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RECOMMENDATIONS

AUDITOR-GENERAL'S REPORT ON
THE STATUS OF IMPLEMENTATION OF SENATE RECOMMENDATIONS ARISING FROM THE CONSIDERATION OF REPORTS OF THE AUDITOR-GENERAL ON COUNTY HOSPITALS AND THE BUSIA COUNTY HEALTH SERVICES FUND FOR THE FINANCIAL YEAR 2023/2024

AUGUST 2026



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Foreword

I am pleased to present this Follow-up Audit Report on the Status of Implementation of Recommendations arising from the Senate Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Reports of the Auditor-General for four County Hospitals and a Fund for the Financial Year 2023/2024, adopted on 27 March, 2025. The Senate Report focused on four County Hospitals and a Fund whose audit reports and financial statements were interrogated by the Committee and recommendations made for implementation by the concerned entities, investigative agencies, The National Treasury and the County Executives.

My Office undertook this follow-up audit under the mandate conferred by Section 31(1)(a) and Section 53(1) of the Public Audit Act, Cap.412B. These provisions require Accounting Officers of state organs and public entities to take appropriate steps to implement recommendations made by Parliament on the reports of the Auditor-General, or to provide explanations in writing where such recommendations have not been acted upon.

The follow-up assessed the extent to which corrective action had been taken on seventy-six (76) recommendations directed to twelve (12) entities. The work involved reviewing the Senate Report, identifying overdue recommendations, circularizing requests for status updates, verifying responses received, and classifying implementation status as implemented, partially implemented, not implemented, not implementable or not applicable.

The findings reveal an unsatisfactory level of implementation. Only eleven (13) recommendations, representing 17.11%, were fully implemented, while eleven (11) or 14.47% were partially implemented and fifty-two (52), representing 68.42%, had not been implemented. In addition, only seven (7) of the twelve (12) entities submitted written responses, reflecting a response rate of 58%. The dominance of administrative recommendations further points to the need for stronger managerial accountability, improved institutional capacity, and more deliberate oversight follow-up in the health sector.

Effective implementation of audit and legislative recommendations is critical to strengthening public financial management, improving governance in county health institutions, and enhancing service delivery to the people of Kenya. Conversely, weak implementation perpetuates recurring audit issues, undermines accountability, and constrains the realization of value from public resources allocated to health services.

This Report therefore calls for renewed commitment by County Executive Management, The National Treasury, Parliament and all responsible entities to institutionalize implementation of audit recommendations as a key element of performance accountability. It is my expectation that the findings and recommendations contained herein will support effective oversight action, strengthen compliance with the Public Audit Act, Cap.412B, and contribute to improved governance and service delivery in county hospitals.

The Report is submitted to Parliament in accordance with Article 229(7) of the Constitution of Kenya, 2010 and Section 39(1) of the Public Audit Act, Cap.412B. A copy has also been submitted to The National Treasury.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

30 August, 2026

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List of Acronyms

CCIO	- Constitutional Commissions and Independent Offices
EACC	- Ethics and Anti-Corruption Commission
ECA	- Expected Corrective Action
INTOSAI	- International Organization of Supreme Audit Institutions
IPSAS	- International Public Sector Accounting Standards
ISSAI	- International Standards for Supreme Audit Institution
OAG	- Office of the Auditor-General
PFM	- Public Finance Management
PSASB	- Public Sector Accounting Standards Board
SAI	- Supreme Audit Institution

EXECUTIVE SUMMARY

Introduction

The Senate adopted the Report of the Select Committee on County Public Investments and Special Funds on the consideration of the Reports of the Auditor-General for four County Hospitals and a Fund for the Financial Year 2023/2024 on 27 March, 2025. The report focused on four County Hospitals and a Fund whose audit reports and financial statements were interrogated by the Committee and recommendations made for implementation by the entities, investigative agencies, The National Treasury and the respective County Executives.

Methodology

The objective of the follow-up of the legislative recommendations was to determine the extent to which the audited entities and other referenced agencies took corrective action on the recommendations made by The Senate on the consideration of the Reports of the Auditor-General for four County Hospitals and a Fund for the Financial Year 2023/2024. The process involved the following activities:

i) Review of The Senate Report and identification of overdue recommendations for classification;
ii) Circularization status requests for the audited entities to report on corrective actions taken to implement the recommendations;
iii) Verification of the responses received from the audited entities; and
iv) Conclusion on the implementation status by categorizing recommendations into either implemented, partially implemented, not implemented, not implementable or not applicable.

The report of The Senate covered the financial year 2023/2024. The recommendations were classified according to type; policy, legislative, investigative, and administrative.

Key Findings

The Office assessed the implementation status of seventy-six (76) recommendations in The Senate Report for four County Hospitals and a Fund for the Financial Year 2023/2024. The assessment focused on twelve (12) entities. The key findings were as follows: -

i) Response Rate

The Office requested the twelve (12) entities with recommendations to implement in the Senate Report for written responses on the implementation status of the audit recommendations. Seven entities out of the twelve entities, representing fifty-eight percentage (58%), submitted written responses to the Office.

ii) Classification of Recommendations

The OAG Framework for Tracking, Follow-up, and Reporting on the Implementation of Audit Recommendations was used to identify and categorize the seventy-six (76) recommendations covered by the report. Sixty (60) were administrative based, seven (7) were investigative based, two (2) were legislative based, and seven (7) were policy-based recommendations. None of the recommendations were classified as prosecution based or researched based during the analysis of the report.

iii) Implementation Status

The outcome of verification of the management responses revealed that out of a total of 76 recommendations followed up, only 17.11% (13 recommendations) have been fully implemented and verified. Meanwhile, 14.47% (11 recommendations) are partially implemented, with action initiated but not yet fully completed, and a substantial 68.42% (52 recommendations) remain not implemented due to no significant action being taken.

Significantly, a key finding highlights that a vast majority, 82.89% (63 recommendations), fall into the combined category of being either partially implemented or not implemented at all, underscoring the critical need for bridging recommendations to public sector reforms through implementation.

Conclusion

The following conclusions have been drawn from the observations made.

i) **Low Implementation Rate**: The overall level of implementation of audit recommendations was unsatisfactory, as only 13 out of 76 recommendations (17.11%) were fully implemented, while 63 recommendations (82.89%) were either partially or not implemented, indicating the inaction or inadequacy of corrective actions taken by the entities concerned since the report was adopted on 27 March

2025. This is contrary to Section 53 of the Public Audit Act, Cap.412B, which requires that appropriate implementation steps be taken within three months.

ii) **Nature of Recommendations**: A majority, representing 79% of the recommendations, were administrative in nature. However, only 13% were fully implemented, suggesting that most audit issues stem from managerial lapses rather than deficiencies in legal or policy frameworks.

iii) **Capacity Limitations**: Management responses revealed a lack of capacity among some Accounting Officers to conceptualize and execute appropriate corrective actions.

iv) **Policy based recommendations**: Implementation of the Senate's policy-based recommendations remained unsatisfactory, as none of the seven (7) recommendations had been fully implemented. Of these, two (2) were partially implemented, while five (5) had not been implemented at all, indicating limited progress in addressing the Senate's policy directives.

v) **Scope of deliberations by the Senate**: The Senate's interrogation of hospital audit reports was limited, covering only 4 of the 250 hospitals audited, equivalent to 1.6%. This constrained the depth of Parliamentary oversight and follow-up on audit findings in the health sector.

Recommendations

In view of the findings and conclusion of the follow-up, the Auditor-General proposes the following recommendations: -

i) **Performance Accountability**: The County Executive should integrate the implementation of audit recommendations as one of the key performance indicators in the subsequent performance contracts for Accounting Officers to incentivize compliance and accountability in the Public Sector.

ii) **Legislative Enforcement**: Parliament should establish and enforce legal sanctions for non-compliance with audit recommendations to serve as a deterrent and promote adherence.

iii) **Capacity Building**: The National and County Treasuries should enhance the capacity of Accounting Officers to improve their understanding and execution of corrective actions.

iv) **Coordination Mechanism**: The National Treasury should establish a structured mechanism to coordinate and monitor the implementation of audit recommendations across government entities.

v) **Oversight:** The Senate should adopt strategies to have all hospital audit reports interrogated annually and strengthen follow-up on audit recommendations.

CHAPTER ONE: INTRODUCTION AND BACKGROUND INFORMATION

1.1. Introduction

The Auditor-General is mandated under Article 229 of the Constitution of Kenya, to audit and report on the use of public resources by all entities funded from public funds. These entities include the National Government, County Governments, the Judiciary, Parliament, Statutory Bodies/State Corporations, Commissions, Independent Offices, Political Parties funded from public funds, other government agencies and any other entity funded from public funds. In carrying out the mandate, the Auditor-General is also required, under Article 229(6) of the Constitution, to assess and confirm whether the public entities have utilized the public resources entrusted to them lawfully and in an effective way. The Auditor-General is further required to submit the audit reports to Parliament and/or the relevant County Assemblies within six (6) months of the end of every financial year.

On 27 March, 2025, the Senate adopted the Report of the County Public Investments and Special Funds Committee on the Financial Statements of Four County Hospitals and a Fund, for the Financial Year 2023/2024. The Report emanated from the Committee's deliberation on five (5) Auditor-General reports for financial year 2023/2024. Implementation of the recommendations therein required action by twelve (12) entities, which included five entities covered by the report and seven (7) other third-party entities to whom responsibility of implementation was referred.

This report presents the extent to which the twelve (12) government entities acted on the recommendations made by the Senate. Further, the report has identified gaps in the implementation process and provides recommendations for improving the linkage between Legislative recommendations and public sector reforms.

1.2. Background Information

Article 229(8) of the Constitution requires that, within three months after receiving the Auditor-General's report, Parliament or the respective County Assembly debate and consider the reports and take appropriate action. One of the actions is to make recommendations to the respective audited entities and other third-party implementing entities, where applicable. These recommendations, once adopted, are intended to

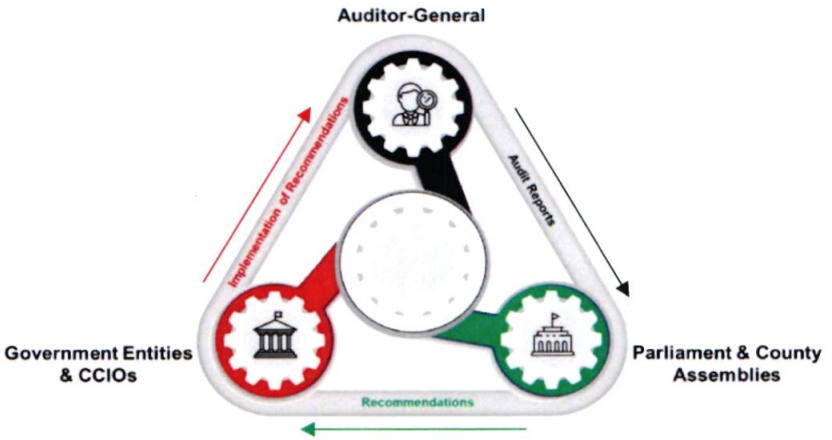
guide public sector entities in improving service delivery, addressing inefficiencies, and fostering accountability within public institutions.

Accounting officers of state organs and public entities are thereafter required to institute measures to implement the recommendations made by Parliament and/ or County Assemblies within three (3) months of their adoption or provide explanation(s) for any failure thereto, pursuant to Section 31(1) and Section 53 of the Public Audit Act, Cap.412B. Further, Section 31(3)(b) of the Act, requires the Auditor-General to include in the audit report how responsive the state organ or public entity has been to past audit findings and recommendations.

Principle 7 of INTOSAI-P 10 on Mexico Declaration on SAI Independence requires that the Office institutes its own internal follow-up system to ensure that the audited entities properly address their observations and recommendations as well as those made by the Legislature, one of its commissions, or the auditee's governing board, as appropriate. In addition, Principle 1(7) of INTOSAI-P 12 on the Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens, further requires the Office to have appropriate mechanisms for following up audit findings and recommendations.

These requirements complete the accountability process by ensuring that recommendations made from audit reports are implemented. The fiscal accountability process is illustrated in **Figure 1**.

Figure 1: The Fiscal Accountability Process



Source: OAG

1.3. The Importance of Follow-up of Implementation of Legislative Recommendations

Parliament and County Assemblies are entrusted with the critical task of ensuring effective governance and holding the executive accountable in accordance with Article 95, Article 96 and Article 185 of the Constitution of Kenya, 2010. Tracking, following up, and reporting on the status of implementation of recommendations issued by these Legislative institutions are essential functions for strengthening democracy, promoting good governance, and enhancing public service delivery. Implementation of Legislative recommendations emanating from audit reports is fundamental to ensuring that the reforms pursued through the Auditor-General's reports translate into tangible improvements in governance and public service delivery.

Tracking and following up on the implementation of recommendations is important, specifically in the context of audits, legislative work, legal compliance, and fiscal responsibility, as detailed below: -

1.3.1. Measuring and Realizing Impact from Audit and Legislative Oversight

One of the core functions of the Legislature, both at the national and county levels, is to ensure that public resources are used efficiently and effectively. Legislative committees play a critical role in scrutinizing the work of the executive and the utilization of public funds. The audit reports are one of the tools and mechanism the Legislature relies on to carry out this function.

Tracking and following up on the implementation of recommendations from these audits and committee reports is critical in measuring the real impact of these oversight efforts. Recommendations often point to corrective actions that need to be taken on areas where financial mismanagement, inefficiencies, or lack of transparency have been identified. Lack of systematic tracking and following up may lead to the risk that these recommendations could remain unaddressed, rendering the audit and related oversight processes ineffective.

By monitoring the status of implementation of recommendations, Parliament and County Assemblies can assess whether the proposed changes or improvements have been realized and whether public resources are being used effectively. This process ensures that audit findings translate into concrete actions, ultimately improving the functioning of public institutions and the quality of services provided to citizens.

1.3.2. Compliance with Legal and Statutory Requirements

The Constitution and the Public Audit Act, Cap.412B mandates OAG to audit the public sector and submit reports to Parliament, County Assemblies, and other relevant bodies. Section 31(1) of the Public Audit Act, Cap.412B specifically requires Accounting Officers to respond to the Auditor-General's recommendations and to report back on the actions taken to address audit queries. Further, Section 53 of the Act further requires the Accounting Officers to implement the recommendations made in audit reports and provide periodic feedback on the progress of implementation. In addition, Section 68(2)(l) of the Public Finance Management Act, Cap.412A requires an Accounting Officer to take appropriate measures to resolve any issues arising from audit, which may remain outstanding.

Tracking the implementation of recommendations is essential for ensuring compliance with these statutory requirements. It enables the Legislature to ensure that the Executive is not only acting on audit findings but is also adhering to the legal requirements set forth in the Public Audit Act, Cap.412B. This process of checking on compliance promotes accountability, ensuring that there is follow-through on corrective actions taken and that public institutions do not omit or delay addressing issues of public concern.

1.3.3. Compliance with Auditing Standards Requiring Supreme Audit Institutions to Institute a Follow-Up Mechanism

The International Standards of Supreme Audit Institutions (ISSAIs), issued by the International Organization of Supreme Audit Institutions (INTOSAI), sets out global best practices for public sector auditing. These Standards require Supreme Audit Institutions (SAIs), such as the Office of the Auditor-General, to follow up as appropriate on previous audit findings and recommendations. This ensures that the audited entities have taken corrective actions to address identified issues.

The ISSAIs further emphasize the need for Supreme Audit Institutions (SAIs) to report to the Legislature on the conclusions and impacts of all relevant corrective actions taken by audited entities, following audit findings and recommendations.

By aligning Kenya's audit practices with ISSAIs, the Country ensures that its public audit systems are transparent, credible, and internationally recognized. Tracking and following up on the implementation of audit recommendations is a critical part of this

framework. It ensures that the recommendations of the Auditor-General lead to meaningful improvements in public financial management and governance.

For Kenya, adhering to ISSAIs is not just a matter of compliance with international norms, but also a key part of fostering trust in public institutions and improving the overall effectiveness of its governance systems.

1.3.4. Improving Service Delivery to the Public

One of the direct benefits of tracking and following up on the implementation of recommendations is the improvement of service delivery to the public. Recommendations from Parliament and County Assemblies often focus on areas where public service delivery is weak or ineffective.

By ensuring that recommendations are followed through and implemented, the Legislature helps to ensure that government programs deliver the services they are intended to provide. Through systematic monitoring of progress, Parliament and County Assemblies can ensure that citizens benefit from tangible improvements in service delivery, thus strengthening the legitimacy of government institutions and enhancing public trust.

Furthermore, the effective implementation of audit recommendations strengthens the institutional framework of public accountability, which is foundational to good governance in Kenya.

1.3.5. Enhancing Fiscal Responsibility

The Public Finance Management (PFM) Act, Cap.412A provides the legal framework for managing public finances in Kenya, ensuring that public resources are used prudently, transparently, and in a manner that benefits citizens. The Act outlines the responsibilities of the government in terms of planning, budgeting, expenditure, and reporting. One of its key principles is fiscal responsibility, which calls for the efficient management of public funds to support sustainable development.

Tracking and following up on implementation of recommendations from both Parliament and County Assemblies play a critical role in enhancing fiscal responsibility. By monitoring the implementation of audit recommendations, the Legislature ensures that the National Government and County Governments comply with these

requirements, ultimately leading to more responsible fiscal management and better governance.

CHAPTER TWO: METHODOLOGY FOR TRACKING, FOLLOW-UP AND REPORTING ON IMPLEMENTATION OF RECOMMENDATIONS

2.1. Objective and Scope of the Follow-up

The objective of the follow-up was to determine the extent to which twelve public sector entities took corrective actions to implement the recommendations made by the Senate in the Report of the County Public Investments and Special Funds Committee on the Financial Statements of Four County Hospitals and a Fund, for the Financial Year 2023/2024.

The Report included seventy-six (76) recommendations for follow-up across twelve (12) entities. Of these, fifty-three (53) were assigned to the Accounting Officers of the respective entities, while the remaining twenty-three (23) were directed to Constitutional Commissions, Independent Offices, and third-party entities, as detailed in **Table 1.**

Table 1:List of Entities and Number of Recommendations

	Entities	Recommendations
1	Busia County Health Services Fund	3
2	Kapsabet County Referral Hospital	29
3	Kisii County Teaching and Referral Hospital	14
4	Lamu County Referral Hospital	5
5	Nyamira County Referral Hospital	2
6	Ethics and Anti-Corruption Commission	1
7	Office of Auditor General	5
8	Director of Public Prosecutions	1
9	The National Treasury	1
10	County Executive of Kisii	2
11	County Executive of Lamu	5
12	County Executive of Nyamira	8
	Total	**76**

Source: OAG Analysis of Legislative Recommendation

2.2. The Follow-up Process

The review was conducted in accordance with the OAG Framework for Tracking, Follow-up and Reporting on the Implementation of Audit Recommendations, as illustrated in **Figure 2.**

Step 1: General Considerations

The follow-up process commenced with a review by the Office of The Senate Report on the consideration of the Auditor-General's reports for four County Hospitals and a Fund for the Financial Year 2023/2024. The review was undertaken to confirm that the timelines for implementation of recommendations had lapsed in accordance with Section 53(1) of the Public Audit Act, Cap.412B. Accordingly, the recommendations were to be implemented or written explanations provided to the Legislative House for any non-implementation, by 27 June, 2025.

Figure 2:The Follow-up Process



Source: OAG Financial and Compliance Audit Manual (Revised 2025)

Step 2: Pre-follow-up Analysis

The Senate report was further subjected to an in-depth review of the issues and the corresponding recommendations, with the aim of classifying the recommendations according to the responsibility of implementation, similarity of expected corrective actions or output, fiscal implication and type as defined below:

i. Policy-based recommendations require developing or changing a policy guideline to address an underlying issue;
ii. Investigative-based recommendations invite investigative agencies to initiate further investigation on issues raised during the deliberations of audit reports;
iii. Legislative-based recommendations are referrals to the Parliament/ Senate or County Assembly for review or amendment of an existing law or enactment of a new law to resolve a deficiency or gap noticed in the existing statutes;
iv. Administrative-based recommendations require an Accounting Officer or Cabinet Secretary to take administrative action such as sanctions or issue reprimands against and officer to remedy an irregularity/ omission in the use of public resources;
v. Prosecution-based recommendations prompt prosecution agencies to initiate prosecution based on an outright identified offense; and

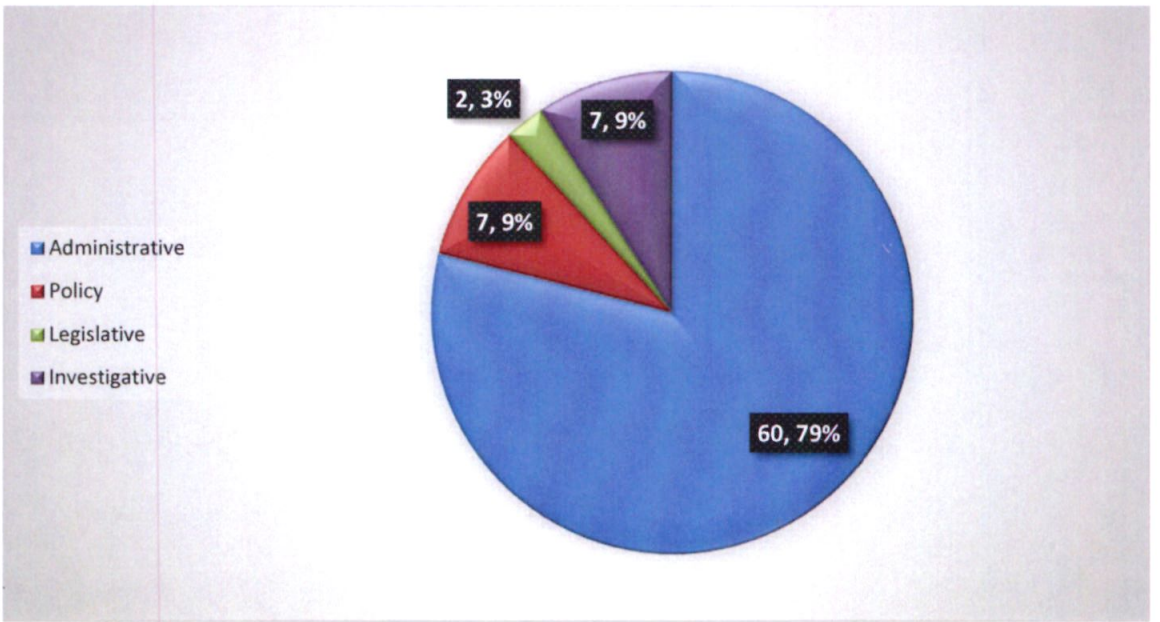
vi. Research-based recommendations are made when the nature giving rise to an audit issue cannot be readily determined through committee deliberation or ordinary mechanisms put in place by the law and thereby requiring Accounting Officers to undertake an inquiry to identify the plausible cause or drivers giving rise to the issue and recommending possible avenues of addressing it.

Seventy-six (76) recommendations were identified for tracking, follow-up and reporting. They were then summarized for respective audit entities and/ or third-party implementing agencies, depending on the responsibility of implementation. The Seventy-six (76) recommendations tracked were categorized depending on the type of recommendation:

i. Sixty (60) were administrative based, representing 79% of the recommendations;
ii. Seven (7) were investigative based, representing 9% of the recommendations;
iii. Two (2) were legislative based, representing 3% of the recommendations; and
iv. Seven (7) were policy based, representing 9% of the recommendations.

None of the recommendations were classified as prosecution based or researched based during the analysis of the report. The proportion per categories of the recommendations tracked are as illustrated in **Figure 3 below.**

Figure 3: Types of Recommendations



Source: OAG Analysis of the Tracked Recommendations

Step 3: Circularization to Audited Entities and Constitutional Commissions and Independent Offices

The Office of the Auditor-General issued formal written requests to twelve (12) entities—including audited entities, Constitutional Commissions and Independent Offices (CCIOs), and third-party implementing entities—requiring them to provide representations on actions taken to address the recommendations in the Legislative Report. All responses were required to be submitted officially in writing to the OAG to qualify as management representations. Out of the twelve (12) entities, seven (7), representing 58%, submitted responses providing updates on the implementation of the recommendations.

Step 4: Verification of Management Responses

The Office of the Auditor-General identified the Expected Corrective Actions (ECAs) from each recommendation, depending on the responsibility of implementation, activities to be undertaken, timeframe for implementation and the desired output. From the identified ECAs, the Office then developed procedures for verifying the management representation. However, responses received from CCIOs, as recommendation implementors, based on their mandate(s), were not subjected to any verification process by the Office.

Step 5: Conclusion on the Status of Implementation of Recommendations

The Office then summarized the findings of the verification process in a conclusion statement for each recommendation. This conclusion was subjected to the criteria in **Table 2**, in arriving at an assessed status for the recommendation.

Table 2: Categories of the Status of Implementation of Recommendations

Decision criteria	Status
i) When all expected corrective actions have been concluded	Implemented
ii) When expected corrective actions are initiated but not concluded	Partially Implemented
iii) When expected corrective actions have not been initiated	Not Implemented
iv) When no expected corrective action can be instituted to address the recommendation	Not Implementable
v) Mandate to implement the recommendation does not belong to the indicated entity or has shifted to a different entity through legislation	Not Applicable

Source: OAG Financial and Compliance Audit Methodology

Step 6: Status Report

The follow-up process culminated in a report outlining the rationale for the review, the methodology applied, and the status of implementation of recommendations across all entities covered.

CHAPTER THREE: STATUS OF IMPLEMENTATION OF RECOMMENDATIONS

3.1 OVERALL IMPLEMENTATION STATUS

This report is on the assessment of the implementation status of audit recommendations in the Senate Report on the consideration of the Reports of the Auditor-General for four County Hospitals and a Fund for the Financial Year 2023/2024. The Office of the Auditor-General tracked seventy-six (76) recommendations, across twelve entities, in line with its constitutional and statutory mandate to ensure accountability and efficiency in the use of public resources.

Implementation Status

Out of the seventy-six (76) recommendations tracked, fifty-eight (58) recommendations, representing seventy-six (76%), had a management response. The follow-up audit revealed that thirteen (13) recommendations, representing 17.11%, were implemented; eleven (11) recommendations, representing 14.47%, were partially implemented; and fifty-two (52) recommendations, representing 68.42% were not implemented as detailed in this Chapter of the report. The summary of the status of implementation of the recommendations is provided in **Table 3.**

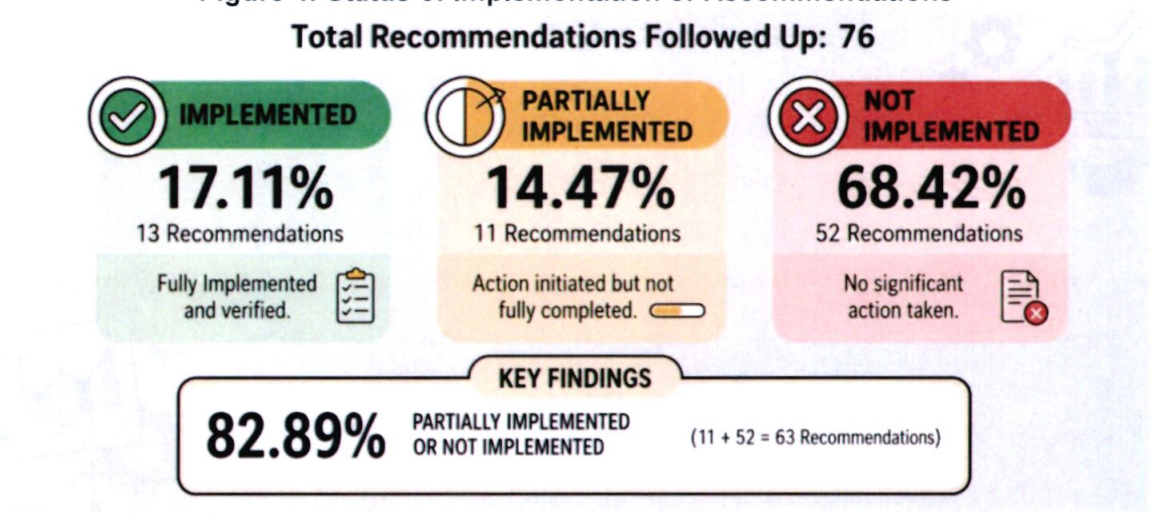
Table 3: Summary of Implementation Status

Entity	Total	Implemented		Partially Implemented		Not Implemented	
	No	No.	%	No.	%	No.	%
Audited Entities							
Busia County Health Services Fund	3	1	33%	0	0%	2	67%
Kapsabet County Referral Hospital	29	3	10%	4	14%	22	76%
Kisii County Teaching and Referral Hospital	14	3	21%	4	29%	7	50%
Lamu County Referral Hospital	5	0	0%	1	20%	4	80%
Nyamira County Referral Hospital	2	0	0%	2	100%	0	0%
CCIO							
Ethics and Anti-Corruption Commission	1	0	0%	0	0%	1	100%
Office of Auditor-General	5	5	100%	0	0%	0	0%
Director of Public Prosecutions	1	0	0%	0	0%	1	100%
Other Referred Entities							
The National Treasury	1	1	100%	0	0%	0	0%
County Executive of Kisii	2	0	0%	0	0%	2	100%
County Executive of Lamu	5	0	0%	0	0%	5	100%
County Executive of Nyamira	8	0	0%	0	0%	8	100%
Total	**76**	**13**	**17.11%**	**11**	**14.47%**	**52**	**68.42%**

Source: OAG Analysis of the Tracked Recommendations and Management Responses

Analysis of the results of the follow-up audit revealed that 82.89% of the recommendations were not fully implemented as presented in **Figure 4**.

Figure 4: Status of Implementation of Recommendations



Source: OAG's Analysis of Management Responses

3.2 STATUS OF IMPLEMENTATION OF RECOMMENDATIONS BY AUDITED ENTITIES

3.2.1. BUSIA COUNTY HEALTH SERVICES FUND

1. Unsupported Expenditure

Recommendation

The Senate recommended that the Accounting Officer should take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with Section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

Management Response

Management submitted that the Office of the County Governor, through the County Secretary, instructed the Accounting Officer who is in charge of shared responsibility to initiate appropriate administrative action against the responsible officers in line with the Recommendations of the Senate. The Management provided the Memo from the County Secretary to the Accounting Officer dated 18th June 2025 and copies of warning letters to the affected officers.

Conclusion on status

Management took administrative action by issuing warning letters to officers responsible.

Recommendation Category: Administrative

Implementation status: Implemented

2. Unsupported Expenditure

Recommendation

The Senate recommended that the Accounting Officer should ensure timely submission of documents during the audit process in line with Section 9(1)(e) of the Public Audit Act, Cap.412B, failure to which the Committee shall recommend for their investigation and prosecution in accordance with Section 62(2) of the Public Audit Act, Cap.412B in the subsequent audit cycle.

Management Response

Management submitted that the Department of Health and Sanitation, with the enactment of the new Busia County Health Facilities Improvement Financing Act, 2024, submitted their Financial Statements for the financial year 2024/2025 with all the supporting documents for expenditures.

Conclusion on status

Although Management submitted that in 2024/2025 all records were submitted on time, there was no evidence provided to confirm corrective action taken to ensure timely submission of documents during the audit process in line with Section 9(1)(e) of the Public Audit Act, Cap.412B.

Recommendation Category: Administrative

Implementation status: Not Implemented

3. Budgetary Control and Performance

Recommendation

The Senate recommended that the Accounting Officer should comply with Regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

Management Response

Management submitted that the County Government of Busia had developed mapping strategies following receipt of the guidelines from The National Treasury to improve on own source revenue as follows; monthly rapid response initiative (RRI) activities on selected revenue streams, weekly spot checks and target setting, consistency on spot checks, mobility to all the seven sub counties, stakeholders sensitization, roadshows, media communication, round table meetings and public awareness initiatives on how and why to pay taxes. These would be done through the use of local media and bill boards. They already had erected bill boards at the main entry points in Busia and Malaba Municipalities. Further, to enhance the revenue, the Management had undertaken automation and revenue mapping of the various revenue streams to enable effective target setting and capacity building of all staff on own source revenue.

Conclusion on status

Although Management submitted that they had taken multiple actions to enhance revenue collection, they did not provide information on specific corrective actions in relation to Busia County Health Service Fund.

Recommendation Category: Administrative

Implementation status: Not Implemented

3.2.2. KAPSABET COUNTY REFERRAL HOSPITAL

4. Presentation of the Financial Statements

Recommendation

The Senate recommended that the Accounting Officer takes appropriate administrative action on responsible officers within the Accounts and Finance department who failed to keep complete financial records in accordance with Section 156(1) of the Public Finance Management Act, Cap.412A, and in line with their terms and conditions of appointment or employment, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

Management Response

Management submitted that steps had been taken to ensure that officers within the Accounts and Finance Department fully comply with Section 156(1) of the Public Finance Management Act, Cap. 412A. Officers who failed to maintain complete financial records had been dealt with in accordance with the applicable administrative procedures and the provisions of the Act. Regular monitoring and sensitization would continue to promote compliance and accountability in financial management.

Conclusion on status

Although Management submitted that they had taken appropriate administrative action against responsible officers who failed to keep complete financial records, there was no evidence provided on action taken.

Recommendation Category: Administrative

Implementation status: Not Implemented

5. Presentation of the Financial Statements

Recommendation

The Senate recommended that the Accounting Officer should comply with Section 149(2)(b) of the Public Finance Management Act, Cap.412A and Section 47(2) of Public Audit Act, Cap.412B, in the preparation and management of financial and accounting records, failure to which the provisions of Section 62 of the Public Audit Act, Cap.412B and Section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

Management Response

Management submitted that measures had been instituted to ensure full compliance with Section 149(2)(b) of the Public Finance Management Act, Cap. 412A and Section 47(2) of the Public Audit Act, Cap. 412B in the preparation and management of financial and accounting records.

Conclusion on status

Although Management submitted it had instituted measures to ensure full compliance with Section 149(2)(b) of the Public Finance Management Act, Cap.412A there was no evidence provided on corrective action taken.

Recommendation Category: Administrative

Implementation status: Not Implemented

6. Presentation of the Financial Statements

Recommendation

The Senate recommended that the Accounting Officer should enhance the capacity of in-post officers preparing financial statements to comply with the Public Sector Accounting Standards and should further invest in technology to enhance efficiency and improve the accuracy of financial statements

Management Response

Management submitted that the officers responsible for preparing financial statements had undergone training on the International Public Sector Accounting Standards (IPSAS) to strengthen their capacity and ensure compliance with the Public Sector Accounting Standards.

Conclusion on status

Although Management submitted that they had enhanced the capacity of staff, no evidence was provided.

Recommendation Category: Administrative

Implementation status: Not Implemented

7. Disclosures in the Financial Statements

Recommendation

The Senate recommended that the Accounting Officer takes appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with Section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms

and conditions of appointment or employment, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

Management Response

Management submitted that they had taken steps to ensure that officers within the Accounts and Finance Department fully comply with Section 156(1) of the Public Finance Management Act, Cap. 412A. Officers who fail to maintain complete financial records will be dealt with in accordance with the applicable administrative procedures and the provisions of the Act. Regular monitoring and sensitization will continue to promote compliance and accountability in financial management.

Conclusion on status

Although Management submitted it had instituted measures to ensure full compliance with Section 149(2)(b) of the Public Finance Management Act, there was no evidence availed on corrective action taken.

Recommendation Category: Administrative

Implementation status: Not Implemented

8. Misstatements in Statement of Financial Performance

Recommendation

The Senate recommended that the Accounting Officer takes appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with Section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offenses shall apply.

Management Response

Management submitted that they had taken steps to ensure that officers within the Accounts and Finance Department fully comply with Section 156(1) of the Public Finance Management Act, Cap. 412A.

Officers who fail to maintain complete financial records would be dealt with in accordance with the applicable administrative procedures and the provisions of the Act. Regular monitoring and sensitization will continue to promote compliance and accountability in financial management.

Conclusion on status

Although Management indicated they would take appropriate action, they did not provide evidence of action taken.

Recommendation Category: Administrative

Implementation status: Not Implemented

9. Misstatements in prior year amounts and balances

Recommendation

The Senate recommended that the Accounting Officer takes appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with Section 156(1) of the Public Finance Management Act, Cap.412A, and in line with their terms and conditions of appointment or employment, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offenses shall apply.

Management Response

Management submitted that the Facility had been facing a serious shortage of staff in the Finance and Accounts departments, which affected its ability to ensure full compliance. Consequently, the positions had been advertised in the then current financial year to ensure full compliance with Section 156(1) of the Public Finance Management Act, Cap. 412A.

Conclusion on status

Management did not provide evidence they had taken appropriate administrative action on responsible officers.

Recommendation Category: Administrative

Implementation status: Not Implemented

10. Revenue from rent of facilities

Recommendation

The Senate recommended that the Accounting Officer should ensure timely submission of documents during the audit process in line with Section 9(1)(e) of the Public Audit Act, Cap.412B, failure to which the Committee shall recommend for their investigation and prosecution in accordance with Section 62(2) of the Public Audit Act, Cap.412B in the subsequent audit cycle.

Management Response

Management submitted that proper measures had been put in place to ensure timely submission of all required documents during the audit process in compliance with Section 9(1)(e) of the Public Audit Act, Cap. 412B. The Management was committed to strengthening coordination between departments, maintaining proper record management systems, and enhancing staff awareness of audit requirements to facilitate prompt and complete responses to audit queries in future audit cycles, including nominating an audit liaison officer to ease communication between the auditors and the Facility.

Conclusion on status

Although Management submitted that they had taken corrective actions, review in the 2024/2025 audit revealed that there was unaccounted revenue from rented facilities due to failure to provide terms of tenancy and contractual agreements.

Recommendation Category: Administrative

Implementation status: Partially Implemented

11. Revenue from Non-Exchange Transactions

Recommendation

The Senate recommended that the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with Section 156(1) of the Public Finance Management Act, Cap.412A, and in line with their terms and conditions of appointment or employment, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A, on penalties for offences shall apply.

Management Response

Management submitted that the facility had been facing a serious shortage of staff in the Finance and Accounts departments, which affected its ability to ensure full compliance. Consequently, the positions have been advertised in the current financial year to ensure full compliance with Section 156(1) of the Public Finance Management Act, Cap.412A. Regular monitoring and sensitization had been effected to promote compliance and accountability in financial management.

Conclusion on status

Management did not provide evidence they had taken appropriate administrative action on responsible officers.

Recommendation Category: Administrative

Implementation status: Not Implemented

12. Revenue from Non-Exchange Transactions

Recommendation

The Senate recommended that the Accounting Officer should enhance the capacity of in-post officers preparing financial statements to comply with the Public Sector Accounting Standards and should further invest in technology to enhance efficiency and improve the accuracy of financial statements.

Management Response

Management submitted that the facility had been facing a serious shortage of staff in the Finance and Accounts departments, which affected its ability to ensure full compliance. Consequently, the positions have been advertised in the current financial year to ensure full compliance with Section 156(1) of the Public Finance Management Act, Cap. 412A. Regular monitoring and sensitization had been effected to promote compliance and accountability in financial management.

Conclusion on status

Management did not provide evidence on action taken to capacity built in-post officers or invest in technology to enhance efficiency and improve the accuracy of financial statements.

Recommendation Category: Administrative

Implementation status: Not Implemented

13. Inventories

Recommendation

The Senate recommended that the Accounting Officer should adhere to Regulation 133 (1) of the Public Finance Management (County Governments) Regulations, 2015, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offenses shall apply.

Management Response

Management submitted that they had since maintained accurate and reliable inventory records to prevent leakages and ensure the proper custody and use of medical supplies by ensuring quarterly and annual stock takes. Further to enhance efficiency and transparency all consumables were uploaded and dispensed through the health management system.

Conclusion on status

Although Management submitted that they had taken corrective action and the matter did not recur in the financial year 2024/2025, they did not provide evidence on action taken to ensure the inventories systems were properly maintained in accordance to Regulation 133 (1) of the Public Finance Management (County Governments) Regulations, 2015.

Recommendation Category: Administrative

Implementation status: Partially Implemented

14. Assets Register

Recommendation

The Senate recommended that the Governor of Nandi County ensure that the assets are transferred to the Kapsabet County Referral Hospital so that they reflect a true position of the hospital in their book of accounts.

Management Response

Management submitted that the Office of the CECM Health and Sanitation and the County Attorney is in the process of drafting an enabling legislation to create autonomy of Kapsabet County Referral Hospital to facilitate transfer of assets.

Conclusion on status

The transfer of the assets to the Hospital had not been undertaken.

Recommendation Category: Administrative

Implementation status: Not Implemented

15. Assets Register

Recommendation

The Senate recommended that the Management develops an updated fixed asset register pursuant to Section 136(1) of the Public Finance Management (County Government) Regulations, 2015 and in the format prescribed by the National Treasury

and submit the same to the Auditor-General within 60 days from the adoption of the report.

Management Response

Management submitted that they recognized the importance of maintaining a comprehensive and accurate asset register. A countywide initiative to develop a comprehensive asset register was initiated and the identification and verification exercise was concluded. In the interim, the Hospital had an updated inventory of all equipment and assets, which was being maintained as they await transfer of all assets after valuation was concluded.

Conclusion on status

Management was yet to develop an updated fixed asset register.

Recommendation Category: Administrative

Implementation status: Not Implemented

16. Valuation of Property, Plant and Equipment

Recommendation

The Senate recommended that the management does a valuation of the hospital's fixed assets within 60 days of the adoption of the report and submit the same to the Auditor-General. The Auditor-General to keep this matter in view in the subsequent audit cycle.

Management Response

Management submitted that the valuation process was concluded by the Directorate of Asset Management, under the Department of Finance and Economic Planning hence the report was to be tabled in the hospital board for adoption.

Conclusion on status

The final report on valuation was not provided for review.

Recommendation Category: Administrative

Implementation status: Not Implemented

17. Lack of Depreciation and Amortization Policy

Recommendation

The Senate recommended that the accounting officer ensures that the hospital implements a depreciation policy within 60 days of the adoption of the report so as to ensure depreciation is done in accordance to the PSASB requirements to reflect the

true financial position of the hospital and the Auditor-General should keep the matter in view and report to the Committee in the next audit cycle

Management Response

Management submitted that the County had a draft Asset Management Policy that outlines general principles for asset management, including depreciation and amortization. The Hospital was in the process of customizing and implementing a detailed policy specific to its operations to ensure consistent application and compliance with IPSAS standards.

Conclusion on status

Management was yet to develop a depreciation policy.

Recommendation Category: Policy

Implementation status: Not Implemented

18. Trade and Other Payables

Recommendation

The Senate recommended that the Accounting Officer should adhere to Regulation 99(3) of the Public Finance Management (County Governments) Regulations, 2015, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offenses shall apply

Management Response

Management submitted that proper measures had been put in place to ensure timely submission of all required documents during the audit process in compliance with Section 9(1)(e) of the Public Audit Act, Cap. 412B. The Management was committed to strengthening coordination between departments, maintaining proper record management systems, and enhancing staff awareness of audit requirements to facilitate prompt and complete responses to audit queries in future audit cycles, including nominating an audit liaison officer to ease communication between the auditors and the Facility

Conclusion on status

Although Management submitted that they had taken corrective action, the issue recurred in the subsequent financial year (2024/2025).

Recommendation Category: Administrative

Implementation status: Not Implemented

19. Budgetary Control and Performance

Recommendation

The Senate recommended that the Accounting Officer should ensure strict compliance with Section 149(2)(h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standard Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares financial statements under the accrual basis of financial reporting, failure to which the provisions of Section 199 of the Public Finance Management Act on penalties for offenses shall apply.

Management Response

Management submitted that they had ensured full compliance with Section 149(2)(h) and (i) of the Public Finance Management Act, Cap.412A, and the standards prescribed by the PSASB Under IPSAS 24. Measures were in place to ensure that budget information is properly presented in the financial statements, and that accurate disclosures and reconciliations between budgeted and actual amounts were prepared in accordance with the prescribed standards. Further, continuous monitoring and staff capacity-building would be undertaken to sustain compliance and enhance the quality of financial reporting.

Conclusion on status

Management provided information on measures taken to enhance compliance.

Recommendation Category: Administrative

Implementation status: Implemented

20. Budgetary Control and Performance

Recommendation

The Senate recommended that the Accounting Officer should comply with Regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offenses shall apply.

Management Response

Management submitted that they had ensured full compliance with Section 149(2)(h) and (i) of the Public Finance Management Act, Cap.412A, and the standards prescribed by the PSASB Under IPSAS 24. Measures had been put in place to ensure

that budget information is properly presented in the financial statements, and that accurate disclosures and reconciliations between budgeted and actual amounts are prepared in accordance with the prescribed standards. continuous monitoring and staff capacity-building will also be undertaken to sustain compliance and enhance the quality of financial reporting.

Conclusion on status

Management did not provide evidence on action taken to ensure compliance regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 which requires the Accounting Officer to ensure that all public funds entrusted to his care are safeguarded and applied only for the purposes for which they were intended and appropriated.

Recommendation Category: Administrative

Implementation status: Not Implemented

21. Limitation of Scope

Recommendation

The Senate recommended that the Accounting Officer should ensure timely submission of documents during the audit process in line with Section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with Section 62(2) of the Public Audit Act, Cap.412B in the subsequent audit cycle.

Management Response

Management submitted that proper measures had been put in place to ensure timely submission of all required documents during the audit process in compliance with Section 9(1)(e) of the Public Audit Act, Cap. 412B. The Management committed to strengthening coordination between departments, maintaining proper record management systems, and enhancing staff awareness of audit requirements to facilitate prompt and complete responses to audit queries in future audit cycles, including nominating an audit Liaison Officer to ease communication between the auditors and the Facility

Conclusion on status

Management had improved in the submission of documentation as observed in the subsequent audit of the financial year 2024/2025.

Recommendation Category: Administrative

Implementation status: Implemented

22. Unsupported employment of staff

Recommendation

The Senate recommends that the Management adheres to Section 5(8) (c) of the Employment Act, Cap.226, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

Management Response

Management submitted that the employment of staff is a mandate of Nandi County Public Service Board and the recruitment of staff is currently on going. Proper measures had been put in place to ensure timely submission of all required documents during the audit process in compliance with Section 9(1)(e) of the Public Audit Act, Cap. 412B.

Conclusion on status

Management did not provide information on action taken to ensure compliance Section 5(8) (c) of the Employment Act, Cap.226 which requires that an employment policy to be in place.

Recommendation Category: Administrative

Implementation status: Not Implemented

23. Unsupported employment of staff

Recommendation

The Senate recommended that the Accounting Officer should ensure timely submission of documents during the audit process in line with Section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with Section 62(2) of the Public Audit Act in the subsequent audit cycle.

Management Response

Management submitted that they were committed to strengthening coordination between departments, maintaining proper record management systems, and enhancing staff awareness of audit requirements to facilitate prompt and complete responses to audit queries in future audit cycles, including nominating an audit Liaison Officer to ease communication between the auditors and the Facility.

Conclusion on status

Management had improved in the submission of documentation as observed in the subsequent audit of the financial year 2024/2025.

Recommendation Category: Administrative

Implementation status: Implemented

24. Non-Compliance with Universal Health Coverage (UHC)

Recommendation

The Senate recommended that within sixty (60) days from the adoption of the report, the Governor and the Accounting Officer submit a comprehensive plan detailing the specific measures to address the hospital's critical facility deficiencies. The measures should focus on optimizing existing resources and ensuring the Hospital meets the necessary healthcare standards moving forward.

Management Response

Management submitted that the Hospital had a mix of medical personnel, with some cadres exceeding the established requirements and others experiencing a deficit. To address the staffing gaps, the county advertised positions for health care workers, and recruitment process was underway. Despite these challenges, the Hospital remained committed to providing care to all patients and no one had been turned away due to staffing shortages.

Conclusion on status

Management did not submit a comprehensive plan detailing the specific measures to address the Hospital's critical facility deficiencies.

Recommendation Category: Administrative

Implementation status: Not Implemented

25. Non-Compliance with Data Protection Laws

Recommendation

The Senate recommended that the hospital submit measures taken to comply with the Data Protection Act within 90 days of the adoption of the report and submit the same to the Auditor-General. The Auditor-General to keep the matter in view in the subsequent audit cycle.

Management Response

Management submitted that Kapsabet County Referral Hospital had registered with the office of the Data Protection Commissioner as both data handler and data processor with evidence of registration submitted for review. A data protection policy detailing the necessary procedures while collecting, handling and processing personal and sensitive data had been drafted and awaiting the board approval.

Conclusion on status

Management had registered with the Office of the Data Protection Commissioner as both data handler and data processor. The Management had also developed a data protection policy awaiting the board approval.

Recommendation Category: Administrative

Implementation status: Partially Implemented

26. Failure to prepare budget

Recommendation

The Senate recommended that the Accounting Officer should ensure strict compliance with Section 149(2)(h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standard Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares financial statements under the accrual basis of financial reporting, failure to which the provisions of Section 199 of the Public Finance Management Act on penalties for offences shall apply.

Management Response

Management submitted that they had ensured full compliance with Section 149(2)(h) and (i) of the Public Finance Management Act, Cap 412A, and the standards prescribed by the PSASB Under IPSAS 24. Measures had been put in place to ensure that budget information is properly presented in the financial statements, and that accurate disclosures and reconciliations between budgeted and actual amounts are prepared in accordance with the prescribed standards. Further, continuous monitoring and staff capacity-building would be undertaken to sustain compliance and enhance the quality of financial reporting.

Conclusion on status

Management had put in place measures to ensure that budget information is properly presented in the financial statements. However, they did not provide information on

measures taken to ensure compliance with Section 149(2)(h) and (i) of the Public Finance Management Act, Cap 412A, which requires them to prepare and submit estimates of expenditure.

Recommendation Category: Administrative

Implementation status: Partially Implemented

27. Irregularities in signatories to the hospital's bank accounts

Recommendation

The Senate recommended that the Hospital ensures that the Medical Superintendent, Health Administrative Officer and Hospital Accountant are part of the signatories of the Hospital's bank accounts and submit evidence of the same to the Auditor-General within 60 days of the adoption of the report.

Management Response

Management submitted that they were committed to aligning its practices with the provisions of Section 32(3) of the Nandi County Facilities Improvement Fund Act, 2022. The inclusion of the Medical Superintendent, Health Administrative Officer and Hospital Accountant was mandatory signatories to all revenue collection bank.

Conclusion on status

Management did not provide evidence to confirm that the bank signatories had been updated to comply with the law.

Recommendation Category: Administrative

Implementation status: Not Implemented

28. Hospital Board of Directors

Recommendation

The Senate recommended that the Board of Management ensures that the Hospital puts in place all internal control systems such as the Internal Audit Committee as provided under Section 155(5) of the Public Finance Management Act, Cap 412A, among others to guide the internal operations of the Hospital. Further, the management to submit evidence of the same to the Auditor-General for verification.

Management Response

Management submitted that the Board of Management discussed extensively the recommendations of the Senate and was committed to ensure proper internal controls are put in place to guide the operations of the Hospital.

Conclusion on status

Management was yet to institute the controls as recommended. Further, a board charter was yet to be developed.

Recommendation Category: Policy

Implementation status: Not Implemented

29. Lack of internal control policy documents

Recommendation

The Senate recommended that the Board of Management ensures that the Hospital puts in place all internal control systems such as a Risk Management Policy as provided under Section 158(1) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of the Fund. Further, the Board of Management to submit evidence of the same to the Auditor General for verification.

Management Response

Management submitted they were in the process of formulating the Risk Management policy.

Conclusion on status

Management did not provide evidence they had put in place any internal control systems such as a Risk Management Policy.

Recommendation Category: Policy

Implementation status: Not Implemented

30. Internal controls weaknesses on payments

Recommendation

The Senate recommended that the Hospital strictly adheres to Regulation 104(1) of the Public Finance Management (County Government) Regulations, 2015, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

Management Response

Management submitted that they had adhered to the Public Finance Management (County Government) Regulations, 2015 on payments by ensuring that the use of numbered payment vouchers and ensuring they are properly dated and accompanied by supporting documentation. The process has been streamlined to ensure that

payment details are accurately recorded in the cashbook on the date of posting. These measures are intended to strengthen the internal controls on payments.

Conclusion on status

Management had addressed the controls over payment documents.

Recommendation Category: Administrative

Implementation status: Implemented

31. Weak ICT Control Environment

Recommendation

The Senate recommended that the Board of Management ensures that the Hospital puts in place all internal control systems such as an ICT policy and strategic plan as provided under Section 158(1) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of the Fund. Further, the Board of Management to submit evidence of the same to the Auditor General for verification.

Management Response

Management submitted that the Hospital had implemented ICT controls and has taken steps to address the concerns raised. CCTV surveillance cameras had been extended to the server room further a robust multi-layered security framework controlling physical access to these facilities have been established. The Hospital is collaborating with the County Government through the Chief Officer to seek approval for the County ICT policy. The policy would provide the necessary guidelines for ICT governance, security, and operations. Plans were underway to establish cloud-based backups to ensure data redundancy and quick recovery in case of disasters.

Conclusion on status

Management was yet to develop policy to govern ICT environment.

Recommendation Category: Policy

Implementation status: Not Implemented

32. Failure to establish an Audit Committee and operational Internal Audit unit

Recommendation

The Senate recommended that the Board of Management ensures that the Hospital puts in place all internal control systems such as the Internal Audit Committee as provided under Section 155(5) of the Public Finance Management Act, Cap 412A,

among others to guide the internal operations of the Hospital. Further, the management to submit evidence of the same to the Auditor-General for verification.

Management Response

Management submitted that the recruitment of auditors is ongoing and interviews have already been conducted. Consequently, regular audits will be conducted in subsequent financial years.

Conclusion on status

Management was yet to establish an audit committee and an internal audit unit.

Recommendation Category: Administrative

Implementation status: Not Implemented

3.2.3. KISII COUNTY TEACHING AND REFERRAL HOSPITAL

33. Unconfirmed Property, Plant and Equipment Balance

Recommendation

The Senate recommended that the Accounting Officer ensures that the hospital maintains an up-to-date asset register in the format prescribed by the Public Sector Accounting Standards Board (PSASB) and the hospital to carry out a valuation of all its assets and submit the same to the Office of the Auditor-General before 30 June, 2025.

Management Response

Management submitted that the valuation of land and buildings was done and valuation report submitted for review. Further, inventory of all hospital machines and equipment was done awaiting valuation.

Conclusion on status

Although hospital had valued some of its assets, it had not provided an up-to-date asset register in the format prescribed.

Recommendation Category: Administrative

Implementation status: Partially Implemented

34. Non-Compliance with Financial Reporting Framework

Recommendation

The Senate recommended that the Accounting Officer takes appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with Section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

Management Response

Management submitted that they had complied with Financial Reporting framework as prescribed by PSASB. The Kisii County Government had facilitated the accountants for a IPSAS workshop training held in Naivasha in March 2025.

Conclusion on status

Management had undertaken training as a form capacity building of staff to enhance compliance.

Recommendation Category: Administrative

Implementation status: Implemented

35. Budgetary Control and Performance

Recommendation

The Senate recommended that the Accounting Officer should ensure strict compliance with Section 149(2)(h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standard Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares financial statements under the accrual basis of financial reporting, failure to which the provisions of Section 199 of the Public Finance Management Act on penalties for offences shall apply

Management Response

Management submitted that they had complied with the prescribed format for presenting the budget information in the financial statements for an entity that prepares financial statements under the accrual basis of financial reporting by using the updated reporting template issued by PSASB.

Conclusion on status

Management had complied with the prescribed reporting template in preparation of financial statements in subsequent year (2024/2025). However, there was no evidence provided to confirm a corrective action was taken to assure compliance in future.

Recommendation Category: Administrative

Implementation status: Partially Implemented

36. Un-resolved Prior Year Matters

Recommendation

The Senate recommended that the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by Section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap. 412A on penalties for offences may apply.

Management Response

Management did not submit a response.

Conclusion on status

No evidence on action taken.

Recommendation Category: Administrative

Implementation status: Not Implemented

37. Regularity of Human Resource Management practices: Failure to adhere to the law on ethnic diversity in staffing

Recommendation

The Senate recommended that the Board and the Accounting Officer makes deliberate efforts to progressively comply with Section 65 of the County Governments Act, 2012 which provides that at least thirty percent 30% of the vacant posts at entry level be filled by candidates who are not from the dominant ethnic community.

Management Response

Management did not submit response.

Conclusion on status

No evidence on action taken.

Recommendation Category: Administrative

Implementation status: Not Implemented

38. Regularity of Human Resource Management practices: Failure to adhere to the law on ethnic diversity in staffing

Recommendation

The Senate recommended that the Board and the Accounting Officer to make deliberate efforts progressively in the endeavor to comply with Section 7(1) and (2) of the National Cohesion and Integrity Act, 2008, which requires that public establishments shall seek to represent the diversity of the people of Kenya in employment of staff.

Management Response

Management did not submit response.

Conclusion on status

No evidence on action taken.

Recommendation Category: Administrative

Implementation status: Not Implemented

39. Lack of Approved Strategic Plan

Recommendation

The Senate recommended that the Board of Management ensures that the Hospital puts in place all internal control systems such as the strategic plan as provided under Section 158(1) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of the hospital. Further, the Board of Management to submit evidence of the same to the Auditor General for verification.

Management Response

Management submitted that they had developed a strategic plan and provided an approved strategic plan for review.

Conclusion on status

Management have developed a strategic plan

Recommendation Category: Administrative

Implementation status: Implemented

40. Lack of a Finance and Accounting Policy Manual and other key policy manuals

Recommendation

The Senate recommended that the Board of Management ensures that the Hospital puts in place all internal control systems such as an ICT policy and strategic plan as provided under Section 158(1) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of the hospital. Further, the Board of Management to submit evidence of the same to the Auditor General for verification

Management Response

Management submitted that the hospital had a finance policy. The Policy was being revised to bridge the gaps identified and make it more comprehensive.

Conclusion on status

Management did not provide evidence of approved Finance and Accounting Policy Manual.

Recommendation Category: Policy

Implementation status: Not Implemented

41. Inventory – Weak controls in the stores

Recommendation

The Senate recommended that the Accounting Officer should ensure timely submission of documents during the audit process in line with Section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with Section 62(2) of the Public Audit Act in the subsequent audit cycle

Management Response

Management did not submit a response

Conclusion on status

No evidence on action taken.

Recommendation Category: Administrative

Implementation status: Not Implemented

42. Inventory – Weak controls in the stores

Recommendation

The Senate recommended that the Management considers automation of the bin cards for better control of the stores inventory.

Management Response

Management submitted that they had procured a new Hospital Management Information System (HMIS) that has Inventory/Stores management module. The Hospital was migrating from the manual inventory to the automated HMIS system for stores management.

Conclusion on status

Management have automated the inventory management.

Recommendation Category: Administrative

Implementation status: Implemented

43. Operation of Hospital Management Information System (HMIS) without a service level agreement/contract between the vendor and the hospital

Recommendation

The Senate recommended that the Accounting Officer should ensure timely submission of documents during the audit process in line with Section 9(1)(e) of the

Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with Section 62(2) of the Public Audit Act in the subsequent audit cycle.

Management response

Management submitted that the hospital had a contract with the vendor to update and maintain the HMIS system. As envisaged in Section 2.0 performance standards of the service level agreement it ensures any break-down is responded timely.

Conclusion on status

Management did not provide evidence of action taken to ensure timely submission of documents during the audit process.

Recommendation category: Administrative

Implementation status: Not implemented

44. Risk Management and Fire Management Strategy

Recommendation

The Senate recommended that the Board of Management ensures that the Hospital puts in place all internal control systems such as a fire management policy, as provided under Section 158(1) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of the Fund. Further, the Board of Management to submit evidence of the same to the Auditor General for verification.

Management Response

Management submitted that the Hospital had a risk management policy. The hospital was developing a fire management strategy.

Conclusion on status

Management had developed a risk Management policy but fire management policy was not in place.

Recommendation Category: Policy

Implementation status: Partially Implemented

45. Lack of Information, Communication, and Technology (ICT) Policy

Recommendation

The Senate recommended that the Board of Management ensures that the Hospital puts in place all internal control systems such as an ICT policy as provided under

Section 158 of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of the hospital. Further, the Board of Management to submit evidence of the same to the Auditor General for verification.

Management Response

Management submitted that they were using the Kisii County Government ICT policy.

Conclusion on status

Although Management submitted it had adopted the County Government Policy, they did not submit evidence the policy was officially adopted.

Recommendation Category: Policy

Implementation status: Partially Implemented

46. Non-Compliance with Financial Reporting Framework

Recommendation

The Senate recommended that the Accounting Officer should comply with Section 149(2)(b) of the Public Finance Management Act, Cap.412A and Section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of Section 62 of the Public Audit Act, Cap.412B and Section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

Management Response

Management submitted that the Kisii County Government had facilitated the capacity building of accountants for a IPSAS workshop training held in Naivasha in March 2025. A list of participants was submitted for review.

Conclusion on status

Management had undertaken training as a form capacity building of staff to enhance compliance. However, they did not provide evidence on action taken to ensure compliance with Section 149(2)(b) of the Public Finance Management Act, Cap.412A and Section 47(2) of Public Audit Act, Cap.412B.

Recommendation Category: Administrative

Implementation status: Not Implemented

3.2.4. LAMU COUNTY REFERRAL HOSPITAL

47. Inaccurate Income

Recommendation

The Senate recommended that the Accounting Officer should ensure strict compliance with the provisions of Regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

Management Response

Management submitted that they shall ensure that respective accountants and revenue supervisor in the facility prepare bank reconciliations on a monthly basis and reconciling items are promptly investigated, resolved, and adequately documented.

Conclusion on status

Although Management submitted that they would ensure compliance, there was no evidence of administrative action to ensure bank reconciliations are prepared on monthly basis. Further, there is no evidence that Management identified the responsible person for bank reconciliations.

Recommendation Category: Administrative

Implementation status: Not Implemented

48. Budgetary Control and Performance

Recommendation

The Senate recommended that the Accounting Officer should comply with Regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap. 412A on penalties for offences shall apply.

Management Response

Management submitted that the revenue collected by the Hospital was not enough to meet its own budgetary needs hence the inability to transfer 30% to the County Health Services Account. In order to ensure compliance with Section 24(8) of the Act, there are plans to amend the Act to lower the 30% to 5% and thereafter enact the Regulations. In the meantime, the Hospital supports management functions and

primary health services such as blood donation drives, outreaches and primary health services through the provision of health commodities.

Conclusion on status

Management did not provide evidence on action taken to ensure compliance with the Regulation.

Recommendation Category: Administrative

Implementation status: Not Implemented

49. Role of Hospitals in Universal Health Coverage

Recommendation

The Senate recommended that within sixty (60) days from the adoption of the report, the Governor and the Accounting Officer submit a comprehensive plan outlining the specific measures being taken to address the Hospital's staffing shortages. The measures should include both short-term and long-term solutions, focusing on optimizing existing resources, improving employee welfare, and ensuring sustainable staffing levels moving forward.

Management Response

Management submitted that the Hospital was committed to achieving the recommended staffing levels but faces challenges due to budget constraints and wage bill limitations. The Management recruited additional health workers in Financial Year 2024/2025. The Hospital had expansion program and construction of additional wards. Hence, the management reduced the deficit number of beds after construction of private and ICU wards

Conclusion on status

Management did not submit a comprehensive plan outlining the specific measures being undertaken to address the hospital's staffing shortages.

Recommendation Category: Administrative

Implementation status: Not Implemented

50. Inefficiencies in the Manual Revenue Collection System

Recommendation

The Senate recommended that the Accounting Officer ensures the implementation of an integrated patient registration and electronic billing system that accurately tracks patient registrations, services rendered, payments received, and outstanding

balances. The Accounting Officer should provide a status update on the implementation of the aforementioned system to the Senate within 60 days of the adoption of the report.

Management Response

Management submitted that they were now using an automated cashless revenue collection system which is connected directly to collect cash payments via Lipa na MPESA pay-bill since 2025. Evidence of payments was submitted for review.

Conclusion on status

Although Management submitted that they had automated cashless revenue collection, they did not provide evidence the system was integrated for patient registration and electronic billing system accurately which tracks patient registrations, services rendered, payments received, and outstanding balances.

Recommendation Category: Administrative

Implementation status: Partially Implemented

51. Inefficiencies in the Manual Revenue Collection System -

Recommendation

The Senate recommended that the integrated Hospital Management Information System should comply with the provision of the Digital Health Act No.15 of 2023 in as far as application of comprehensive integrated digital health information system is concerned.

Management Response

Management submitted that they were now using an automated cashless revenue collection system which is connected directly to collect cash payments via Lipa na MPESA pay-bill since 2025.

Conclusion on status

Management did not provide evidence the integrated hospital management information system complies with the provision of the Digital Health Act No.15 of 2023.

Recommendation Category: Administrative

Implementation status: Not Implemented

3.2.5. NYAMIRA COUNTY REFERRAL HOSPITAL

Management did not provide a response on the corrective actions on the following recommendations in relation to Nyamira County Referral Hospital as outlined in **Table 4.**

Table 4:Recommendations for Nyamira County Referral Hospital

Audit Issues	Recommendation	Category
Non-Compliance with Requirement of Universal Health Coverage	52. The Senate recommended that within sixty (60) days from the adoption of the report, the Governor and the Accounting Officer submit a comprehensive plan outlining the specific measures being taken to address the hospital's staffing shortages. The measures should include both short-term and long-term solutions, focusing on optimizing existing resources, improving employee welfare, and ensuring sustainable staffing levels moving forward.	Administrative
Unremitted Housing Levy and National Industrial Training Authority Payments	53. The Senate recommended that the Accounting Officer ensures that the hospital strictly adheres to the provisions of Section 5 of the Industrial Training Act, Cap.237 with regards to National Industrial Training Authority (NITA) contributions	Administrative

3.3 RECOMMENDATIONS TO CONSTITUTIONAL COMMISSIONS AND INDEPENDENT OFFICES

3.3.1. ETHICS AND ANTI-CORRUPTION COMMISSION

Review of the Report by the County Public Investments and Special Funds Accounts Committee for financial year 2023/2024 showed that one (1) recommendation was referred to EACC for further investigations. The management provided information on the state of the recommendation. The detailed recommendation and status is as provided in **Table 5**:

Table 5: Status of Implementation of Recommendations by EACC

Primary Entity	Audit Issue	Recommendation	EACC Submission	Conclusion
Lamu County Referral Hospital	Inaccurate Income	54. The Senate recommended that the Ethics and Anti-Corruption Commission (EACC) conducts investigations on the revenue collections in Lamu County Referral Level 4 Hospital to ascertain if there was loss of any funds with a view to holding accountable those found culpable and provide a status update on actions taken within sixty (60) days of the adoption of the report;	Not Implemented	Not implemented

3.3.2. OFFICE OF AUDITOR-GENERAL

Review of the Report of the County Public Investments and Special Funds Accounts Committee for financial year 2023/2024 showed that five (5) recommendations were referred to OAG for further investigations. The management provided information on the state of the recommendations. The detailed recommendations and status is as provided in **Table 6.**

Table 6: Recommendations for Office of Auditor General

Primary Entity	Audit Issue	Recommendation	OAG Submission	Conclusion
Kisii Referral Hospital	Unconfirmed Property, Plant and Equipment Balance	55. The Senate recommended that the Office of the Auditor-General to undertake physical verification and valuation of all assets of the hospital and provide a status report to the Committee before 30th June 2025.	Subsequent audit of 2024/2025 revealed the title deed was not yet acquired and the asset register was not yet finalized. Further, the valuation report was only concluded for buildings and land and the auditor could not verify the assets. The issue was reported in the 2024–2025 Auditor-General's Report under the Other Matter Section as an unresolved prior year audit issue.	Implemented
Kisii Referral Hospital	Other Matter Unresolved prior year matters	56. The Senate recommended that the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.	The subsequent audit revealed the Management was progressively addressing prior audit matters. The outstanding issues were included in the 2024/2025 audit report.	Implemented
Kisii Referral Hospital	Irregular Repairs and Maintenance of Motor Vehicles	57. The Senate recommended that the Office of the Auditor-General to undertake physical verification of all assets of the hospital and provide a status report to the Committee before 30th June 2025.	Management did not provide documents to assist in the verification. The issue was reported in the 2024–2025 Auditor-General's Report under the Other Matter Section as an unresolved prior year audit issue.	Implemented
Lamu Referral Hospital	Report on effectiveness of internal Controls:	58. The Senate recommended that the Auditor-General to monitor the progress of the	Subsequent audit for 2024/2025 revealed a bed capacity of 100 beds same as the capacity reported in the prior year(2023/2024)	Implemented

Primary Entity	Audit Issue	Recommendation	OAG Submission	Conclusion
	Shortage in bed capacity	project and provide a status update on the same to the Senate during the subsequent audit cycle.		
Lamu Referral Hospital	Report on effectiveness of internal Controls : Inadequate hospital equipment and machines	59. The Senate recommended that the Auditor-General to monitor the progress of the project and provide a status update on the same to the Senate during the subsequent audit cycle	Subsequent audit for 2024/2025 revealed that the ICU department was not functional. Further, there was a shortage of dialysis machines. However, the current year 2025/2026, the hospital purchased an additional dialysis machine.	Implemented

3.3.3. DIRECTOR OF PUBLIC PROSECUTIONS

Review of the Report of the County Public Investments and Special Funds Accounts Committee for financial year 2023/2024 showed that one (1) recommendation was referred to ODPP for further investigations. The management provided information on the state of the recommendation. The detailed recommendation and status is as provided in **Table 7**:

Table 7: Recommendations for Office of Director of Public Prosecutions

Primary Entity	Audit Issue	Recommendation	ODPP Submission	Conclusion
Kisii County Teaching and Referral Hospital	Quotations to Vendors Not Pre-qualified	60. The Committee recommends to the DPP to direct an investigation into the possible contravention of Section 47 of the Public Audit Act, Cap.412B by the Accounting Officer and where in the DPPs assessment, criminal culpability arises, to institute criminal proceedings against the Accounting Officer	Management did not provide a response.	Not Implemented

3.4 RECOMMENDATIONS FOR OTHER THIRD-PARTY IMPLEMENTING ENTITIES

3.4.1. THE NATIONAL TREASURY

61. Non-Compliance with Financial Reporting Framework

Recommendation

The Senate recommended that The National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;

Management Response

Management submitted that training was undertaken and continue to be undertaken through Public Sector Accounting Standards Board (PSASB).

Conclusion on status

The National Treasury through PSASB trained public officers handling financial matters on accounting standards.

Recommendation Category: Administrative

Implementation status: Implemented

3.4.2. COUNTY EXECUTIVE OF KISII

Management of the County Executive did not provide a response on the corrective actions on the following recommendations in relation to Kisii County Teaching and Referral Hospital as outlined in **Table 8.**

Table 8: Recommendations for County Executive of Kisii

Audit Issues	Recommendation	Category
62. Unconfirmed property and equipment	The Senate recommended that the Governor of Kisii County ensures that the hospital secures full ownership of the queried property, plant and equipment and provide status update to the committee within 60 days of adoption of this report	Administrative
63. Irregular repairs and maintenance of vehicles	The Senate recommended that the Governor engages The Intergovernmental Relations Technical Committee (IGRTC) to ensure that the process of transfer of all assets and liabilities are completed in a timely manner;	Administrative

3.4.3. COUNTY EXECUTIVE OF LAMU

Management of the County Executive did not provide a response on the corrective actions on the following recommendations in relation to Lamu County Referral Hospital as outlined in **Table 9.**

Table 9: Recommendations for County Executive of Lamu

Audit Issues	Recommendation	Category
Failure to remit thirty percent (30%) to County Health Services Accounts	64. The Senate recommended that the Governor of Lamu County ensures that the Lamu County Health Facility Improvement Financing Act, 2023 is amended to align to the Facilities Improvement Financing Act, Cap.277.	Legislative
Role of Hospitals in Universal Health Coverage	65. The Senate recommended that within sixty (60) days from the adoption of this report, the Governor and the Accounting Officer submit a comprehensive plan outlining the specific measures being taken to address the hospital's staffing shortages. The measures should include both short-term and long-term solutions, focusing on optimizing existing resources, improving employee welfare, and ensuring sustainable staffing levels moving forward; and	Administrative
Inadequate staffing of the hospital	66. The Senate recommended that the Governor should encourage the ongoing training and prioritize new recruitments to fill gaps in medical personnel, ensuring specialized services can be offered in-house.	Administrative
Shortage in bed capacity	67. The Senate recommended that the Governor of Lamu County prioritizes the completion of infrastructure projects to provide adequate space and facilities for the new services	Administrative
Inadequate Hospital equipment and machines	68. The Senate recommended that the Governor of Lamu prioritizes availing of adequate funding and resource allocation for essential services like ICU and HDU among others to enable the Hospital to offer all the required services under the UHC;	Administrative

3.4.4. COUNTY EXECUTIVE OF NYAMIRA

Management of the County Executive did not provide a response on the corrective actions on the following recommendations in relation to Nyamira County Referral Hospital as outlined in **table 10.**

Table 10:Recommendations for County Executive of Nyamira

Audit Issues	Recommendation	Category
Unsupported Property, Plant and Equipment	69. The Senate recommended that within sixty (60) days of the adoption of the report the Governor ensures that the hospital assets are registered in favour of the hospital and thereafter, the hospital maintains an updated asset register in the format prescribed by the Public Sector Accounting Standards Board pursuant to Section 104(1)(h) of the Public Finance Management Act 2012, failure to which the penalties under Section 199 of the Act shall apply.	Administrative
	70. The Senate recommended that the Governor of Nyamira County ensures that the hospital has an independent budget in the subsequent financial year to facilitate independent procurement processes and ensure proper financial tracking and accountability in accordance to Section 20 of the Facilities Improvement Financing Act 2023. Further, the budget must comply with Section 164(2) a) of Public Finance Management Act, CAP 412A with respect to disclosures on appropriated funds, failure to which penalties under Section 199 of the Public Finance Management Act shall apply.	Administrative
Unlawful Transfer of Funds	71. The Senate recommended that the Governor of Nyamira County ensures that the amendment process of the law is fast-tracked to align it to the National Law. The Auditor-General to provide a status update on the matter to the Senate during the subsequent audit cycle.	Legislative
Non-Compliance with Requirement of Universal Health Coverage	72. The Senate recommended that the Governor prioritizes availing of adequate funding and resource allocation for essential services like ICU and HDU among others to enable the Hospital to offer all the required services under the UHC;	Administrative
	73. The Senate recommended that the Governor should encourage the ongoing training and prioritize new recruitments to fill gaps in medical personnel, ensuring specialized services can be offered in-house; and	Administrative
	74. The Senate recommended that within sixty (60) days from the adoption of the report, the Governor and the Accounting Officer submit a comprehensive plan outlining the specific measures being taken to address the hospital's staffing shortages. The measures should include both short-term and long-term solutions, focusing on optimizing existing resources, improving employee welfare, and ensuring sustainable staffing levels moving forward.	Administrative

Audit Issues	Recommendation	Category
Long Outstanding Trade and Other payables	75. The Senate recommended that within 60 days of the adoption of the report, the Governor of Nyamira County should engage KEMSA, GWASCO, Kisii Security guards and the other general supplies to agree on a repayment plan for the outstanding balances owed to each entity and file a report on the same with the Auditor-General for verification. The Auditor-General to provide a status update on the matter in the subsequent audit cycle	Administrative
Failure to Appoint an Audit Committee	76. The Senate recommended that the County Executive Committee Member (CECM) - Finance ensures that the Hospital puts in place all internal control systems systems such as the Internal Audit Committee as provided under Section 155 (5) of the Public Finance Management Act, Cap. 412A among others to guide the internal operations of the Hospital. Further, the County Executive Committee Member (CECM) - Finance to submit evidence of the same to the Auditor General for verification.	Administrative

CHAPTER FOUR: CONCLUSION

The following conclusions have been drawn from the observations made:

4.1. **Low Implementation Rate**: The overall level of implementation of audit recommendations was unsatisfactory, as only 13 out of 76 recommendations (17.11%) were fully implemented, while 63 recommendations (82.89%) were either partially or not implemented, indicating the inaction or inadequacy of corrective actions taken by the entities concerned since the report was adopted on 27 March, 2025. This is contrary to Section 53 of the Public Audit Act, Cap,412B, which requires that appropriate implementation steps be taken within three months.

4.2. **Nature of Recommendations**: A majority, representing 79% of the recommendations, were administrative in nature. However, only 13% were fully implemented, suggesting that most audit issues stem from managerial lapses rather than deficiencies in legal or policy frameworks.

4.3. **Capacity Limitations**: Management responses revealed a lack of capacity among some Accounting Officers to conceptualize and execute appropriate corrective actions.

4.4. **Policy based recommendations**: Implementation of the Senate's policy-based recommendations remained unsatisfactory, as none of the seven (7) recommendations had been fully implemented. Of these, two (2) were partially implemented, while five (5) had not been implemented at all, indicating limited progress in addressing the Senate's policy directives.

4.5. **Oversight:** The Senate's interrogation of hospital audit reports was significantly limited during the year under review. Although 250 out of 400 hospitals listed in the Kenya Master Health Facility List submitted financial statements for audit, representing 62.5% of hospitals, the Senate interrogated only 4 hospitals. This represents just 1.6% of the audited hospitals and 1% of all hospitals in the Master Health Facility List at that time. Consequently, the limited scope of interrogation may have constrained Parliamentary oversight over the financial management and accountability of hospitals, thereby reducing the effectiveness of follow-up on audit findings and recommendations in the health sector.

CHAPTER FIVE: RECOMMENDATIONS

In view of the findings and conclusion of the follow-up, the Auditor-General proposes the following recommendations: -

i. **Performance Accountability**: The County Executive should integrate the implementation of audit recommendations as one of the key performance indicators in the subsequent performance contracts for Accounting Officers to incentivize compliance and accountability in the Public Sector.

ii. **Legislative Enforcement**: Parliament should establish and enforce legal sanctions for non-compliance with audit recommendations to serve as a deterrent and promote adherence.

iii. **Capacity Building**: The National and County Treasuries should enhance the capacity of Accounting Officers to improve their understanding and execution of corrective actions.

iv. **Coordination Mechanism**: The National Treasury should establish a structured mechanism to coordinate and monitor the implementation of audit recommendations across government entities.

v. **Oversight of Health Sector in Counties**: The Senate should enhance its scrutiny of hospital audit reports by adopting a structured annual review plan that prioritizes hospitals based on audit risk, materiality, and public interest, to ensure broader and more effective parliamentary oversight of financial management in the health sector

CONTACTS
3rd Floor, Anniversary Towers, University Way, Nairobi
Phone: +254 020 3214000 | **Email:** oag@oagkenya.go.ke | **Website:** www.oagkenya.go.ke

Office of the Auditor-General Kenya | @OAG_Kenya | Office of the Auditor-General, Kenya