective, efficient, economical and transparent.”*

These provisions obligate the Accounting Officer to appear before the Public Accounts Committee to respond to audit queries raised by the Auditor General.

1.4. Committee Membership

The Committee comprises of the following Members: -

- | | |
|--|--------------------|
| 1. Hon. Chege Mwaura, MCA | - Chairperson |
| 2. Hon. Abel Osumba Atito, MCA | - Vice-Chairperson |
| 3. Hon. Benter Juma Obiero, MCA | |
| 4. Hon. Redson Otieno Onyango, MCA | |
| 5. Hon. John Rex Omolleh, MCA | |
| 6. Hon. Stazo Omung’ala Ang’ila, MCA | |
| 7. Hon. Richardo Nyantika Billy, MCA | |
| 8. Hon. John Ndile Musila, MCA | |
| 9. Hon. Cyrus Mugo Mubea, MCA | |
| 10. Hon. Jane Musangi Muthembwa, MCA | |
| 11. Hon. Emmy Khatemeshi Isalambo, MCA | |
| 12. Hon. Fuad Hussein Mohamed, MCA | |
| 13. Hon. Fatuma Abduwahid Abey, MCA | |

14. Hon. Eutyclus Mukiri Muriuki, MCA
15. Hon. Fredrick Njoroge Njogu, MCA
16. Hon. Rachel Wanjiru Maina, MCA
17. Hon. Aaron Kangara Wangare, MCA
18. Hon. Carrington Gichunji Heho, MCA
19. Hon. Mark Thiga Ruyi, MCA
20. Hon. Simon Maina Mugo, MCA
21. Hon. Paul Wachira Kariuki, MCA
22. Hon. Martin Mbugua Mwangi, MCA
23. Hon. Mary Wanjiru Kariuki, MCA

The Committee Secretariat comprised of the following members of staff: -

1. Mr. Kevin Wasike - Senior Clerk Assistant
2. Mr. Benedict Ochieng - Second Clerk Assistant
3. Mr. Klinsman Munase - Legal Counsel
4. Mr. Anthony Nyandiere - Hansard Editor

Allow me **Hon. Speaker** to thank the entire membership of this Committee for its hard work and commitment which made the taking of evidence and production of this Report a success.

1.5. Background

Mbagathi County Referral Hospital

Mbagathi County Referral Hospital is a level (5) hospital established under the Medical Practitioners and Dentist Act (CAP.253) License number GK-008120 and is domiciled in Nairobi County under the health sector. The hospital is governed by a Board of Management.

1.6. Establishment of the Hospital Funds

The Mbagathi County Referral Hospital Fund is established under the Facilities Improvement Financing Act of 2023. The Chief Officer for Health Facilities being the Accounting Officer of the Fund, is the administrator of the fund. Section 23 (a) of the Facilities Improvement Financing Act of 2023 mandates the administrator of Public Funds with the preparation of Annual Financial Statements.

1.7. Auditor-General's Responsibility

The Auditor General's responsibility was to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements in accordance with Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance

about whether the financial statements are free from material misstatement. The matters mentioned in the audit report were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

1.8. Evidence taken

The Committee held sittings of which it interrogated the County Executive Committee Member for Health Wellness and Nutrition, Chief Officer Health Facilities and Chief Executive Officers for Mbagathi Hospital on key findings raised by the Auditor General. Similarly, the Committee received written responses to the audit findings.

While taking evidence, the Committee was guided by the existing procedures and modalities of operations of the Nairobi City County Assembly derived from the Constitution of the Republic of Kenya, Acts of National Parliament, Acts of Nairobi City County Assembly and Nairobi City County Assembly Standing Orders, conventions, usages, practices and rulings and directives of the Chairperson.

1.9. Appreciation

Hon. Speaker,

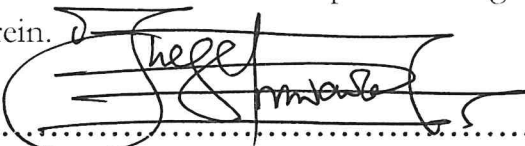
The Committee would like to thank the Accounting Officer and the entire Hospital Management for appearing before it and subsequently submitting written responses which provided valuable insights into the issues raised by the Auditor General.

Hon. Speaker,

The Committee also wishes to sincerely thank the Offices of the Speaker and the Clerk for the services extended to the Committee while considering this matter. The Committee further wishes to appreciate the Officers from the Office of the Auditor General and the Committee secretariat for their exemplary advisory services that enabled Members effectively execute their mandate.

Hon. Speaker,

On behalf of the Committee, I now wish to table this report and urge the Assembly to adopt it and the recommendations therein.

SIGNED 
HON. CHEGE MWAURA (CHAIRPERSON)

DATE 

2.0 REPORT OF THE AUDITOR-GENERAL ON MBAGATHI COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE, 2022

2.1.1 Inaccuracies in the Financial Statements

Review of the financial statements revealed the following inconsistencies;

- i. The statement of financial performance reflects revenue from exchange transactions - rendering of services and total expenses amounting to Kshs. 360,032,514 and Kshs. 303,830,120 respectively. Audit revealed that the amounts related to actual cash received and actual cash paid for expenses however, since the reporting framework for the Hospital is IPSAS Accrual, the revenue and expenses should include income earned but not yet received and expenditure incurred but not yet paid for the year.
- ii. The facility did not provide a trial balance, ledgers and schedules to support the amounts in the financial statements. Audit revealed that the Facility relied on the manual vote book to record commitments and cash payments done. The current reliance on manual financial systems at Mbagathi County Referral Hospital presents significant risks that hinder operational excellence and financial sustainability. Further, errors in billing, invoicing, and procurement processes contribute to revenue leakage, while the lack of automated controls increases the risk of fraud and compliance issues.
- iii. The statement of comparison of budget and actual amounts reflects over-expenditure on budgeted amounts of Kshs. 31,613,340 and Kshs. 1,097,969 under medical/clinical costs and repairs and maintenance respectively whose justification was not provided. Further, the actual amounts stated include what the Facility paid for in cash and payables were not included in the actual amounts hence understating the expenditure.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

- The transition from cash reporting to Accrual reporting for the hospital has just begun and the noted revenue earned but not received have been included in the financial statement, similarly for expense incurred and not paid have been included in the financial statement.
- Trial balance and ledgers have been prepared and provided in soft copy (*Appendix 1*). We acknowledge the hospital has been operating manually which has many challenges. Management has already begun the process on acquiring an HMIS system so as to automate the hospital financial processes.
- The Medical/Clinical cost and Repairs & Maintenance ledgers have now been updated and includes the payables.
- The over expenditure was as result of the Hospital not receiving its outstanding NHIF reimbursement which was the main source of revenue. (*Appendix 2*).

— Further, the Hospital was faced by high influx of patients due to disease outbreaks. (*Appendix 3*).

Committee Observation:

The Committee acknowledges the Hospital's ongoing transition to accrual accounting and the provision of revised financial documents.

Committee Recommendation:

— The Committee therefore recommends that the matter be marked as resolved.

2.1.2 Unconfirmed Stock Balance

The statement of financial position reflects inventory balance of Kshs. 40,866,439. However, the annual stock take was not conducted to confirm the closing balances of inventories as at 30th June, 2022. It was therefore not clear how the Hospital determined the inventory values disclosed in the financial statements.

In the circumstances, the valuation, accuracy, and completeness of the inventory balance totalling Kshs. 40,866,439 could not be confirmed.

Management Response

The inventories for the year have been disclosed as per the attached stock sheet and reconciled to the amended financial statement. (*Appendix 1*)

Committee Observation:

The Committee notes that the inventory has been disclosed as per the provided stock sheet and reconciled to the amended financial statements.

Committee Recommendation:

— The Committee recommends that the Hospital Management should conduct and document annual stock takes consistently to confirm inventory values and ensure accurate financial reporting in subsequent years in line with the Public Procurement and Assets Disposal Regulations 2020, Part XIII on inventory control, asset and stores management and distribution.

2.1.3 Failure to Maintain Fixed Asset Register

The statement of financial position and Note 31 to the financial statements reflects property, plant and equipment balance of Kshs. 2,608,188,327. However, the Hospital did not maintain the asset register in accordance with IPSAS 17, thus lacking essential details such as identification numbers, acquisition dates, description of asset, location, class, cost of acquisition, and valuation reports. As a result, the proper management and oversight of the facility's assets could not be ensured, and the valuation of the reported property, plant, and equipment balance could not be verified.

In the circumstances, the existence and valuation of the property, plant and equipment balance of Kshs. 2,608,188,327 could not be confirmed.

Management Response

The management had written to the County Chief Officer via letter Ref MDH/CEO/GEN/08/156 dated 5th September, 2024 requesting for valuation of hospital’s Assets and Liabilities to ascertain their current values. (Appendix 2.)

The fixed asset register updated as per the attached and reconciled to the amended financial statement. (Appendix 3)

Committee Observation:

The Committee acknowledges the management's request for asset valuation and the submission of an updated fixed asset register.

Committee Recommendation:

- The Committee recommends that the Chief Officer for Health Facilities and the Hospital Management should ensure the timely completion of the asset valuation and maintain a detailed and updated fixed asset register in full compliance with IPSAS 17 within sixty days after the adoption of this report.

2.1.4 Inaccuracies in Cash and Cash Equivalents Balance

The statement of financial position reflects a balance of Kshs. 78,959,670 relating to cash and cash equivalents as disclosed in Note 27 to the financial statements. However, the opening balances for each of the months in the cashbook were adjusted to bank balances instead of having cashbook running balances as detailed below;

Month	Opening Balance (Kshs.)
July	23,095,248
August	475,911,408
September	54,664,501
October	68,418,565
November	75,967,706
December	60,156,514
January	28,414,060
February	39,762,062
March	55,602,210
April	76,738,067
May	951,747,577
June	52,027,626
June Closing	78,673,320
Cash June Closing	286,350

Further, examination of the cashbook revealed a cash balance of Kshs. 286,350 which had not been disclosed. In addition, the Board of survey and bank reconciliation statements for the year under review were not provided.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs. 78,959,670 could not be confirmed.

Management Response

The cash balance of Kshs 286,350 have been updated in the amended financial statements provided.

Committee Observation:

The Committee confirms that the unreported cash balance has been updated in the amended financial statements.

Committee Recommendation:

- **The Committee recommends that the Hospital Management should strengthen internal controls over cash management, ensure accurate and continuous cashbook balances, and provide all necessary supporting documents, including bank reconciliations and board of survey reports, during audits.**

2.1.5 Unsupported Balances

The statement of financial performance reflects revenue of Kshs. 360,032,514 relating to rendering of services - medical service income as disclosed in Note 11 to the financial statements. However, the schedules and ledgers were not provided for audit review in support of the amount. Further, the statement of financial position and Note 28 to the financial statements reflects a balance of Kshs. 126,187,933 for receivables from exchange transactions. Similarly, the schedules and ledgers were not provided in support of the balance.

In the circumstances, the accuracy and completeness of revenue under rendering of services and receivables from exchange transactions totaling Kshs. 360,032,514 and Kshs. 126,187,933 respectively could not be confirmed.

Management Response

The ledgers have been prepared as per revised financial statement attached and soft copy availed.

Committee Observation:

The Committee acknowledges that the required ledgers and schedules have been prepared and submitted.

Committee Recommendation(s)

- **The Committee recommends that the matter be marked as resolved.**

2.1.6 Long Outstanding Trade Payables

The statement of financial position and Note 34 to the financial statements reflects trade and other payables balance of Kshs. 124,045,980, which include payables totaling Kshs. 101,716,441 which have been outstanding for more than two (2) years. Further, review of the documents and ageing analysis provided revealed long outstanding payables dating as far back as 2012 amounting to Kshs. 38,726,334 as shown in the table below.

FY	Amount (Kshs)
FY 2011/2012	4,053,200
FY 2013/2014	2,442,473
FY 2014/2015	2,896,900
FY 2015/2016	3,860,416
FY 2016/2017	6,919,056
FY 2017/2018	18,554,289
Total	38,726,334

No explanation was provided for failure to have the payables form a first charge in each of the following year of operation.

In the circumstances, Management is exposed to fines and penalties.

Management Response

The hospital management has over years been experiencing difficulty by not receiving the County Health Budget form the CRF to support the Hospital's running operation cost resulting to the deficit over the years.

Committee Observation:

The Committee notes that the accumulation of payables is due to financial constraints and insufficient County Health Budget allocations.

Committee Recommendation:

- The Committee recommends that the Hospital Management should develop a structured debt settlement plan and engage the County Executive to ensure adequate and timely funding to settle long-outstanding payables.

2.1.7 Budgetary Control and Performance

The statement of comparison of budgeted and actual amounts reflects actual expenditure of Kshs. 171,563,229 against actual receipts of Kshs. 360,032,514 resulting to an over expenditure of Kshs. 188,469,285 or 52% of the actual receipts.

The underutilization affected the planned activities and may have impacted negatively on service delivery to the citizens of the County.

Management Response

The facility was not spending/procuring at the point of service vide directive in a letter Ref: EOP/NMS/MEMOS/VOL.1/O9/54. This was centralized and executed by NMS.

Committee Observation:

The Committee acknowledges that procurement was centralized and executed by the Nairobi Metropolitan Service (NMS), which affected spending at the point of service.

Committee Recommendation:

- **The Committee recommends that the Hospital Management should work with the County Executive to ensure future budgets are realistic and aligned with operational needs, and that procurement processes support timely service delivery.**

2.1.8 Irregular Engagement of Casual Employees

The statement of financial performance and Note 16 to which the financial statements reflects employee costs of Kshs. 10,246,098 relates to wages of casual employees. However, examination of documents provided for audit review revealed that the Hospital has been engaging casual's laborers for more than three months on renewable terms contrary to Section 37 of the Employment Act, 2007 (Revised 2012) which requires conversion of the casual employment to term contract.

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

Management Response

The hospital had and is continuing to experience challenges of staff shortage which affects service delivery to patients, especially at times of emergency. Similarly, the influx of patients in the hospital had forced the hospital to engage casual workers so as to keep the hospital operational.

The hospital does not have powers to employ on permanent bases, as this is a function of County Public Service Board.

Committee Observation

The Committee recognizes the staffing challenges but emphasizes the need for compliance with the Employment Act.

Committee Recommendation:

- **The Committee recommends that the Hospital Management should regularize the employment of casual workers in line with labour laws and engage the County Public Service Board to permanently address staffing needs.**

2.1.9 Failure to Comply with Provisions of the Law on Prequalification

The statement of financial performance reflects an amount of Kshs. 26,146,243 relating to general expenses. However, it was noted that the Hospital procured goods totaling Kshs. 9,720,120 from suppliers who were not prequalified.

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

Management Response

The Hospital borrowed the prequalified list of suppliers from the County.

Committee Observation:

The Committee confirms that the Hospital used the County's prequalified suppliers list.

Committee Recommendation:

- The Committee recommends that the Hospital Management should consistently use prequalified supplier lists for all procurements and maintain proper records to ensure compliance with procurement laws.

2.1.10 Non - Adherence to the Provisions of the Law on Threshold in Procurement

The statement of financial performance reflects an amount of Kshs. 133,163,617 relating to medical/clinical costs. In the year under review, analysis of payment vouchers revealed that payments totaling Kshs. 9,833,200 were made in excess of the threshold required by law of Kshs. 3,000,000 for Request for Quotation method of procurement under procurement of goods, contrary to the provisions of the law.

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

Management Response

The management has put in place measures to address the anomaly going forward.

Committee Observation:

The Committee notes the management's commitment to address the anomaly going forward.

Committee Recommendation:

- The Committee recommends that the Hospital Management should strengthen internal controls over procurement processes to ensure strict adherence to procurement thresholds and methods as prescribed by law.

2.1.11 Facility Check List Variances

Kenya Quality Model for Health policy provides guidelines on personnel requirements, Services offered and Equipment's to be used by Level 5 Health Facilities. Its use is expected to contribute to attainment of the highest standards of health services delivery as envisaged in Article 43 (1) of the Constitution of Kenya 2010. Physical Inspection carried out on 13 December, 2024 and review of Mbagathi Level 5 Hospital records and operations noted that

there were variances between the level 5 hospital requirements as per checklist provided and what the hospital had as shown in **Appendix I**.

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

Management Response

The hospital management has over years been experiencing difficulty by not receiving the County Health Budget to support the Hospital's running operation cost. Further, the hospital staffs and Equipment are provided by the County.

Committee Observation:

The Committee acknowledges that staffing and equipment are provided by the County and that budget constraints have contributed to the variances.

Committee Recommendation:

- **The Committee recommends that the Hospital Management should work closely with the County Executive to address identified gaps in staffing and equipment to meet Kenya Quality Model for Health Level 5 standards.**

2.1.12 Presentation and Disclosure of Financial Statements

Audit of the annual report and financial statements revealed the following anomalies

- i. Information on Revised 30th June 2023 appearing on the front page of the report and financial statements should be deleted.
- ii. The Logo on the left should be the Kenyan emblem and not the County of Nairobi logo.
- iii. The chairman of the Board has not signed the chairman's report.
- iv. The date appearing in the fiduciary management is 30th June 2030 instead of 30th June 2022.
- v. A concise description of each director's key qualifications and work experience is missing.
- vi. The Board members were all appointed on the same date hence period of expiry of term is same which might cause a vacuum when the expiry date reaches which is contrary to Section 19(1) of the Facilities Improvement Financing Act, 2023 which states that the appointments of the members to the Board and Committee in this Part shall be in such a manner that the respective expiry of their terms shall fall at different dates.
- vii. The passport photo of one staff member has been omitted.
- viii. The financial statements do not reflect comparative year balances.

In the circumstances, Management was not in compliance with the recommended template.

Management Response

The identified anomalies were noted and have been corrected, a revised financial statement have been attached.

The Facilities Improvement Financing Act,2023, was enacted in November,2023 after the appointment of the Board member, thus it cannot be used retrospectively. However, appointment of Hospital's Board members is a function of the county executive and the management has brought the issue to the attention of the office of the Governor.

The hospital reporting on the new standard International Public Sector Accounting Standards (Accrual basis) base year is FY 2021/2022.

The depreciation rates have now been disclosed in the revised financial statement.

Committee Observation

The Committee observed that, the committee noted that the anomalies raised in the audit query were corrected in the revised financial statement.

Committee Recommendation(s)

— The Committee recommends that the matter be marked as resolved.

2.1.13 Late Submission of Financial Statements for Audit

The Hospital's financial statements for the year ended 30 June, 2022 were submitted to the Office of the Auditor-General on 30 September, 2024, twenty-four months after the statutory deadline of 30 September, 2022. This was contrary to provisions of Section 47(1) of the Public Audit Act, 2015 which requires the Board of Governors to submit the financial statements to the Auditor-General within three months after the end of the financial year to which the respective accounts relate. No explanation was provided for this anomaly.

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

Management Response

The financial statements for the year ended 30 June, 2022 were not submitted considering that the hospital was yet to adopt the International Public Sector Accounting Standards (Accrual Basis) reporting standards.

The management have prepared the financial statements for the year ended 30th June, 2022 and submitted.

Committee Observation:

The Committee notes the delay was due to the transition to IPSAS accrual accounting and that the statements have now been submitted.

Committee Recommendation(s)

— The Committee recommends that the matter be marked as resolved.

3.0 REPORT OF THE AUDITOR-GENERAL ON MBAGATHI COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE, 2023

3.1.1 Inaccuracies in the Financial Statements

Review of the financial statements revealed the following inconsistencies;

- i. The statement of financial performance reflects revenue from exchange transactions rendering of services and total expenses amounting to Kshs. 347,253,810 and Kshs. 388,813,099 respectively. Audit revealed that the amounts related to actual cash received and actual cash paid for expenses however, since the reporting framework for the Hospital is IPSAS Accrual, the revenue and expenses should include income earned but not yet received and expenditure incurred but not yet paid for the year.
- ii. The Facility did not provide a trial balance, ledgers and schedules to support the amounts in the financial statements. Audit revealed that the Facility relied on the manual vote book to record commitments and cash payments done. The current reliance on manual financial systems at Mbagathi County Referral Hospital presents significant risks that hinder operational excellence and financial sustainability. Further, errors in billing, invoicing, and procurement processes contribute to revenue leakage, while the lack of automated controls increases the risk of fraud and compliance issues.
- iii. The statement of comparison of budget and actual amounts reflects over-expenditure of Kshs. 625,565, Kshs. 664,000 and Kshs. 2,639,306 in respect of medical/clinical costs, remuneration of directors and repairs and maintenance whose justification was not provided.

Further, the actual amounts stated include what the Hospital paid for as the payables are not included in the actual amounts hence understating the amounts.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Management Response

- i. The transition from cash reporting to Accrual reporting for the hospital has just begun and the noted revenue earned but not received have been included in the financial statement, similarly for expense incurred and not paid have been included in the financial statement.
- ii. Trial balance and ledgers have been prepared and provided in soft copy. We acknowledge the hospital has been operating manually which has many challenges. Management has already begun the process on acquiring an ERP system so as to automate the hospital financial processes.
- iii. The Medical/Clinical cost and Repairs & Maintenance ledgers have now been updated and includes the payables.

iv. The over expenditure was as result of the Hospital not receiving its County Health Budget allocation for the year.

Further, the Hospital was faced by high influx of patients due to disease outbreaks.

The Hospital employee cost has now been updated with casual labour cost correctly classified and reconciled with the amended financial statement.

Committee Observation:

The Committee acknowledges the Hospital's ongoing transition to accrual accounting and the provision of revised financial documents, including trial balances and ledgers.

Committee Recommendation(s):

— The Committee therefore recommends this matter be marked as resolved

3.1.2 Discrepancies in Inventory

The statements of financial position reflect inventories balance of Kshs. 82,569,388 as disclosed in Note 30 to the financial statements. Audit revealed that the annual stock take was conducted by the Hospital, however there were discrepancies in the amounts reflected in the financial statements, the stock takes sheet summary and what the audit computation confirmed as demonstrated below;

Item	Financial Statement Balances (Kshs.)	Stock take sheet Balances (Kshs.)	Confirmed Audit Balances (Kshs.)
Pharmaceuticals	57,386,025	59,386,025	47,699,008
Non – Pharmaceuticals	9,587,092	9,587,092	Not availed
Laboratory	14,436,551	12,436,551	13,530,868
Food Supplies	293,670	156,455	171,655
Renal	72,200	0	5 Bags of regeneration salt not valued
Records	793,850	954,680	1,681,400
Total	82,569,388	82,569,388	-

It is therefore not clear how the Hospital determined the inventory values disclosed in the financial statements.

In the circumstances, the valuation, accuracy, and completeness of the inventory balance of Kshs. 82,569,388 could not be confirmed.

Management Response.

The omission in the discrepancies is noted and being verified by the individual officers to establish the true position. Measures have been put in place to avoid the same in future.

Committee Observation:

The Committee notes the management's acknowledgment of the discrepancies and the commitment to verify the true position.

Committee Recommendation:

- **The Committee recommends that the Hospital Management should conduct a thorough verification of inventory records, reconcile all discrepancies, and implement strict inventory control measures to prevent future inaccuracies.**

3.1.3 Failure to Maintain the Fixed Asset Register

The statement of financial position and Note 31 to the financial statements reflects property, plant and equipment balance of Kshs. 2,478,686,538. However, the audit revealed that the Hospital did not maintain an asset register in accordance with IPSAS 17, thus lacking essential details such as identification numbers, acquisition dates, description of asset, location, class, cost of acquisition, and valuation reports. As a result, the proper management and oversight of the Institution's assets could not be ensured, and the valuation of the reported property, plant, and equipment balance could not be verified.

In the circumstances, the existence and valuation of the property, plant and equipment balance of Kshs. 2,478,686,538 could not be confirmed.

Management Response

The management had written to the County Chief Officer via letter Ref MDH/CEO/GEN/08/156 dated 5th September, 2024 requesting for valuation of hospital's Assets and Liabilities to ascertain their current values. (Appendix 2)

The fixed asset register updated as per the attached and reconciled to the amended financial statement. Kindly find attached. (Appendix 3)

Committee Observation:

The Committee acknowledges the management's request for asset valuation and the submission of an updated fixed asset register.

Committee Recommendation:

- **The Committee recommends that the Hospital Management should ensure the timely completion of the asset valuation and maintain a detailed and updated fixed asset register in full compliance with IPSAS 17.**

3.1.4 Inaccurate Cash and Cash Equivalents Balance

The statement of financial position reflects a balance of Kshs. 98,596,440 relating to cash and cash equivalents as disclosed in Note 27 to the financial statements. However, the opening balances for each subsequent month of the cashbook were adjusted to bank balances instead of having cashbook running balances as detailed below;

Month	Opening Balance (Kshs.)
July	78,673,319
August	82,749,448
September	26,994,985
October	45,152,310
November	66,942,630
December	48,863,674
January	66,126,159
February	87,053,435
March	42,231,195
April	61,408,043
May	70,375,401
June	84,474,419
June Closing	97,883,556
Cash June Closing	286,350

Further, examination of the cashbook revealed a cash balance of Kshs. 286,350 which had not been reported. In addition, the Board of survey report, bank reconciliation and bank confirmation certificate for the year under review were not provided.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs. 98,596,440 could not be confirmed.

Management Response

The cash balance of Kshs 286,350 have been updated in the amended financial statements provided.

Committee Observation and Committee Recommendation(s)

— The Committee recommends that this issue be marked as resolved.

3.1.5 Unsupported Balances

The statement of financial performance reflects revenue of Kshs. 347,253,810 relating to rendering of services - medical service income as disclosed in Note 11 to the financial statements. However, the schedules and ledgers were not provided for audit review in support of the amount. Similarly, the statement of financial position and Note 28 to the financial statements reflects a balance of Kshs. 170,729,067 for receivables from exchange transactions. However, schedules and ledgers were not provided in support of the balance.

In the circumstances, the accuracy and completeness of the rendering of services - medical service income and receivables from exchange transactions amounts of Kshs.347, 253,810 and Kshs. 170,729,067 respectively could not be confirmed.

Management Response

The ledgers have been prepared as per revised financial statement attached and soft copy availed.

Committee Observation

The Committee acknowledges that the required ledgers and schedules have been prepared and submitted.

Committee Recommendation(s)

— **The Committee recommends that the matter be marked as resolved.**

3.1.6 Long Outstanding Trade Payables

The statement of financial position and Note 34 to the financial statements reflects trade and other payables balance of Kshs. 141,540,111, which include payables totaling Kshs. 122,514,424 which have been outstanding for more than two (2) years. Further, review of provided documents and ageing analysis revealed existence of long outstanding payables dating as far back as 2012 amounting to Kshs. 75,030,517 as shown in the table below. No explanation was provided for failing to have the payables form a first charge in the following year.

FY	Amount (Kshs)
FY 2011/2012	4,053,200
FY 2013/2014	2,442,473
FY 2014/2015	2,896,900
FY 2015/2016	3,860,416
FY 2016/2017	6,919,056
FY 2017/2018	18,554,289
FY 2018/2019	36,304,183
Totals	75,030,517

In the circumstances, Management is exposed to fines and penalties.

Management Response

The hospital management has over the years been experiencing difficulty by not receiving the County Health Budget to support the Hospital's running operation cost resulting to the deficit over the years.

Committee Observation:

The Committee notes that the accumulation of payables is due to financial constraints and insufficient County Health Budget allocations.

Committee Recommendation:

- The Committee recommends that the Hospital Management should develop a structured debt settlement plan and engage the County Executive to ensure adequate and timely funding to settle long-outstanding payables.

3.1.7 Budgetary Control and Performance

The statement of comparison of budgeted and actual amounts reflects actual expenditure of Kshs. 256,054,038 against actual receipts of Kshs. 347,253,810 resulting to an under expenditure of Kshs. 91,199,772 or 26% of the actual receipts.

The underutilization affected the planned activities and may have impacted negatively on service delivery to the citizens of the County.

My opinion is not modified in respect of this matter.

Management Response

The hospital usually requests for an AIE on quarterly bases, whereby revenue collected in current quarter is spend in subsequent quarter. Thus, the cut off time at year end might result to underutilization.

Committee Observation:

The Committee acknowledges that the under-expenditure was due to the AIE request system where revenue collected in one quarter is spent in the subsequent quarter.

Committee Recommendation(s):

- The Committee recommends that the matter be marked as resolved.

3.1.8 Presentation and Disclosure of Financial Statements

Audit of the annual report and financial statements revealed the following anomalies

- Information on Revised 30th June 2023 appearing on the front page of the report and financial statements should be deleted.
- The Logo on the left should be the Kenyan emblem and not the County of Nairobi logo.
- The ages of three (3) directors are missing.
- The passport size photo for the head of finance is missing.
- The Board members were all appointed on the same date hence period of expiry of term is same which might cause a vacuum when the expiry date reaches contrary to Section 19(1) of the Facilities Improvement Financing Act, 2023 which states that the appointments of the members to the Board and Committee in this Part shall be in such a manner that the respective expiry of their terms shall fall at different dates.

In the circumstances, Management did not comply with the prescribed template.

Management Response.

The identified anomalies were noted and have been corrected, a revised financial statement have been attached.

The Facilities Improvement Financing Act, 2023, was enacted in November, 2023 after the appointment of the Board member, thus it cannot be used retrospectively. However, appointment of Hospital's Board members is a function of the county executive and the management has brought the issue to the attention of the office of the Governor.

The depreciation rates have now been disclosed in the revised financial statement.

Committee Observation:

The Committee acknowledges the corrective measures taken and recognizes that the FIF Act, 2023, was enacted after the board appointments.

Committee Recommendation:

- **The Committee recommends that future financial statements must fully comply with the prescribed template and disclosure requirements. The County Government should ensure future board appointments comply with the FIF Act to prevent potential vacancies.**

3.1.9 Irregular Engagement of Casual Employees

The statement of financial performance and Note 16 to the financial statement reflects employee costs of Kshs. 11,887,755 which relates wages to casual employees. However, examination of documents provided for audit revealed that the Hospital has been engaging casual labourers for more than three months on renewable terms contrary to Section 37 of the Employment Act, 2007 (Revised 2012) which requires conversion of the casual employment to term contract.

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

Management Response

The hospital had and is continuing to experienced challenges of staff shortage which affects service delivery to patients, especially at times of emergency. Similarly, the influx of patients in the hospital had forced the hospital to engage casual workers so as to keep the hospital operational.

Committee Observation:

The Committee recognizes the staffing challenges but emphasizes the need for compliance with the Employment Act.

Committee Recommendation:

- **The Committee recommends that the Hospital Management should regularize the employment of casual workers in line with labour laws and engage the County Public Service Board to address permanent staffing needs.**

3.1.10 Supply of Fuel Without a Valid Contract

Audit examination of fuel records provided revealed that two (2) companies supplied fuel and lubricants amounting to Kshs. 1,616,000 to Mbagathi County Referral Hospital during the year under review. However, valid contract agreements duly signed by the Hospital and the companies were not provided for audit review. Further, the fuel drawn as per the fuel statement provided for audit revealed that the work tickets were not dully updated hence authenticity of the fuel records provided could not be confirmed.

This was contrary to Section 135(1) of the Public Procurement and Asset Disposal Act, 2015 which requires that the existence of a contract shall be confirmed through the signature of a contract document incorporating all agreements between the parties and such contract shall be signed by the Accounting Officer or an officer authorized in writing by the Accounting Officer of the procuring entity and the successful tenderer.

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

Management Response

The hospital was using the Nairobi County City Government contract for fuel.

Committee Observation:

The Committee confirms that the Hospital used the Nairobi County Government's fuel contract.

Committee Recommendation:

— The Committee recommends that this matter be marked as resolved.

3.1.11 Failure to Comply with Provisions of the Law on Prequalification

The statement of financial performance reflects an amount of Kshs. 13,641,235 relating to general expenses. Audit of a sample of expenditure amounting to Kshs. 12,659,610 revealed that the Hospital procured goods from suppliers who were not prequalified.

In the circumstances, the expenditure was irregular.

Management Response

The Hospital borrowed the prequalified list of suppliers by the County.

Committee Observation:

The Committee confirms that the Hospital used the County's prequalified suppliers list.

Committee Recommendation:

— The Committee recommends that the Hospital Management should consistently use prequalified supplier lists for all procurements and maintain proper records to ensure compliance with procurement laws.

3.1.12 Non - Adherence to the Provisions of the Law on Threshold in Procurement

The statement of financial performance reflects an amount of Kshs. 205,004,506 relating to medical/clinical costs. Audit of sampled payment vouchers revealed that payments were made in excess of the threshold required by law of Kshs. 3,000,000 for Request for Quotation method of procurement for procurement of goods, contrary to the provisions of the law as shown below:

Date	Details	Pv No.	Quotation No.	Amount (Kshs)
16/11/2022	Payment of non-pharm. Supplies- exam gloves & other items	80	NMS/MH/Q084/2021-2022	3,131,000
29/07/2022	Payment of non-pharmaceuticals	9	NMS/MH/Q085/2021-2022	3,028,000

In the circumstances, the expenditure was irregular.

Management Response

The management has put in place measures to address the anomaly going forward.

Committee Observation:

The Committee notes the management's commitment to address the anomaly going forward.

Committee Recommendation:

- The Committee recommends that the Hospital Management should strengthen internal controls over procurement processes to ensure strict adherence to procurement thresholds and methods as prescribed by law.

3.1.13 Facility Check List Variances

Kenya Quality Model for Health policy provides guidelines on personnel requirements, Services offered and Equipment's to be used by Level 5 Health Facilities. Its use is expected to contribute to attainment of the highest standards of health services delivery as envisaged in Article 43 (1) of the Constitution of Kenya 2010. Physical Inspection carried out on 13 December, 2024 and review of Mbagathi Level 5 hospital records and operations noted that there were variances between the level 5 hospital requirements as per checklist provided and what the hospital had as shown in **Appendix I**.

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

Management Response

The hospital management has over years been experiencing difficulty by not receiving the County Health Budget to support the Hospital's running operation cost. Further, the hospital staffs and Equipment are provided by the County.

Committee Observation:

The Committee acknowledges that staffing and equipment are provided by the County and that budget constraints have contributed to the variances.

Committee Recommendation:

- The Committee recommends that the Hospital Management should work closely with the County Government to address identified gaps in staffing and equipment to meet Kenya Quality Model for Health Level 5 standards.

3.1.14 Late Submission of Financial Statements for Audit

The Hospital financial statements for the year ended 30 June, 2023 were submitted to the Office of the Auditor-General on 30 September, 2024, twelve months after the statutory deadline date of 30 September, 2023. This was contrary to provisions of Section 47(1) of the Public Audit Act, 2015 which requires the Board of Governors to submit the financial statements to the Auditor-General within three months after the end of the financial year to which the respective accounts relate. No explanation was provided for this anomaly.

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

Management Response

The financial statements for the year ended 30 June, 2023 were not submitted considering that the hospital was yet to adopt the International Public Sector Accounting Standards (Accrual Basis) reporting standards.

The management have prepared the financial statements for the year ended 30th June, 2023 and submitted.

Committee Observation:

The Committee notes the delay was due to the transition to IPSAS accrual accounting and that the statements have now been submitted.

Committee Recommendation:

- The Committee recommends that the Hospital Management should ensure timely preparation and submission of financial statements in accordance with the Public Audit Act to avoid future breaches.

4.0 REPORT OF THE AUDITOR-GENERAL ON MBAGATHI COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE, 2024

4.1.1 Inaccuracies in the Financial Statements

Review of the financial statements revealed the following inconsistencies;

- i. The statement of financial performance reflects revenue from exchange transactions rendering of services and total expenses amounting to Kshs. 488,264,032 and Kshs. 621,244,601 respectively. Audit revealed that the amounts related to actual cash received and actual cash paid for expenses however, since the reporting framework for the hospital is IPSAS Accrual, the revenue and expenses should include income earned but not yet received and expenditure incurred but not yet paid for the year.
- ii. The facility did not provide a trial balance, ledgers and schedules to support the figures appearing in the financial Statements. Audit revealed that the facility relied on the manual vote book to record commitments and cash payments done. The current reliance on manual financial systems at Mbagathi County Referral Hospital presents significant risks that hinder operational excellence and financial sustainability. Further, errors in billing, invoicing, and procurement processes contribute to revenue leakage, while the lack of automated controls increases the risk of fraud and compliance issues.
- iii. The statement of comparison of budget and actual amounts reflects over-expenditure on budgeted amounts of Kshs. 127,712,323, Kshs. 8,891,552 and Kshs. 23,399,831 in respect of medical/clinical costs, repairs and maintenance and general expenses. No explanation has been provided for expenditure above the budgeted amounts. In addition, the actual amounts stated include what the company paid for as the payables are not included in the actual figures hence understating the amounts.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Management Response

- The transition from cash reporting to Accrual reporting for the hospital has just begun and the noted revenue earned but not received have been included in the financial statement, similarly for expense incurred and not paid have been included in the financial statement.
- Trial balance and ledgers have been prepared and provided in soft copy (*Appendix 1*). We acknowledge the hospital has been operating manually which has many challenges. Management has already begun the process on acquiring an HMIS system so as to automate the hospital financial processes.
- The Medical/Clinical cost and Repairs & Maintenance ledgers have now been updated and includes the payables.
- The over expenditure was as result of the Hospital not receiving its outstanding NHIF reimbursement which was the main source of revenue. (*Appendix 2*).

— Further, the Hospital was faced by high influx of patients due to disease outbreaks. (*Appendix 3*).

Committee Observation:

The Committee acknowledges the Hospital's ongoing transition to accrual accounting and the provision of revised financial documents.

Committee Recommendation:

— The Committee recommends that the matter be marked resolved.

4.1.2 Insufficient Asset Disclosure and Valuation

The statement of financial position and Note 31 to the financial statements reflects property, plant, and equipment balance of Kshs. 2,390,350,254. Audit, revealed that while the Hospital maintained a fixed asset register, it failed to disclose a 7.963-acre piece of land and several buildings that it possesses. Further, the assets had never been valued. The asset register had also omitted essential information such as identification numbers, acquisition dates, asset descriptions, locations, classes, acquisition costs, and valuation reports. Lack of asset valuation and detail hinders accurate assessment of the Hospital's financial position and asset management efficiency, making it difficult to ascertain the reported balances of property, plant, and equipment.

In addition, the audit identified stalled projects funded by the County Government of Nairobi as detailed below.

Project Name	Tender No.	Commencement Date	Project Status	Cost incurred to date (Actual Payments)	Outstanding payments (Kshs)	Contract sum (Kshs.)
Procure, Install & Commission microwave plants (50 kg/hr) at Mbagathi Hospital	NCC/HW N/T/293 /2022-23	Oct-23	95%	Not provided	Not Provided	35,800,000
Establish an ICU and NICU at Mbagathi Hospital	NCC/HW N/T/324 /2022-23	Oct-23	90%	Not Provided	Not Provided	19,738,228
Construction of medical block for OPD, HDU	NMS/RT /017/2020 -2021	2021	15% Complete	26,000,000	121,339,244	147,339,244

and ICU at
Mbagathi
Hospital

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No explanation was provided for the anomalies noted above.
In the circumstances, the expenditure on the projects maybe irregular.

Management Response

The management had written to the County Chief Officer via letter Ref MDH/CEO/GEN/08/156 dated 5th September, 2024 requesting for valuation of hospital’s Assets and Liabilities to ascertain their current values. (*Appendix 4*)
Further, the Hospital stalled project under taken by the County has been included in the current development budget 2025/2026 for completion. (*Appendix 5*)

Committee Observation:

The Committee notes the request for asset valuation and the inclusion of stalled projects in the current development budget cycle.

Committee Recommendation(s):

- The Committee recommends that the Hospital Management must immediately disclose all assets, and the County Executive should to conduct a professional valuation within sixty days after the adoption of this report.

4.1.3 Inaccuracies in Cash and Cash Equivalents Balance

The statement of financial position reflects a balance of Kshs. 130,069,675 relating to cash and cash equivalents as disclosed in Note 27 to the financial statements. However, the opening balances of each of the subsequent months of the cashbook were adjusted to bank balances instead of having cashbook running balances as detailed below;

Month	Opening Balance (Kshs)
July	97,883,556
August	121,023,457
September	148,088,886
October	84,433,860
November	101,626,807
December	45,710,306
January	48,723,476
February	72,461,225
March	64,365,880
April	10,515,476
May	131,334,465

June	121,577,149
June Closing	129,337,350
Cash June Closing	286,350

Further examination of the cashbook revealed a cash balance of Kshs. 286,350 which had not been reported. In addition, the bank reconciliation provided for audit revealed a cashbook balance of Kshs. 129,474,428 whereas the reported balance was Kshs. 130,069,675 resulting to a variance of Kshs. 595,247. The board of survey for the year under review was also not provided for audit review.

In the circumstances, the reported balance of cash and cash equivalents balance of Kshs. 130,069,675 could not be confirmed.

Management Response

The cash balance of Kshs 286,350 have been updated in the amended financial statements provided.

Committee Observation:

The Committee confirms that the unreported cash balance has been updated in the amended financial statements.

Committee Recommendation:

— The Committee recommends that this matter be marked as resolved.

4.1.4 Unsupported Balances

The statement of financial performance reflects revenue of Kshs. 488,264,032 relating to rendering of services-medical service income as disclosed in Note 11 to the financial statements. However, the schedules or ledgers were not provided for audit review in support the amount. Further, the statement of financial position and Note 28 to the financial statements reflects a balance of Kshs. 255,589,584 for receivables from exchange transactions. However, the schedules and ledgers were not provided in support of the balance

In the circumstances, the accuracy and completeness of the rendering of services - medical service income and receivables from exchange transactions amounts of Kshs. 488,264,032 and Kshs. 255,589,584 respectively could not be confirmed.

Management Response

The ledgers have been prepared as per revised financial statement attached and soft copy availed. (*Appendix 1*)

Committee Observation

The Committee observed that schedules and ledger for of Kshs. 488,264,032 relating to rendering of services - medical service income not provided during audit have been provided. Similarly, Schedules for receivables from exchange transaction have been provided.

Committee Recommendation(s)

— The Committee recommends that the matter be marked as resolved.

4.1.5 Long Outstanding Trade Payables

The statement of financial position and Note 34 to the financial statements reflects trade and other payables balance of Kshs. 280,746,140 which includes payables totaling Kshs. 122,514,424 which have been outstanding for more than two (2) years. Further review of provided documents and ageing analysis revealed that there have been long outstanding payables dating as far back as 2012 amounting to Kshs. 104,716,441 as shown in the table below. No explanation was provided for failing to have the payables form a first charge in the following year.

FY	Amount (Kshs)
FY 2011/2012	4,053,200
FY 2013/2014	2,442,473
FY 2014/2015	2,896,900
FY 2015/2016	3,860,416
FY 2016/2017	6,919,056
FY 2017/2018	18,554,289
FY 2018/2019	36,304,183
FY 2019/2020	29,685,924
Totals	104,716,441

In the circumstances, Management is exposed to fines and penalties.

Management Response

The hospital management has over years been experiencing financial challenges by not receiving the outstanding NHIF reimbursement to support the Hospital's running operational cost. (*Appendix 2*)

Committee Observation:

The Committee notes that financial challenges and delayed NHIF reimbursements have contributed to the accumulation of payables.

Committee Recommendation(s):

— The Committee recommends that the Hospital Management should develop a structured debt settlement plan and engage the County Government and NHIF/SHA to clear long-outstanding payables.

4.1.6 Presentation and Disclosure of Financial Statements

Audit of the annual report and financial statements revealed the following anomalies.

- i. The ages of four (4) directors; have been omitted.
- ii. The Board members were all appointed on the same date hence period of expiry of term is same which might cause a vacuum when the expiry date reaches this is contrary to Section 19(1) of the Facilities Improvement Financing Act, 2023 which states that the appointments of the members to the Board and Committee in this Part shall be in such a manner that the respective expiry of their terms shall fall at different dates.

This was contrary to Section 81(1) of Public Finance Management Act, 2012 which requires that “At the end of each financial year, the Accounting Officer for a National Government entity shall prepare financial statements in respect of the entity”. (3) The Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.

Management Response

The identified anomalies were noted and have been corrected, a revised financial statement have been attached.

The Facilities Improvement Financing Act, 2023, was enacted in November, 2023 after the appointment of the Board member, thus it cannot be used retrospectively. However, appointment of Hospital’s Board members is a function of the county executive and the management has brought the issue to the attention of the office of the Governor.

Committee Observation:

The Committee acknowledges that corrections have been made and that the FIF Act 2023 was enacted after board appointments.

Committee Recommendation:

- **The Committee recommends that the future appointments should comply with the FIF Act to avoid Board vacuum;**
- **That all financial statements must fully adhere to PSASB requirements.**

4.1.7 Congestion in the Hospital’s Wards

Kenya Quality Model for Health policy provides guidelines on personnel requirements, Services offered and Equipment’s to be used by Level 5 Health Facilities. Its use is expected to contribute to attainment of the highest standards of health services delivery as envisaged in Article 43 (1) of the Constitution of Kenya 2010. Physical verification of the Hospital’s infrastructure carried out on 13 December, 2024 revealed that the wards are significantly congested. Maternity wards were highly congested, with 3 up to 4 patients (mother and child) sharing one bed, Paediat ward were also congested with 2 to 3 children sharing one bed. The same congestion was witnessed in the male wards.

This compromise both safety and health standards for the patients. These conditions highlight the urgent need for infrastructure improvements to ensure attainment of the highest standards of health services delivery.

Management Response

The revival of the stalled medical block is underway which is being funded by the county government.

Current development Budget FY 2025/2026 has been provided for completion of the medical block. (*Appendix 5*)

Completion of this medical block will provide patients the needed space due to high number of patients visiting the hospital.

Committee Observation:

The Committee acknowledges the plan to complete the stalled medical block to address congestion.

Committee Recommendation:

- **The Committee recommends that the Hospital Management and County Executive should ensure the medical block is completed as planned in the current budget cycle to alleviate congestion and improve service delivery.**

4.1.8 Irregular Engagement of Casual Employees

The statement of financial performance and Note 16 to the financial statements reflects employee costs of Kshs. 16,604,194 which relates to wages to casual employees. However, examination of documents provided for audit review revealed that the Hospital has been engaging casual labourers for more than three months on renewable terms contrary to Section 37 of the Employment Act, 2007 (Revised 2012) which requires conversion of the casual employment to term contract.

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

Management Response

The hospital had and is continuing to experienced challenges of staff shortage which affects service delivery to patients, especially at times of emergency. Similarly, frequent industrial action by medical staff and the influx of patients in the hospital had forced the hospital to engage casual workers so as to keep the hospital operational.

Committee Observation:

The Committee notes the staffing challenges but emphasizes compliance with the Employment Act.

Committee Recommendation(s):

- **The Committee therefore recommends that this matter be marked as resolved.**

4.1.9 Misclassification of Expenditure

The statement of financial performance and Note 21 to the financial statements reflects general expenses totaling Kshs. 45,983,375 which includes purchase of office stationery amounting to Kshs. 3,424,700. Analysis of the ledger provided for audit revealed that an amount of Kshs. 700,000 which was incurred for purchase of 2,000 quantities of 400g cotton wool was incorrectly charged to purchase of office stationery instead of non-pharmaceuticals. This is contrary to IPSAS 1 – Fair Presentation and Compliance with IPSAS (Paragraph 27) - Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.

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

Management Response

The expense of Kshs. 700,000/= on purchase of cotton wool had erroneously been posted. This expense has now been corrected by passing the correcting ledger and the revised schedules have been provided for audit review.

Committee Observation

The Committee acknowledges that the misclassification has been corrected.

Committee Recommendation(s)

— **The Committee recommends that the matter be marked as resolved.**

4.1.10 Supply of Fuel Without a Valid Contract

Audit examination of fuel records provided for audit revealed that two (2) company's supplied fuel and lubricants amounting to Kshs. 4,548,895 to Mbagathi Referral Hospital during the year under review. However, valid contract agreement duly signed by the hospital and the companies were not provided for audit review. Further, the fuel drawn as per the fuel statement provided for audit revealed that the work tickets were not dully updated hence authenticity of the fuel records provided could not be confirmed.

This was contrary to Section 135(1) of the Public Procurement and Asset Disposal Act, 2015 which states that the existence of a contract shall be confirmed through the signature of a contract document incorporating all agreements between the parties and such contract shall be signed by the Accounting Officer or an officer authorized in writing by the Accounting Officer of the procuring entity and the successful tenderer.

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

Management Response

The hospital was using the Nairobi County City Government contract for fuel. (*Appendix 6*).

The Public Procurement and Asset Disposal Act, 2015 section 56 (1) allows the use of this method. (*Appendix 7*).

Committee Observation:

The Committee confirms that the Hospital used the Nairobi County Government's fuel contract as allowed under PPADA.

Committee Recommendation:

- **The Committee recommends that the Hospital Management should ensure all future procurements under such arrangements are properly documented and referenced hence marked this matter as resolved.**

4.1.11 Uncertainty in Management of Drugs at Point of Expiry

Audit revealed that the Hospital had a practice of donating drugs before they reach point of expiry. However, no documented policy to that effect was provided for audit review and the criteria for determining to which Institutions the Hospital donates to, as well as the quantity of drugs for donation. It was also unclear who approves the process of donation, and if at all the drugs are at point of expiry before donation. This is contrary to Section 68(2) of the Public Finance Management Act, 2012 which requires the Accounting Officer to ensure that the financial and accounting records are properly maintained to enable preparation of financial statements which are appropriately and adequately supported.

In the circumstances, management was in breach of the law and the effectiveness of internal controls on the management and valuation of pharmaceutical and non-pharmaceutical could not be confirmed.

Management Response

The management of Drugs at the point of expiry is undertaken as follows;

Criteria for Donation:

The Pharmacy Department regularly conducts a stock take of drugs. During this process, drugs with a short expiry (3-6 months from the current date) are identified, recorded, and tracked. A short expiry list is created, which includes the drug names, expiry dates, and quantities. This list is shared with Pharmacy Heads at the sub-county level and facility level across the County, including KNH, Spinal Injury Hospital, Pumwani Hospital, and Forces Memorial Hospital. These institutions review the list, select the drugs they need, and specify the quantities required.

Approval Process for Donations:

Once the institutions make their selections, the drugs are issued to them based on their requests. However, it is important to note that no drugs leave the hospital without prior approval from the Pharmacy in Charge. The donation is formalized through a Counter Requisition and Issue Voucher (S11), which documents the transfer of drugs.

Policy for Donations:

Currently, there is a formal process in place for drug donations based on identified short-expiry stock and institutional needs. However, to streamline and formalize the process, a Standard Operating Procedure (SOP) has been developed to clearly outline all necessary steps, approval procedures, and documentation required before any donations are made, ensuring transparency, compliance, and minimizing any ambiguity or confusion in the process.

Committee Observation:

The Committee acknowledges the detailed response from management.

Committee Recommendation(s):

— The Committee therefore recommends that this matter be marked as resolved.

4.1.12 Failure to Comply with Provisions of the Law on Prequalification

The statement of financial performance reflects an amount of Kshs. 45,983,375 relating to general expenses. Audit of a sample of expenditure amounting to Kshs. 8,839,250 revealed that the hospital procured goods from suppliers who were not prequalified.

In the circumstances, expenditure totaling Kshs. 8,839,250 was irregular.

Management Response

The Hospital borrowed the prequalified list of suppliers by the County. Soft copy availed. (*Appendix 1*)

Committee Observation:

The Committee confirms that the Hospital used the County's prequalified suppliers list.

Committee Recommendation:

— The Committee recommends that this matter be marked as resolved.

4.1.13 Facility Check List Variances

Kenya Quality Model for Health policy provides guidelines on personnel requirements, Services offered and Equipment's to be used by Level 5 Health Facilities. Its use is expected to contribute to attainment of the highest standards of health services delivery as envisaged in Article 43(1) of the Constitution of Kenya, 2010. Physical Inspection carried out on December 13,2024 and review of Mbagathi Level 5 hospital records and operations noted that there were variances between the level 5 hospital requirements as per checklist provided and what the hospital had as highlighted in **Appendix I**.

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

Management Response

In the financial year 2024/2025 the county posted nurses and medical officers in the hospital (*Appendix 8*). County has Budgeted for the completion of the adult ICU among other projects and equipment in this year's budget. (*Appendix 5*)

Committee Observation:

The Committee acknowledges efforts to address staffing and infrastructure gaps.

Committee Recommendation:

- The Committee recommends that Hospital Management should work closely with the County Executive to fast-track recruitment and infrastructure upgrades to meet all requirements under Kenya Quality Model for Health Level 5 standards.

4.1.14 Unlawful Payment of Committee Allowances

The statement of financial performance reflects Board of Management expenses amounting to Kshs. 2,757,869 relating to sitting allowances for committee members as disclosed in Note 17 to the financial statements. Audit identified a payment of committee allowances to a Board member whose appointment was not published in the Gazette. The Board member serves as the Chair of the Finance and General-Purpose Committee and is also a member of the Quality of Health Care Committee. In the year under review, he attended 19 meetings and received Kshs. 11,000 per sitting, totaling Kshs. 209,000 in unlawful payments. No explanation was provided on his appointment contrary to Section 6(2) of the State Corporations Act which stipulates that every appointment made under subsection (1)(a) and (e) must be specific to an individual and must be officially announced through a notice published in the Gazette.

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

Management Response

The Committee Member is area member of County Assembly (MCA) and being an elected leader, he automatically seats in the Hospital Management Board as a representative of the area community. As per FIF Act 2023, Sec 9 (i).

Committee Observation:

The Committee confirms that the MCA's inclusion on the board is in line with the FIF Act 2023.

Committee Recommendation:

- The Committee recommends that all Board members should be gazetted as required, and payments should only be made to duly gazetted members.

4.1.15 Failure to Tag Equipment

Records obtained from the City County of Nairobi on assets received by the Hospital revealed that the Hospital received equipment as shown in **Appendix II** from the County. Field verification conducted on 13 December, 2024 confirmed that the assets were in existence and in good condition. However, the assets were not tagged.

In the circumstances, it was not possible to confirm as to whether the Hospital received the equipment from the MES project, when it was acquired and whether they had ownership documents of the assets.

Management Response

The management is the process of procuring tagging kit for the items delivered by County Nairobi to address the identification of the Assets in various user departments and following with the county to issue documentation of the Asset. (*Appendix 9*)

Committee Observation:

The Committee notes the plan to procure tagging kits and secure ownership documents.

Committee Recommendation:

- The Committee recommends that the Hospital Management should expedite the tagging of all assets and secure all necessary ownership documents from the County and submit a report to the Assembly within sixty days after the adoption of this report.

5.0 CONCLUSION

The Committee having considered the “**Reports of the Auditor General on Mbagathi County Referral Hospital for the years ended 30th June 2022, 2023 & 2024**” and written/oral responses to the audit query raised therein, recommends the fund administrator for prudence and urges that the issues raised by the Auditor General be addressed to avoid recurrence of the same.

6.0 SUMMARY OF ALL RECOMMENDATIONS

Following the Committee's consideration of the "Reports of the Auditor General on Mbagathi County Referral Hospital for the years ended 30th June 2022,2023&2024" and having considered responses from the Hospital Management, the Committee urges the County Assembly to resolve as follows:

SUMMARY OF RECOMMENDATIONS - REPORT OF THE AUDITOR-GENERAL ON MBAGATHI COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE, 2022

1. Inaccuracies in the Financial Statements

— The Committee therefore recommends that the matter be marked as resolved.

2. Unconfirmed Stock Balance

— The Committee recommends that the Hospital Management should conduct and document annual stock takes consistently to confirm inventory values and ensure accurate financial reporting in subsequent years in line with the Public Procurement and Assets Disposal Regulations 2020, Part XIII on inventory control, asset and stores management and distribution.

3. Failure to Maintain Fixed Asset Register

— The Committee recommends that the Chief Officer for Health Facilities and the Hospital Management should ensure the timely completion of the asset valuation and maintain a detailed and updated fixed asset register in full compliance with IPSAS 17 within sixty days after the adoption of this report.

4. Inaccuracies in Cash and Cash Equivalents Balance

— The Committee recommends that the Hospital Management should strengthen internal controls over cash management, ensure accurate and continuous cashbook balances, and provide all necessary supporting documents, including bank reconciliations and board of survey reports, during audits.

5. Unsupported Balances

— The Committee recommends that the matter be marked as resolved.

6. Long Outstanding Trade Payables

— The Committee recommends that the Hospital Management should develop a structured debt settlement plan and engage the County Executive to ensure adequate and timely funding to settle long-outstanding payables.

7. Budgetary Control and Performance

- The Committee recommends that the Hospital Management should work with the County Executive to ensure future budgets are realistic and aligned with operational needs, and that procurement processes support timely service delivery.

8. Irregular Engagement of Casual Employees

- The Committee recommends that the Hospital Management should regularize the employment of casual workers in line with labour laws and engage the County Public Service Board to permanently address staffing needs.

9. Failure to Comply with Provisions of the Law on Prequalification

- The Committee recommends that the Hospital Management should consistently use prequalified supplier lists for all procurements and maintain proper records to ensure compliance with procurement laws.

10. Non - Adherence to the Provisions of the Law on Threshold in Procurement

- The Committee recommends that the Hospital Management should strengthen internal controls over procurement processes to ensure strict adherence to procurement thresholds and methods as prescribed by law.

11. Facility Check List Variances

- The Committee recommends that the Hospital Management should work closely with the County Executive to address identified gaps in staffing and equipment to meet Kenya Quality Model for Health Level 5 standards.

12. Presentation and Disclosure of Financial Statements

- The Committee recommends that the matter be marked as resolved.

13. Late Submission of Financial Statements for Audit

- The Committee recommends that the matter be marked as resolved.

SUMMARY OF RECOMMENDATIONS - REPORT OF THE AUDITOR-GENERAL ON MBAGATHI COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE, 2023

1. Inaccuracies in the Financial Statements

— The Committee therefore recommends this matter be marked as resolved.

2. Discrepancies in Inventory

— The Committee recommends that the Hospital Management should conduct a thorough verification of inventory records, reconcile all discrepancies, and implement strict inventory control measures to prevent future inaccuracies.

3. Failure to Maintain the Fixed Asset Register

— The Committee recommends that the Hospital Management should ensure the timely completion of the asset valuation and maintain a detailed and updated fixed asset register in full compliance with IPSAS 17.

4. Inaccurate Cash and Cash Equivalents Balance

— The Committee recommends that this issue be marked as resolved.

5. Unsupported Balances

— The Committee recommends that the matter be marked as resolved.

6. Long Outstanding Trade Payables

— The Committee recommends that the Hospital Management should develop a structured debt settlement plan and engage the County Executive to ensure adequate and timely funding to settle long-outstanding payables.

7. Budgetary Control and Performance

— The Committee recommends that the matter be marked as resolved.

8. Presentation and Disclosure of Financial Statements

— The Committee recommends that future financial statements must fully comply with the prescribed template and disclosure requirements. The County Government should ensure future board appointments comply with the FIF Act to prevent potential vacancies.

9. Irregular Engagement of Casual Employees

- The Committee recommends that the Hospital Management should regularize the employment of casual workers in line with labour laws and engage the County Public Service Board to address permanent staffing needs.

10. Supply of Fuel Without a Valid Contract

- The Committee recommends that this matter be marked as resolved.

11. Failure to Comply with Provisions of the Law on Prequalification

- The Committee recommends that the Hospital Management should consistently use prequalified supplier lists for all procurements and maintain proper records to ensure compliance with procurement laws.

12. Non - Adherence to the Provisions of the Law on Threshold in Procurement

- The Committee recommends that the Hospital Management should strengthen internal controls over procurement processes to ensure strict adherence to procurement thresholds and methods as prescribed by law.

13. Facility Check List Variances

- The Committee recommends that the Hospital Management should work closely with the County Government to address identified gaps in staffing and equipment to meet Kenya Quality Model for Health Level 5 standards.

14. Late Submission of Financial Statements for Audit

- The Committee recommends that the Hospital Management should ensure timely preparation and submission of financial statements in accordance with the Public Audit Act to avoid future breaches.

SUMMARY OF RECOMMENDATIONS - REPORT OF THE AUDITOR-GENERAL ON MBAGATHI COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE, 2024

1. Inaccuracies in the Financial Statements

— The Committee recommends that the matter be marked resolved.

2. Insufficient Asset Disclosure and Valuation

— The Committee recommends that the Hospital Management must immediately disclose all assets, and the County Executive should to conduct a professional valuation within sixty days after the adoption of this report.

3. Inaccuracies in Cash and Cash Equivalents Balance

— The Committee recommends that this matter be marked as resolved.

4. Unsupported Balances

— The Committee recommends that this matter be marked as resolved.

5. Long Outstanding Trade Payables

— The Committee recommends that the Hospital Management should develop a structured debt settlement plan and engage the County Government and NHIF/SHA to clear long-outstanding payables.

6. Presentation and Disclosure of Financial Statements

— The Committee recommends that the future appointments should comply with the FIF Act to avoid Board vacuum;

— That all financial statements must fully adhere to PSASB requirements.

7. Congestion in the Hospital's Wards

— The Committee recommends that the Hospital Management and County Executive should ensure the medical block is completed as planned in the current budget cycle to alleviate congestion and improve service delivery.

8. Irregular Engagement of Casual Employees

— The Committee therefore recommends that this matter be marked as resolved.

9. Misclassification of Expenditure

— The Committee recommends that the matter be marked as resolved.

10. Supply of Fuel Without a Valid Contract

— The Committee recommends that the Hospital Management should ensure all future procurements under such arrangements are properly documented and referenced hence marked this matter as resolved.

11. Uncertainty in Management of Drugs at Point of Expiry

— The Committee therefore recommends that this matter be marked as resolved.

12. Failure to Comply with Provisions of the Law on Prequalification

— The Committee recommends that this matter be marked as resolved.

13. Facility Check List Variances

— The Committee recommends that Hospital Management should work closely with the County Executive to fast-track recruitment and infrastructure upgrades to meet all requirements under Kenya Quality Model for Health Level 5 standards.

14. Unlawful Payment of Committee Allowances

— The Committee recommends that all Board members should be gazetted as required, and payments should only be made to duly gazetted members.

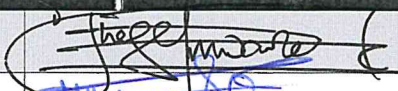




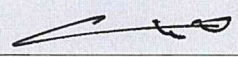

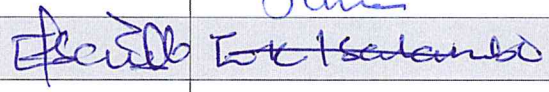
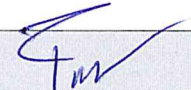
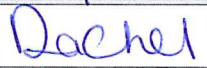

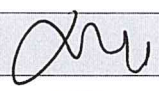

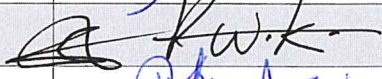
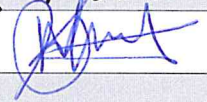
15. Failure to Tag Equipment's

— The Committee recommends that the Hospital Management should expedite the tagging of all assets and secure all necessary ownership documents from the County and submit a report to the Assembly within sixty days after the adoption of this report.

7.0 ANNEXURES

Annex	Title
Annex 1	Minutes of the Sittings
Annex 2	Written Responses to all audit queries by the Accounting Officer

We Members of the Public Accounts Committee (PAC) do hereby affix our signatures to this report to affirm the correctness of the contents and support for the report: -

S/N	Honourable Member	Signature
1.	Hon. Chege Mwaura, MCA - Chairperson	
2.	Hon. Abel Osumba Atito, MCA - Vice -Chairperson	
3.	Hon. Benter Juma Obiero, MCA	
4.	Hon. Redson Otieno Onyango, MCA	
5.	Hon. John Rex Omolleh, MCA	
6.	Hon. Stazo Omung'ala Ang'ila, MCA	
7.	Hon. Richardo Nyantika Billy, MCA	
8.	Hon. John Ndile Musila, MCA	
9.	Hon. Cyrus Mugo Mubea, MCA	
10.	Hon. Jane Musangi Muthembwa, MCA	
11.	Hon. Emmy Khatemeshi Isalambo, MCA	
12.	Hon. Fuad Hussein Mohamed, MCA	
13.	Hon. Fatuma Abduwahid Abey, MCA	
14.	Hon. Eutyclus Mukiri Muriuki, MCA	
15.	Hon. Fredrick Njoroge Njogu, MCA	
16.	Hon. Rachel Wanjiru Maina, MCA	
17.	Hon. Aaron Kangara Wangare, MCA	
18.	Hon. Carrington Gichunji Heho, MCA	
19.	Hon. Mark Thiga Ruyi, MCA	
20.	Hon. Simon Maina Mugo, MCA	
21.	Hon. Paul Wachira Kariuki, MCA	
22.	Hon. Martin Mbugua Mwangi, MCA	
23.	Hon. Mary Wanjiru Kariuki, MCA	

MINUTES OF THE 3RD SITTING OF THE NAIROBI CITY COUNTY ASSEMBLY SELECT COMMITTEE ON COUNTY PUBLIC ACCOUNTS HELD ON WEDNESDAY, 11TH FEBRUARY, 2026 AT 10:30 A.M. IN COMMITTEE ROOM 10, CITY HALL BUILDINGS.

MEMBERS PRESENT:

1. Hon. Abel Osumba Atito, MCA – Vice-Chairman
2. Hon. Paul Wachira Kariuki, MCA
3. Hon. Emmy Khatemeshi Isalambo, MCA
4. Hon. Aaron Kangara Wangare, MCA
5. Hon. Redson Otieno Onyango, MCA
6. Hon. Jane Musangi Muthembwa, MCA
7. Hon. Martin Mbugua Mwangi, MCA
8. Hon. Cyrus Mugo Mubea, MCA
9. Hon. Benter Juma Obiero, MCA
10. Hon. Rachel Wanjiru Maina, MCA
11. Hon. John Ndile Musila, MCA
12. Hon. Mark Thiga Ruyi, MCA
13. Hon. Simon Maina Mugo, MCA
14. Hon. Fredrick Njoroge Njogu, MCA

MEMBERS ABSENT:

1. Hon. Chege Mwaura, MCA – Chairman
2. Hon. Hussein Fuad Mohammed, MCA
3. Hon. Billy Ricardo Nyantika, MCA
4. Hon. John Rex Omolleh, MCA
5. Hon. Eutyclus Mukiri Muriuki, MCA
6. Hon. Stazo Elijah Omung'ala Ang'ila, MCA
7. Hon. Carrington Gichunji Heho, MCA
8. Hon. Fatuma Abduwahid Abey, MCA
9. Hon. Mary Wanjiru Kariuki, MCA

SECRETARIAT

1. Mr. Kevin Wasike – Snr. Clerk Assistant
2. Mr. Benedict Ochieng – Clerk Assistant
3. Mr. Anthony Nyandiere – Hansard Officer

MIN.012/NCCA/PAC/FEB/2026 – PRELIMINARIES

The Vice-Chairperson called the meeting to order at ten minutes to Eleven O'clock and said the opening prayers. He then welcomed Members present to the meeting and took them through the agenda which was adopted for consideration with amendment to defer agendas 2 and 3 as proposed by Hon. Benter Obiero, MCA and seconded by Hon. John Ndile, MCA as follows: -

1. Preliminaries (prayers and adoption of the agenda),
2. Confirmation of Minutes – 1st & 2nd Sittings,
3. Matters Arising,
4. Adoption of the Draft Report on the consideration of the Reports of the Auditor-General on Mama Lucy Kibaki Hospital for the years ended 30th June, 2022, 2023 & 2024,

5. Adoption of the Draft Report on the consideration of the Reports of the Auditor-General on Pumwani Maternity Hospital for the years ended 30th June, 2022, 2023 & 2024,
6. Adoption of the Draft Report on the consideration of the Reports of the Auditor-General on Mbagathi Level 5 Hospital for the years ended 30th June, 2022, 2023 & 2024,
7. Adoption of the Draft Report on the consideration of the Reports of the Auditor-General on Mutuini Hospital for the years ended 30th June, 2022, 2023 & 2024,
8. Adoption of the Draft Report on the consideration of the Reports of the Auditor-General on Makadara Hospital for the years ended 30th June, 2022, 2023 & 2024,
9. Adoption of the Draft Report on the consideration of the Reports of the Auditor-General on Kayole II Hospital for the years ended 30th June, 2022, 2023 & 2024,
10. Any Other Business, and
11. Adjournment.

MIN.013/NCCA/PAC/FEB/2026 – ADOPTION OF THE DRAFT REPORT ON THE CONSIDERATION OF THE REPORTS OF THE AUDITOR-GENERAL ON HOSPITALS

The Secretariat tabled and took the Committee through the draft report on the consideration of the Reports of the Auditor-General on Mama Lucy Kibaki Hospital for the years ended 30th June, 2022, 2023 & 2024. The Committee deliberated on the report and adopted the same for tabling in the Assembly as proposed by Hon. Redson Onyango, MCA and seconded by Hon. Emmy Isalambo, MCA.

Subsequently, The Secretariat tabled and took the Committee through the draft report on the consideration of the Reports of the Auditor-General on Pumwani Maternity Hospital for the years ended 30th June, 2022, 2023 & 2024. The Committee deliberated on the report and adopted the same for tabling in the Assembly as proposed by Hon. Aaron Kangara, MCA and seconded by Hon. Cyrus Mugo, MCA.

Further, the Secretariat tabled and took the Committee through the draft report on the consideration of the Reports of the Auditor-General on Mbagathi Level 5 Hospital for the years ended 30th June, 2022, 2023 & 2024. The Committee deliberated on the report and adopted the same for tabling in the Assembly as proposed by Hon. Rachael Wanjiru, MCA and seconded by Hon. Benter Obiero, MCA.

Next, the Secretariat tabled and took the Committee through the draft report on the consideration of the Reports of the Auditor-General on Mutuini Hospital for the years ended 30th June, 2022, 2023 & 2024. The Committee deliberated on the report and adopted the same for tabling in the Assembly as proposed by Hon. Jane Musangi, MCA and seconded by Hon. Paul Wachira, MCA.

The Secretariat further tabled and took the Committee through the draft report on the consideration of the Reports of the Auditor-General on Makadara Hospital for the years ended 30th June, 2022, 2023 & 2024. The Committee deliberated on the report and

adopted the same for tabling in the Assembly as proposed by Hon. Emmy Khatemeshi, MCA and seconded by Hon. Cyrus Mugo, MCA.

Finally, the Secretariat tabled and took the Committee through the draft report on the consideration of the Reports of the Auditor-General on Kayole II Hospital for the years ended 30th June, 2022, 2023 & 2024. The Committee deliberated on the report and adopted the same for tabling in the Assembly as proposed by Hon. John Ndile, MCA and seconded by Hon. Martin Mbugua, MCA.


MIN.014/NCCA/PAC/FEB/2026 – A.o.B

Status of pending reports – the Vice-Chairperson informed the Committee that the matter was raised by the relevant Managements on pending reports under the County Assembly and the Liquor Board. However, on the Special Audit Report, the Chairperson was to follow up with the County Executive Committee Member for Finance.

MIN.015/NCCA/PAC/FEB/2026 – ADJOURNMENT

There being no other business, and the time being twenty minutes to Twelve O'clock, the Vice-Chairperson adjourned the meeting. The next meeting would be communicated in due course.

CONFIRMED AS A TRUE RECORD OF THE PROCEEDINGS

SIGNATURE
CHAIRPERSON 

DATE
17/FEB/2026

