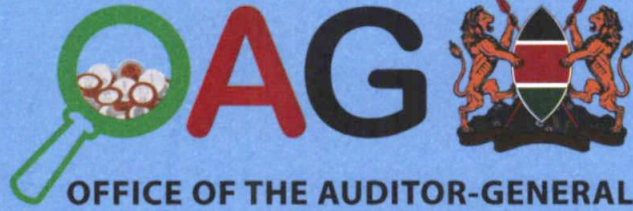


REPUBLIC OF KENYA

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REFERRAL HOSPITAL**

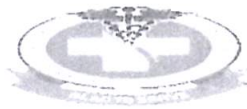
**FOR THE YEAR ENDED  
30 JUNE, 2023**

**COUNTY GOVERNMENT OF BUNGOMA**



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# **BUNGOMA COUNTY REFERRAL HOSPITAL**

**Bungoma County Government**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International  
Public Sector Accounting Standards (IPSAS)**

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## **1. Acronyms & Glossary of Terms**

CSR                      Corporate Social Responsibility

OSHA                    Occupational Health & Safety Act

PFMA                    Public Financial Management Act

MED SUP              Medical Superintendent

Fiduciary Management: Key management personnel who have financial responsibility in the entity.

## 2. Key Entity Information and Management

### (a) Background information

Bungoma County Referral Hospital was established as a Chief's Native Health Centre in 1952 and stands on 14-acre land with 3 acres for hospital staff quarters and 7 acres set aside for hospital expansion. The hospital has an allotment letter for the land and plans to acquire a Title Deed are at an advanced stage. The hospital has over a period expanded to the present status. It has an authorized bed capacity of 265 beds with percentage occupancy of at 130%. Bungoma County Referral Hospital serves a projected population of 1.9 million people and acts as a referral hospital for the Bungoma county and greater Parts of the western region including Busia County, Kakamega County, Trans-Nzoia county and Eastern Uganda.

The serves an average of 830 patients on outpatient basis daily and admit on average 50 patients daily.

The hospital vision is to be a leading hospital in the provision of quality healthcare service, medical research and education in the region.

The mission is to provide accessible, acceptable, sustainable, quality, curative, preventive and educative healthcare to our clients.

The values are efficacy, respect, equity, integrity and accountability, professionalism and work ethics.

### Infrastructure in place and services offered

The hospital offers curative, preventive, rehabilitative and promotive services to the citizenry of this region and comprises the following departments/clinics/units: -

1. **Wards 1, ward 2 and private wing A:** general surgical services, orthopaedic services, paediatric surgical services, gynaecology services, burns management, Urology services, Ear, nose and throat services.
2. **Ward 3 Ward 5, and private wing B:** general medical care treatment – for all conditions, including – cardiac, renal, infections, gastroenterology, neurology etc.
3. **Maternity unit – antenatal ward, labor and delivery, postnatal** – offer care to pregnant women, delivery, post operative care, post-delivery care, HIV testing, immunization, family planning etc.
4. **Emergency department:** offers emergency care for sick patients and casualties, Endoscopy, bronchoscopy, colonoscopy, WALANT, echocardiography, laboratory and pharmacy.
5. **Outpatient services:** consultation, injection, orthopaedic trauma, minor theatre etc.

6. **Dental services:** consultation, conservative, conservative and extractions, dental laboratory services etc
7. **Specialized services:** urology, MOPC, DOPC, SOPC, orthopaedic clinic, family and community health clinic, neonatal outpatient clinic, GOPC, ENT, psychiatry, Skin and dermatology, comprehensive care centre, sickle cell / haemophilia clinic, cancer and palliative care, ophthalmology (eye unit).
8. **Eye unit** – basic and comprehensive eye care including surgery and medical.
9. **Theatre / operating room services** – 4 theatres offering emergency and elective surgical services. Both major and minor operations
10. **Radiology and imaging:** general x-rays, ultrasonography, mammography, IOPA, OPG, fluoroscopy, ECG etc
11. **Laboratory:** routine and specialised laboratory services e.g. liver function test, haematology, parasitology, serology, hormonal test etc. the laboratory is ISO certified.
12. **Support services:** Kitchen and catering services, laundry
13. **Maternal, child health and family planning services** – ANC, Postnatal, PMTCT, empower cancer clinic, child welfare and primary care for women and children.
14. **Voluntary Counselling & Testing, Gender based violence, youth friendly services.**
15. **ENT clinic** – audiology, general ENT consultations and procedures.
16. **Medical Records** – health informatics, reporting, data for decision making.
17. **Supplies unit-** procurement, warehousing and distribution of supplies.
18. **Medical Social Worker services-** counselling, palliative care, patient support, home assessments and home-based care.
19. **Administrative services-** planning, day to day operations of the hospital,
20. **Hospital Maintenance unit (HMU)-** maintenance of medical and dental equipment, buildings, planned preventive maintenance, disposal of idle assets.
21. **Hospital sanitation-** infection prevention control, disposal of idle assets.
22. **Mortuary services-** Storage of bodies, embalming, post-mortem, dressing of bodies etc.
23. **Chest & Skin-**management of dermatological conditions and respiratory conditions e.g. tuberculosis.
24. **Rehabilitative services-** Physiotherapy, occupational therapy, orthopaedic technology.
25. **Hospital canteen**
26. **Family Medicine and community services-**Home based care services, wholistic care, chronic disease management, well patient care, general check-up.
27. **Public Health & Sanitation.** – Food handler’s examination, prevention, health promotion.
28. **Renal services-**dialysis and care.

29. **Intensive Care Unit (ICU)** – critical care services.

30. **Cancer and palliative care** – diagnostic, chemotherapy, counselling, palliative care.

**(b) Principal Activities**

The principal activity/ mandate of the hospitals to provide comprehensive healthcare services and training to the citizens of Bungoma and beyond.

**VISION**

To be a leading hospital in the provision of quality health care service, medical research and education in the region.

**MISSION**

To provide accessible, acceptable, sustainable, Quality, curative, preventive, promotive rehabilitative and educative health care to our clients.

**PHILOSOPHY/ CORE VALUES**

Efficiency

Respect

Equity

Integrity and Accountability

Professionalism/ Work Ethics

**(c) Key Management**

The hospital's management is under the following key organs:

- County department of health and sanitation headed by the County Executive Committee Member, Chief Officer and County Director for Health (and his county health management Team)
- Hospital Management Committee/ Board.
- Hospital Management Team

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. David Wanikina
2.	Accountant	Mr. Martin Wesonga
3.	Supply Chain Management Officer	Mr Dan Malabe
4.	Nursing Officer in Charge	Mrs Caroline Lavu
5.	Hospital Administrator	Mr. Dan Oswana
6.	Pharmacist In Charge	Dr Caroline Naliaka Odeo
7.	Health Records and Information management	Mrs. Selina Okonyo Kulubi

**Bungoma County Referral Hospital (Bungoma County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

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No.	Position	Name
	officer in charge	
8.	Laboratory Manager	Mr. Antony Sangolo Katayi
9.	Head of Radiology and imaging	Mrs Irene Cherotich Sabila
10.	Biomedical Engineer in charge	Mr. Richard Milanya

**(e) Fiduciary Oversight Arrangements**

- **Quality of care subcommittee:** In charge of overseeing continuous quality improvement at the facility.
- **Audit subcommittee-** charged with the oversight of revenue and risk management at the hospital.
- **County Assembly health subcommittee-** they appropriate funds to facilities, they oversee revenue collection expenditure and implementation.
- **Finance and general-purpose subcommittee** charged with responsibility of revenue collection and expenditure with the facility.
- **County Executive** (County Executive Committee Member for Health and Sanitation (CECM) Chief Officer of Health and Sanitation and County Director of Health; they charged with Approval of Budgets, Overseeing of Revenue Collection and Expenditure.
- **County Treasury-** charged with responsibility of financial compliance.

**(f) Entity Headquarters**

Bungoma County Referral Hospital  
P.O. Box 14-5000  
Opposite Bungoma County Commissioner's Office,  
Bungoma, KENYA

**(g) Entity Contacts**

Telephone: +254719648433  
E-mail: [bcrhospital@gmail.com](mailto:bcrhospital@gmail.com)  
Website: [www.bungomareferral.go.ke](http://www.bungomareferral.go.ke)

**(h) Entity Bankers**

Kenya Commercial Bank,  
Bungoma Branch.

**(i) Independent Auditors**

Auditor General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

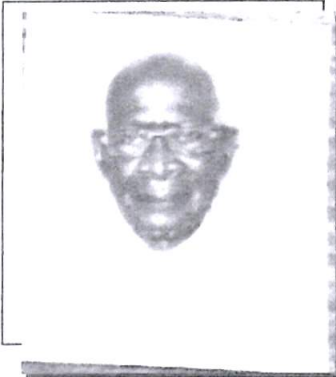


**(j) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



**(k) County Attorney**

P.O. Box.437-50200  
Bungoma, Kenya




**3. The Board of Management**

Ref	Directors	Details
1.	<p><b>Canon Walter Wamalwa- Chairman</b>                      He is 85 years old retired Pharmaceutical Technologist having served from 1967 to 1982. He is a holder of Diploma in Pharmaceutical Technology. After retirement he worked in a health facility under World Vision from 1985 to 1989 and later worked with American NGO MAP (Medical Assistant Programme) International from 1989 to 1994. He was later to join church ministry, Anglican Church of Kenya as a priest from 1994 to 2004 during which period they found League of Friends of Bungoma Hospital serving as the Chairman after priesthood from 2004 to 2013 their mandate being resource mobilization, they managed to mobilise funds from friends from abroad that helped set up the current Paediatric Hospital.                      He has a wealth of experience on hospital management having served as a member of the then Bungoma District Hospital board from 1992 to 2013 and 2019 to date (term will end on 3<sup>rd</sup> November, 2022). He provides strategic leadership and governance to the hospital. Besides, he is immensely involved in community related services where he serves in boards of management to various schools (in Bungoma and Busia counties) among other activities.</p>	
2.	<p><b>Mr. Augustine Tela</b>                      He is 56 years who completed his O level in 1985 He is a trained catechist trained with the Church Missionary based in London for six months in 1986.                      He was employed in Mumias Sugar Company as a Clerical Officer in the Agriculture Department from 1987 to 1992 where he quit to join active politics as then being a Councillor. He was later to serve as a Mayor of Municipal Council of Bungoma from 1996 to 1998. He was later to be nominated as a Councillor served from 2002 to 2007. He actively participated in setting up a number of secondary schools locally while serving as a board member in several schools.                      On hospital management, he served as an ex-officio member from 1996 to 1998 and later as a member from 2005 to 2007. Currently serving as a member of the full board from 2019 to date (term expires on 3<sup>rd</sup> November, 2022) as well as a chairman to Finance and General-Purpose subcommittee.</p>	
3.	<p><b>Mr. David Murunga</b>                      He is 74 years old, form 4 Division 3. He Joined the police force hence become a career Police Officer, he once become an instructor at Kenya Police College, Kiganjo. He rose to the rank of Officer Commanding Station at an early age and served in various areas for many years in his service up to retirement. Upon retirement, he secured a job with Whitesands Sarova Beach Hotel, Mombasa as a Security Manager. He has been in</p>	



**Bungoma County Referral Hospital (Bungoma County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

Sl. No.	Members	Photos
	<p>several task forces in various capacities in his community service that has added value to society.            Currently, he is serving the Christ the King Catholic Church as development and security Chairman.            On governance, he is privileged to serve in several schools as board member.            Over ally, he is a disciplinarian and keen on detail.            Currently serving as a member of the Board at Bungoma County Referral Hospital from 2019 to date (term expires on 3<sup>rd</sup> November, 2022) as well as a Chairman to Quality-of-Care Subcommittee.</p>	
4.	<p><b>Rev. Francis Walusaka</b>            He is 77 years old, a holder of Bachelor’s degree in Theology from East African School of Theology, he translated the Holy Bible into Lubusu Version. He worked AT Postal Corporation In Kampala, Uganda in 1996. He was an elected Councillor in 1992-1997 and managed to be a Chairman of Bungoma Municipal Council during his tenure and currently a member of the Bukusu council of Elders.            On governance, he is on Board of Management of several schools (Sangalo Secondary School and Ekitale Secondary School).            Currently serving as a member of Board at Bungoma County Referral Hospital from 2019 to date (term expires on 3<sup>rd</sup> November, 2022) as well as a chairman to Audit Subcommittee.</p>	
5.	<p><b>Mr. Jared Oginga</b>            He is 33 years old, a holder of Bachelor of Commerce (Accounting option) from Kibabii University. He is also a businessman.            Serving as a board member at Bungoma county Referral Hospital effective 2019 (term ending on 3<sup>rd</sup> November, 2022).            He is also a member of the Finance and General-Purpose Subcommittee.</p>	

**Bungoma County Referral Hospital (Bungoma County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

No.	Description	Photo
6.	<p><b>Mrs. Joyce Misiko</b>            She is 65 years, a trained copy typist who worked for over 19 years in the department of Agriculture at KARI, Kakamega, Bungoma (Mabanga ATC) and finally at Amagoro. She later underwent Animal Health Assistant from AHITI Ndomba before retrenchment in 2000. She is currently a private practitioner on Animal Health as well as herbal medicine. She is also a politician. She won accolades to be among the pioneers of ASK Harambee Show –Bungoma in 2005.</p> <p>She is actively participating in church administration where is a chairlady of Catholic Women Association, Christ the King Cathedral Bungoma as well as holds positions in church fellowship.</p> <p>Besides, she is on various Boards of Management for schools within Bungoma County having served for many years and serving as a board member at Bungoma county Referral Hospital effective 2019(term ending on 3<sup>rd</sup> November, 2022). She is also a member of the finance and general-purpose subcommittee.</p>	
7.	<p><b>Mrs Pamela Omusugu</b>            She is 52 years old a holder of Diploma in Secretarial Studies She has once served as a unit manager life department CIC Insurance group, a member of board at Father Okodoi Secondary School, Busia County.</p> <p>She is sales and marketing personnel with an insurance firm. Serving as a board member at Bungoma county Referral Hospital effective 2019(term ending on 3<sup>rd</sup> November, 2022). She is also a member of the Audit subcommittee.</p>	
8.	<p><b>Mrs. Emily Mulati</b>            She is 51 years old, O level, a holder of Certificate in Business Management and computer applications.</p> <p>She is a board member of Bungoma DEB Primary School and Sacred Heart Wamalwa Kijana Secondary School. She was privileged serve on a task force for Women Empowerment Fund, Bungoma in 2017. She was a board member for the construction of Masinde Muliro Stadium, Bungoma. She is currently a member of the Sports Council, Bungoma.</p> <p>She is also a Chairperson of People living with Disability - Kanduyi sub county consisting of 8 wards.</p> <p>Serving as a board member at Bungoma county Referral Hospital effective 2019 (term ending on 3<sup>rd</sup> November, 2022). She is also a member of the quality-of-care subcommittee.</p>	

**Bungoma County Referral Hospital (Bungoma County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

Ref	Directors	Directors
9.	<p><b>Miss Mercy Nasimiyu</b>            She is 35 years old, a holder of diploma in community development from University of Eldoret and Bachelors degree of the same from Masinde Muliro University of Science and Technology (MMUST).            She worked at the Ministry of Gender and Youth in charge of youth and women funds.            She also worked as a clerk, USAID funded NGO, APHIA Plus Kenya.            She is currently an entrepreneur dealing in supplies and construction            Serving as a board member at Bungoma County Referral Hospital effective 2019 (term ending on 3<sup>rd</sup> November, 2022).            She is also a member of the Audit subcommittee.</p>	
10.	<p><b>Dr. David Wanikina Muke- Hospital Management Board, Secretary</b>            Dr. Wanikina has 14 years working experience as a Medical Practitioner. Professionally, he holds a Masters of Medicine in Family and Emergency Medicine from Maseno University and a Bachelor of Medicine and Bachelor of Surgery from Moi University.            He also holds certification in Strategic Leadership Development Programme from The Kenya School of Government and Senior Health Systems Management from Kenya Institute of Administration. He holds CPA 1 (KASNEB from Starehe Technical Training College).</p> <p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Provision of visionary and transformational leadership in the management of the hospital.</li> <li>• He oversees the implementation of Boards resolutions.</li> <li>• Ensures prudent management of resources.</li> <li>• Formulation of long-term strategies and business plans participating in various committees in the Institution and overseeing all clinical services.</li> </ul> <p>He is the Accounting Officer hence a Mandatory signatory to facility account.</p>	

#### **4. Key Management Team**

##### **Dr. David Wanikina Muke – Medical Superintendent**

Dr. Wanikina has 14 years working experience as a Medical Practitioner. Professionally, he holds a Masters of Medicine in Family and Emergency Medicine from Maseno University and a Bachelor of Medicine and Bachelor of Surgery from Moi University.

He also holds certification in Strategic Leadership Development Programme from The Kenya School of Government and Senior Health Systems Management from Kenya Institute of Administration. He holds CPA 1 (KASNEB from Starehe Technical Training College).

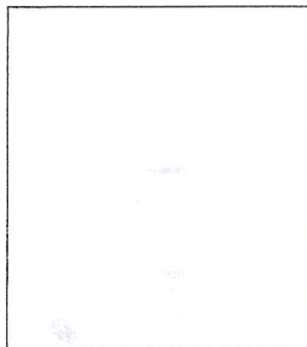


##### ***Responsibilities:***

- Provision of visionary and transformational leadership in the management of the hospital.
- He oversees the implementation of Boards resolutions.
- Ensures prudent management of resources.
- Formulation of long-term strategies and business plans participating in various committees in the Institution and overseeing all clinical services.
- He is the Accounting Officer hence a Mandatory signatory to facility account.
- He is the Chairperson to Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).

##### **Mr. Dan Oswana – Health Administrative Officer**

He is a holder of Bachelor of Commerce (Human Resource) from Egerton University, Higher Diploma in Business Management from Technical University of Kenya (*formerly The Kenya Polytechnic*) and Diploma in Business Administration from Nairobi Technical Training Institute among a host of other qualifications. He has 13 years working experience.



##### ***Responsibilities:***

- Coordination of services within the hospital while liaising with fellow team members.
- Estate management in liaison with the public health

officer(s).

- Supervision of non-medical staff,
- Offers secretarial duties to various committees in the establishment and
- Ensures security of staff, patients and hospital property.
- He is the alternative signatory to facility account.
- He is a Secretary to Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).
- A co-opted member of the board and finance and general-purpose subcommittee.

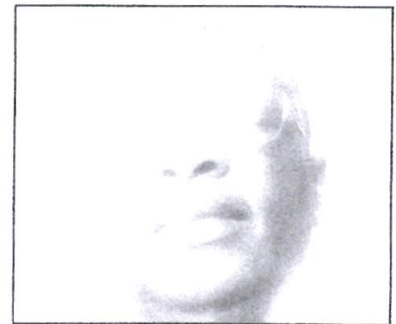
**Mrs. Caroline Nasimiyu Lavu – Head of Nursing Services**

She holds a Bachelor of Science in Nursing from Masinde Muliro University of Science and Technology on top of a Diploma in Nursing from Kenya Medical Training College Nairobi Campus. She has 38 years' experience in nursing leadership.

***Responsibilities:***

- Formulation, review and interpretation of Bungoma County Referral Hospital health care policies relating to nursing services.
- Ensuring adherence to Nursing Statutory and regulatory requirements.
- Facilitating development and review of training programs for nurses in the Hospital.
- She is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).

She is a co-opted member of the board as well as quality of care subcommittee.



**CPA Martin Wakobola Wesonga -  
Head of Accounts Department.**

He has over 11 years working experience in financial management. He holds a Bachelor of Commerce (Accounting) from Kibabii University. He is also a Certified Public Accountant (CPA-K) tenable at National Youth Service where he also undertook paramilitary training.

**Responsibilities:**

- Coordinating preparation of budgets
- Providing administrative direction as head of the division and provision of transformational leadership to achieve the vision and mandate of the Hospital.
- He is an Alternate signatory to facility account.
- He is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).



**Mrs Selina Kulubi – Head of Health Records and Information Department**

She holds a Bachelor's Degree in Health Records and Information Management from Kenyatta University and a Diploma in the same from Kenya Medical Training College Nairobi Campus. She has 15 years working experience.

**Responsibilities:**

- Compile, Organize, maintain and protect confidential medical records.
- Designing health information systems to comply with medical, legal and ethical standards.
- Analyse clinical data for research, processes improvement and reporting.
- Participate in developing facility work and strategic plans and setting performance targets.
- Participating in various committees in the Institution.
- She is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).



**Mr Dan Kalabai Malabe – Supply Chain Management Officer.**

Mr Malabe has 15 years working experience. He holds a Bachelor's degree in Supply Chain Management from Kibabii University and a Diploma on the same from Kenya College of Accountancy.



**Responsibilities:**

- Reviewing procurement evaluation reports and provide procurement professional opinion.
- Asset disposal interpretation.
- Implementation and enforcement of the Public Procurement regulations.

He is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).

**Dr Caroline Naliaka Odeo – Pharmacist in charge**

She holds a Master's degree in Clinical pharmacy from University of Nairobi and a Bachelor's degree in Pharmacy from Makerere University. She has 16 years working experience.



**Responsibilities:**

- Ensure quality provision of effective medication services as per the needs of individual patients and institution as a whole.
- Coordinating quality improvement initiatives and clinical governance
- Participating in developing work plans and budgets for the division and setting performance targets.
- She is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).

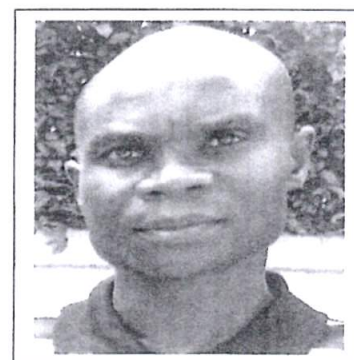
**Mr Antony Sangolo Katayi – Laboratory Manager**

Has a Bachelor's degree in Medical Laboratory Sciences from Mt Kenya University and a Diploma in Medical Laboratory Technology.

He has 15 years working experience.

**Responsibilities:**

- Coordination of Laboratory services within the facility.
- Participating in developing work plans and budgets for the division and setting performance targets.
- He is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).



**Mrs. Irene Cherotich Sabila – Chief Radiographer**

She has 19 years' working experience and a holder a Diploma in Medical Imaging from Kenya Medical Training College.

**Responsibilities:**

- Carry out managerial duties in the department.
- Performs radiological and imaging duties.
- Enhancing radiation protection in the unit/ or wherever imaging is conducted within the facility.
- Participating in developing work plans and budgets for the division and setting performance targets.
- She is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).



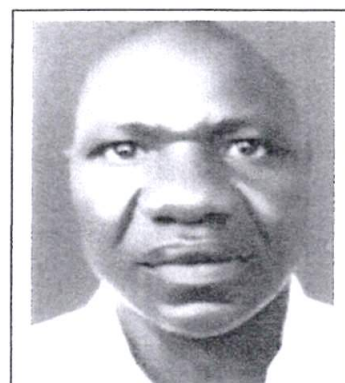
**Mr. Richard Milanya – Head of Department of Medical Engineering.**

He is a holder of Bachelor of Science in Control and instrumentation and Diploma In Medical Engineering.

**Responsibilities:**

- He ensures timely planned plant maintenance of machines and equipment.
- He updates and maintains an asset inventory.
- Assess equipment suitability and advises on the same.
- A member of the idle assets committee.

He is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).



## **5. Chairman's Statement**

It is yet another end to a Financial Year (2022/2023) that development has been evident at the Bungoma County Referral Hospital. There has been expansion of service delivery with introduction of more specialised services. These include;

- A new eye unit which has been fully equipped serving both inpatient and outpatient courtesy of partnership with *Salus Oculi*.
- Oncology and Palliative Care Centre which through the facility's own revenue was constructed and equipped saving the population from catastrophic journeys to Moi Teaching and Referral Hospital (MTRH), Eldoret.

The year also saw drilling of a borehole which will ensure steady supply of water to the hospital. There were two (2) budgets approved by the Hospital Management Committee (HMC) and through the prudent financial management the hospital had negligible bills.

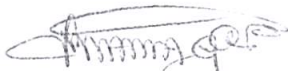
Some of the challenges faced include;

- High inflation challenges hence the need to review hospital charges to cater for inflation costs.
- Staff attrition due to retirement, seeking greener pasture, transfers, resignation and expansion of services which has greatly impacted on service delivery.

On infrastructure development, there is need to complete the 300 mother and baby hospital to reduce the effects of overcrowding in the wards, need for installation of a CT scan and MRI, completion and equipping of regional blood bank and commodity store.

Finally, amid all the gains, there is need for quality care and avoidance of burn out on the otherwise lean staff, this requires employment of more personnel which includes; Nurses, Medical Officers, Specialists, Registered Clinical Officers, Health Records and Information Officers, Nutritionists, Ortho Trauma Technologists, Orthopaedic Technologists among others.

We look forward to the new financial year with hope.



**Canon Walter Wamalwa**  
**Chair of Hospital Management Committee.**

**6. Report of the Medical Superintendent.**

The facility has continued to grow in all aspects courtesy of support from the Executive, Partnerships and cohesion in the hospital leading to increased workload from within and outside the catchment area.

Initially, the hospital had an eye clinic that limited-service provision to the otherwise many eye care patients who sought services from far off facilities. Luckily, within financial year 2022/2023, through partnership with *Salus Oculi* and German Co-operation, a new state of the art Eye Unit was set up comprising of inpatient with a bed capacity of 16 (8 for male and 8 for female), a theatre and outpatient. Equally, it was equipped and we are optimistic that once we get an Optometrist, we can manufacture spectacles in-house. This will be a plus to our clients who will be able to receive their spectacles or contact lenses at a record time unlike outsourcing the service.

There has been a compelling need for care to cancer patients with the disease burden on the rise. This prompted the hospital to set up an Oncology and Palliative Care Centre which through Facility Improvement Fund (FIF) was able to construct and equip hence saved the population from travelling far and wide to seek for services yet they are weak and cash strapped. The unit is operational; we are glad personnel were deployed courtesy of the Ministry while some are finishing up studies to boost service delivery.

The facility sunk a new borehole in Financial Year 2022/2023 that addressed the perennial water crisis during dry spell. However, there is need to fit a 100,000lt reservoir for optimal use.

On Maternal and Neonatal front, we are looking forward to completion, equipping and staffing of 300 bed mother and baby hospital that comes with a package of assorted services under one roof geared towards mothers' care, this will be a milestone once complete and operational; it will tremendously reduce the effects of overcrowding in the wards.

However, the hospital is still in dire need of diagnostic services; Computerised Tomography Scan (CT scan) and Magnetic Resonance Imaging (MRI) that will boost our radiology services. Currently, clients outsource the services hence delayed management of patients.

Equally, there is need to complete ongoing projects for better service delivery. A Regional blood bank will cater for blood and blood products closer home while a commodity store will ensure proper management of our health products/ commodities more effectively.

Despite these milestones, the facility faced some challenges as listed below;

- Acute staff shortage
- High consumption rates of oxygen; the need to set up an oxygen generating plant.
- Inadequate financial resources.
- High poverty levels from the populace leading to waivers/ exemptions hence “loss” of revenue.
- Inadequate space leading to overcrowding in the wards.
- Political patronage.
- High inflation rates affecting pricing of commodities; the need to revise user charges to cushion the hospital.

Financially, the hospital performed well which implied that revenue collection and banking accounting systems improved as well as strengthened internal control measures.

There was a very high team work among staff coupled with self-motivation which led to improved quality of service delivery.



**Dr. David Wanikina.**  
**Medical Superintendent**

## 7. Statement of Performance Against Predetermined Objectives

Bungoma county Referral Hospital has 6 strategic pillars and objectives within the current work Plan for the FY 2022- FY 2023. These strategic pillars are as follows;

- 1) To eliminate Communicable Conditions.
- 2) To halt and reverse the increasing burden of non-communicable conditions.
- 3) To reduce the burden of violence and injuries.
- 4) To provide essential health services
- 5) To minimize exposure to health risk factors
- 6) To strengthen collaboration with health-related sectors

Bungoma Referral Hospital develops its annual work plans based on the above 6 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Referral Hospital has achieved its performance targets set for the FY 2022/2023 period for its 6 strategic pillars, as indicated in the diagram below:

<b>Pillars of health</b>	<b>Key Issues/Challenges* Relate to access (demand side) to care and/or quality (supply side) of service delivery</b>	<b>Priority interventions to address identified challenges</b>
Eliminate communicable conditions	High Staff attrition rate leading to shortage/Turnover and inadequate number of medical officers, nurses, rehabilitative personnel etc.	Employ more staff across all cadres, minimize staff movement, and Maintain Staff duty Rota
	Lack of adequate infrastructure and Equipment	Complete, equip and operationalize regional blood bank Put up a CT scan and MRI Construct, equip and operationalize an isolation ward Purchase equipment for screening and testing. Complete and operationalize the 300 maternal and neonatal hospital Complete and operationalize the commodity store. Adequate funding by county government to enable expansion of services.
	Stigma/ poor disclosure	Counseling and Psychological support Formation of support groups
	Poor health seeking behaviour	Create awareness through health education

*Bungoma County Referral Hospital (Bungoma County Government)  
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<b>Pillars of health</b>	<b>Key Issues/Challenges* Relate to access (demand side) to care and/or quality (supply side) of service delivery</b>	<b>Priority interventions to address identified challenges</b>
	Immunization coverage still below required nationwide immunization target of 95% Commodity stock out Covid 19 pandemic Stigma and poor disclosure Inadequate Human Resource	Strengthen defaulter tracing mechanisms Proper Forecasting, quantification & resource mobilization Strengthen testing and immunization Counseling and Psychological Advocate employment of more staff
Halt and reverse increasing burden of non-communicable conditions	Lack of awareness	Community sensitization about NCDS and screening
	Poor health seeking behavior	Health Education on availability of health services
	Religious and cultural beliefs and taboos	Health education on behavior change
	Knowledge gap on management of non-communicable conditions among Health Providers Inadequate diagnostic capacity –Lack of CT scan/pathology Lab/MRI	Capacity building of health providers County to invest in purchase of CT scan and MRI machine and put up a pathology lab.
	Inadequate Screening Equipment	Procurement of Equipment
	Unhealthy Lifestyle (exercise and health nutrition)	Health Education and Awareness on good nutrition
	Inadequate specialized medical personnel	Training of specialized personnel on disciplines related to management of NCDs
	Inadequate Funding for NCDs related activities	Allocate enough funding for activities that help to curb the surge of NCDs
	Inadequate health products and technologies in management and treatment of NCDs	Procurement of health products Technologies and management of NCDs
	Inadequate diagnostic capacity –Lack of CT scan/pathology Lab/MRI	County to invest in purchase of CT scan and MRI machine and put up a pathology lab
	Inadequate staffing to run accident and emergency Department	Employ specialized medical personnel/Capacity building of specialized personnel to handle Health Related cases.
	Increased incidences of drug and substance abuse	Establishment of youth Friendly, counseling and rehabilitation center.
	Cultural Beliefs	Create Awareness on Human rights and Health Education
	Inadequate budget allocation on products and Technologies on GBV Cases	County to fund for procurement of products and technologies
	Lack of IEC material	Print and Avail IEC materials in all relevant

**Bungoma County Referral Hospital (Bungoma County Government)**  
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<b>Pillars of health</b>	<b>Key Issues/Challenges* Relate to access (demand side) to care and/or quality (supply side) of service delivery</b>	<b>Priority interventions to address identified challenges</b>
		Languages
	Lack Mental health and rehabilitation center	Construct a Mental health and rehabilitation center
Provide essential medical services	-Inadequate blood supply/Lack of blood screening services at facility level/county	-sensitization of the community on blood donation -ensure allocation of funds to run the drive (blood donation)
	Lack of CT scan, MRI, Psychiatric unit, endoscopy machine, Cancer Screening equipment	Construct psychiatric and oncology unit Procure and install CT scan, MRI, endoscopy, Cancer Screening machines.
	Inadequate budget allocation for health products and technologies	-increase funding for health products and technologies at facility level
	Inadequate staff Housing	Lobby for Hospital quarters houses to be given to front line hospital workers as a matter of priority Lobby for Construction of more staff houses (story building)
	Inadequate office space	Construct and furnish an administration block.
	Delayed payment of Salaries for contractual and casual employees	County government to ensure timely payment of salaries for contractual and casual employees
	Inadequate staffing High rate of staff attrition (exits) without replacement	Advocate for employment of more staff County to put in place a succession management plan
	Inadequate training on Infection Prevention Control, Bio safety and Bio security	Train HCWs on IPC, Bio safety and Bio security
	Lack of an Isolation ward in the hospital	Construct and equip Isolation Wards.
	Unsecured waste disposal sites	Securing of waste disposal sites
	High numbers of Drug and substance abuse (High numbers noted among staff.)	Develop health promotion messages Construct a Rehabilitation Center
	Lack of incinerator	Purchase an ideal incinerator and construct housing
	Negative Peer pressure	Intensify Health Education in the Community
	Cultural beliefs	Intensify Health Education in the Community
	Risky sexual behavior (unprotected sex)	Intensify Sex education among the adolescents (School Health Program) Provision of condoms

**Bungoma County Referral Hospital (Bungoma County Government)**  
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<b>Pillars of health</b>	<b>Key Issues/Challenges*</b> <b>Relate to access (demand side) to care and/or quality (supply side) of service delivery</b>	<b>Priority interventions to address identified challenges</b>
Strengthen collaboration with health-related sectors	Lack of funding to conduct regular meeting	-resource mobilization
	Knowledge gap on health related issues	-need for sensitization meetings for stakeholders
	Inadequate dissemination of resource envelope	-ensure resource envelope is shared at all levels
	Lack of clear framework to engage our partners	Develop a clear framework to engage our partners

## **8. Corporate Governance Statement**

The Hospital Management Committee/ Board met regularly throughout the year as stipulated. There were 3 meetings held. Two (2) meeting were held in the 1<sup>st</sup> and 2<sup>nd</sup> quarter 2022/2023 financial year plus one special sitting. The board's term expired on 1<sup>st</sup> of November 2022 and there was no board of management for the remainder of the period. Some of the main issues that were deliberated and resolved in the year included

- Resolution to sink a second borehole to resolve a perennial water problem.
- Approving of budget to ensure smooth hospital operations.
- Succession management planning for smooth transition to the next board of management.
- There was an exit interviews that were carried to evaluate patient satisfaction.

There was good progress in guiding hospital achieve its objectives through rigorous planning, oversight and advice to the hospital management.

There were good plans in succession management in place with the current hospital management board's term set to expire in November, 2022. The board members were appointed by County Executive Committee Member for Health and Sanitation and there were clear ways of removing a member, induction and training on roles and functions of board members and there was clear distribution of roles to the various members.

The hospital has charters on service delivery displayed strategically around the hospital.

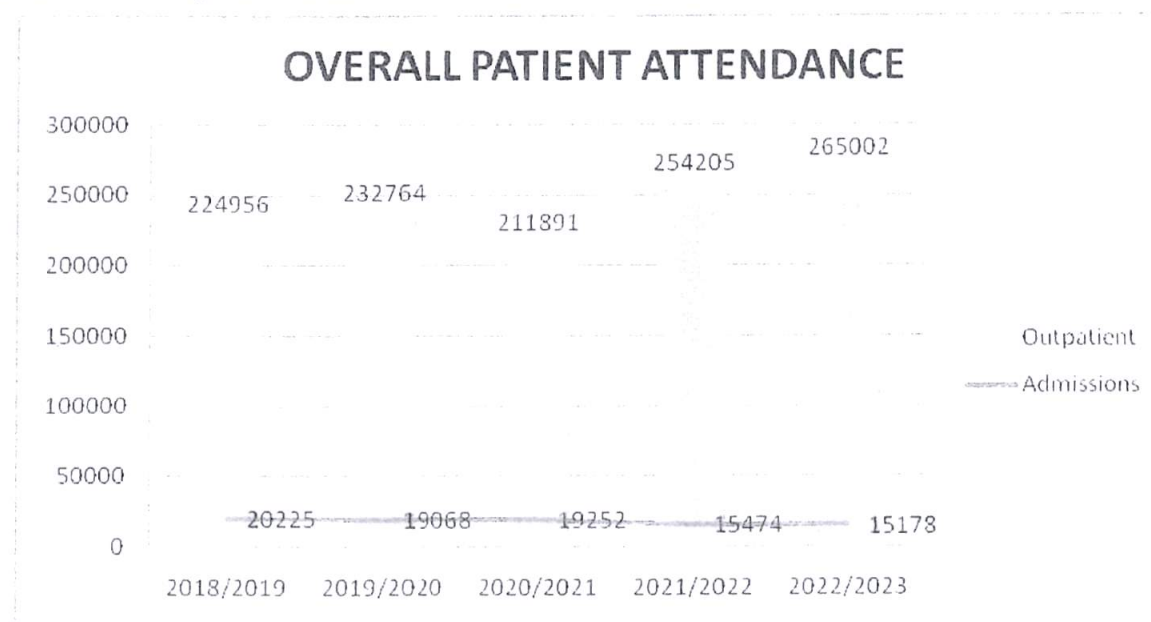
**9. Management Discussion and Analysis.**

**Clinical Performance**

Bungoma County Referral Hospital provides a wide range of specialized services to residents of Bungoma County and the neighbouring counties of Busia, Kakamega and Trans Nzoia plus the neighbouring country of Uganda. Some of these specialized services include accident and emergency, outpatient specialist clinics, inpatient care and day care procedures for surgery, renal, endoscopy, ENT, ophthalmology, dental amongst other services. In addition, the hospital provides clinical support services that include pharmacy, laboratory, radiology etc. The hospital strives to ensure that the clinical services provided throughout the organisation are efficient, effective, appropriate, innovative, evidence-based and in line with modern technological advances. Clinical governance has been strengthened to ensure patient safety and quality healthcare.

The Hospital’s workload analysis over the last five years is as depicted in the charts below.

**FIGURE 1: Hospital Workload**



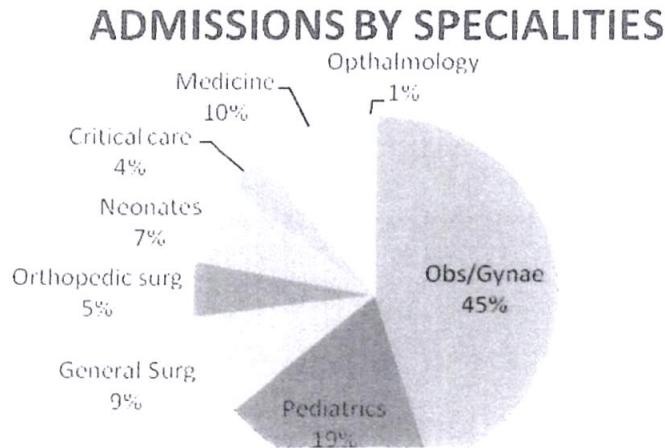
The average patient attendance for the year 2018/19-2022/2023 was 237,764 outpatients and 17,840 in-patients.

There was a slight increase in the outpatient attendance of 4% and a 2% drop in the in-patients in the year 2022/23.

**Patient admissions**

Reproductive health service continues to be the leading source of admission to the hospital. This is due to the Government free maternity policy

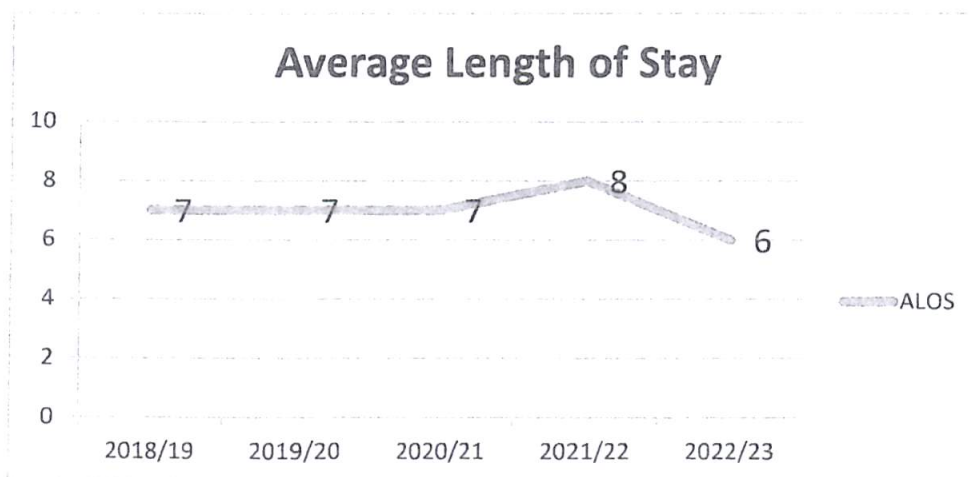
**FIGURE 2: Admissions by speciality (74,019)**



**Average Length of Stay (ALOS)**

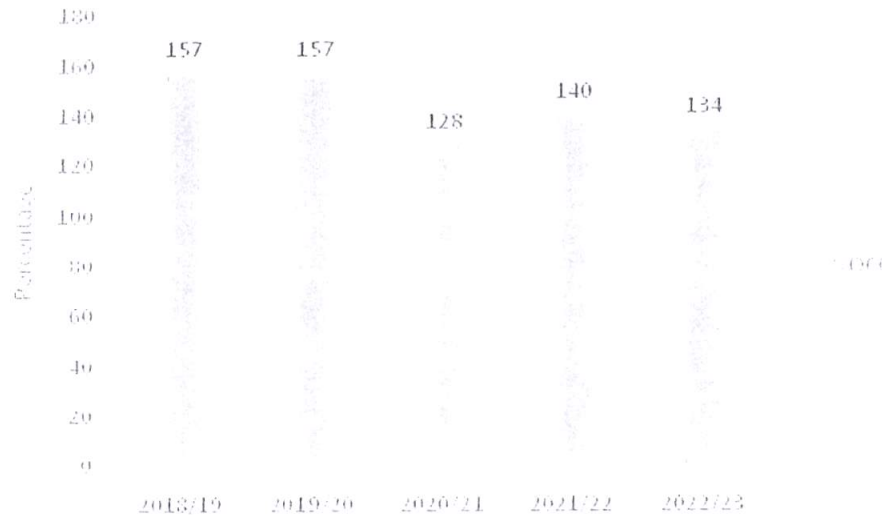
The hospital has continuously strived to improve on its average length of stay. This can be attributed to improved service delivery, clinical governance and enhanced performance monitoring.

**FIGURE 3: Average Length of Stay**



**Bed occupancy**

**FIGURE 4: Percentage Bed Occupancy**

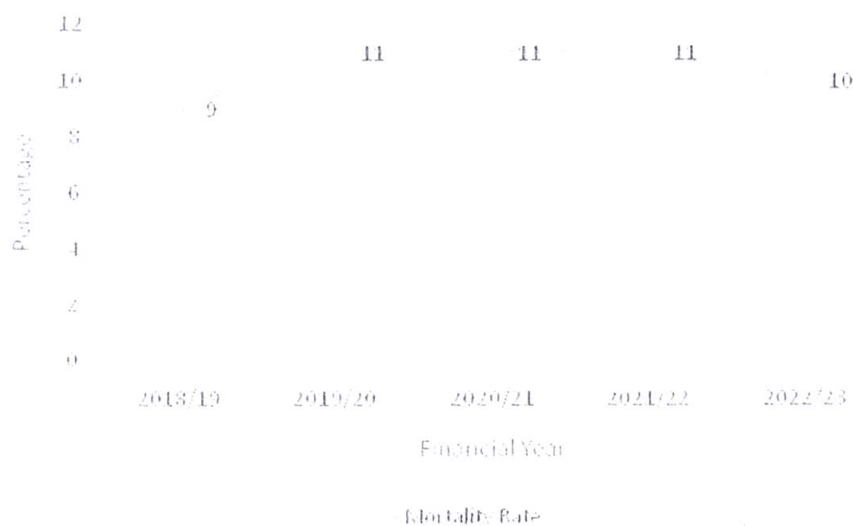


The hospital has continuously operated above capacity, causing a constraint on existing facilities. This is because the neighbouring facilities both within the county and the neighbouring counties are not operating optimally coupled with the clients' perspective of better services at the county referral hospital.

**Mortality Rate**

During the period under review the death rate averaged 10.4%. This is attributed to the critically ill patients referred to and managed in the hospital. The mortality rate dropped slightly in the just ended financial year and this can be attributed to improved healthcare services.

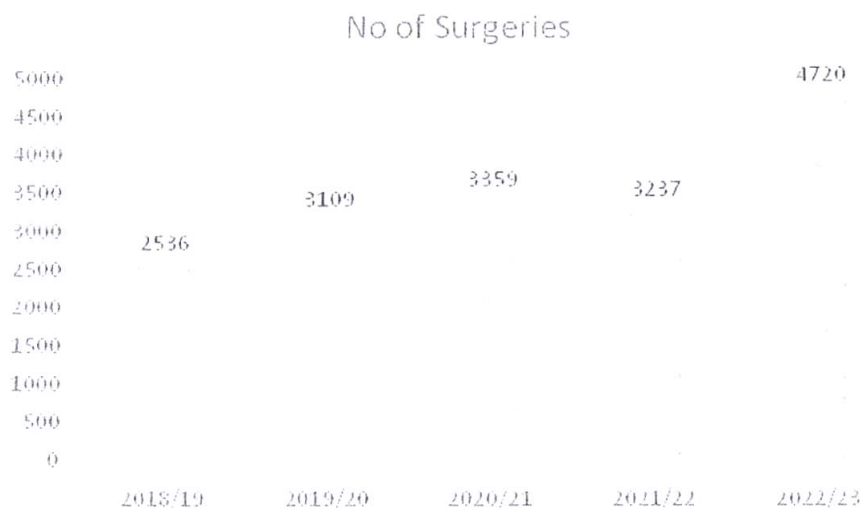
**FIGURE 5: Mortality Rate**



**Operating theatres**

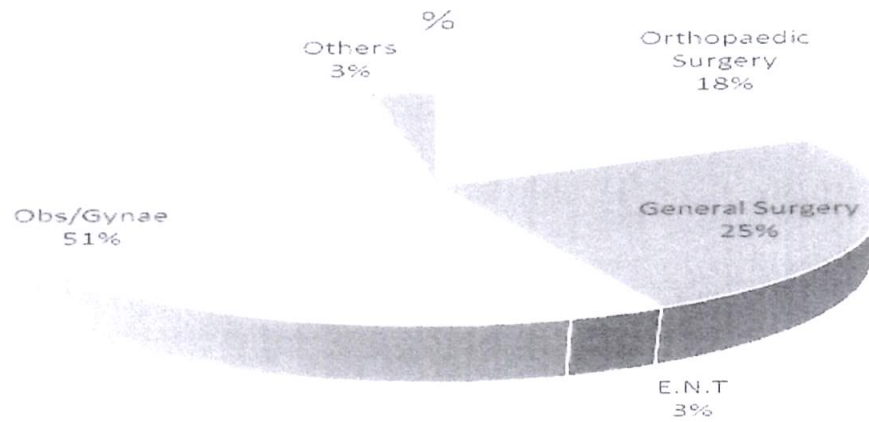
Theatre activities during the five-year period are depicted in the figure below.

**FIGURE 6: Theatre Services**



The hospital has five theatres: 2 main theatres, eye unit theatre, minor theatre and the accident and emergency unit Walant theatre which operate on a twenty-four-hour basis.

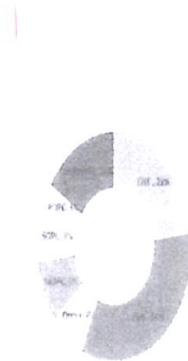
**Figure 7: Surgical operations by Specialization**



### **Specialized Clinics**

The hospital runs specialized clinics that includes the following: Family and community health, Eye clinic, Medical outpatient clinic (MOPC), Surgical clinic (SOPC), Paediatric Outpatient Clinic (POPC), Paediatric surgical outpatient clinic, Oncology Clinic, Diabetic Outpatient Clinic, Urology Clinic, Audiology Clinic, Dental Clinic, Orthopaedic clinic, Reproductive Health that include specialized ante-natal and post-natal clinics, specialized gynaecology clinics, ENT clinic among others.. The hospital prides in having specialists in all these areas and has a continuous plan for maintaining the specialist numbers by allowing the doctors advance their training in various specialties both local and international.

**Figure 8: Outpatient specialized clinics attendance 2022/2023 (31,608 patients)**



#### **Financing of the Bungoma county Referral Hospital.**

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.


The main source of financing for the Hospital is through own generated revenues. These are revenues collected within the Hospital departments as per the sale of consultation services offered that include Pharmaceuticals, Laboratory, Non-pharmaceuticals and other Services.

In the year ended 30 June 2023, the hospital had projected revenues of Kshs.307, 413,852, of which a total of ksh.239,166,787 was collected showing 78% achievement. The county Government paid for the casual salaries for the Hospital an amount of ksh.44, 077, 424, thus revenue in kind from the county Government.

***Bungoma County Referral Hospital (Bungoma County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023***

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The total expenditure budget for the financial year was Kshs307, 413,852 and total actual expenditure amounted to Kshs.254, 338,923 representing 83% budget absorption.

  
**Dr. David Wanikina**  
**Medical superintendent.**



## **10. Environmental and Sustainability Reporting**

Bungoma county referral hospital exists to transform lives. Its main objective is to provide quality comprehensive quality health care services through provision of patient centred health care services. Our clients are our priority. We aim to improve client experience through regular staff meetings mortality reviews lab clinical data interface, data reviews and also by partnering with various stakeholders to improve service delivery.

### *i) Revenue/reploughed back*

All revenue collected at facility is budgeted and spent within the hospital for facility improvement and service delivery. We aim to ensure availability of appropriate health products and technologies, expansion of services, upgrading of amenities to improve work environment etc.

### *ii) Minimise corruption*

The hospital has devised various strategies to minimise corruption. These includes strengthening of internal control mechanisms like clear segregation of duties with roles, strengthening the hospital advisory and disciplinary committee whose recommendations have been fully implemented. There is openness and team work in accountability. The facility has also installed CCTV cameras in the entire hospital to monitor all staff, minimizing corruption. There has also been digitization of the services and direct banking of revenue by clients either through KCB agents, M-pesa, EFT, and cheques being acceptable modes of payment

### *iii) No political affiliations*

The Hospital management does not pay any allegiance or homage to any political relations. Its sole mandate is on service delivery.

### *iv) Staff shortages*

The hospital management board and the county health executives have allowed the hospital to curb shortages of staff through hiring of staff on short contracts. These has immensely improved service delivery

### *Mri/o2 plant/mental unit*

The hospital does not have the above. It is the desire of the hospital to invest on these services so that to provide timely services.

### *v) Environmental performance*

The hospital boasts of a robust infection prevention committee which is charged with the role of ensuring safe environment for healthcare workers, clients and hospital visitors. There is a clear

policy on waste segregation and disposal both for drugs, non-pharms, human waste and bodies. The committee meets regularly to discuss and implement its findings. The hospital has also implemented all NEMA policies

*vi) Employee welfare*

The employees are mainly hired and posted by the County Public Service Board. The hospital management role is to raise concern on shortages and needs. It engages casual employees through a competitive process and puts into consideration gender ratio. The hospital management encourages and supports its staff members to train and capacity build in various courses, both technical and professional to improve service delivery. Some of the trainings include Kenya School of Government leadership courses, seminars, Continuous Medical Education, and defence driving. It also recommends staff for diploma and masters programmes. There is an annual staff recognition and reward system whose main role is to reward excellence in performance. The staff get presents, certificates, and leadership positions and get to share a meal. The facility observes the policy on safety and compliance with occupational and safety health act of 2007 (OSHA). The hospital also observes safety and adherence to HIV Policy on Post Exposure Prophylaxis, testing and treatment for HIV. It also adheres to the guidelines on occupational health and safety.

*vii) Market place practices-*

*a) Responsible competition practice.*

The hospital management has adopted an anti-corruption crusade messaging and interventions. It only engages in responsible political engagement. As a government entity it involves in fair competition and respects its competitors. The hospital offers quality health care services in collaboration with its partners. It adheres to EACC guidelines which apply to all staff. The hospital has a disciplinary and advisory committee which handles all corruption cases appropriately.

*b) Responsible Supply chain and supplier relations*

Bungoma County Referral Hospital offers fair competition to all its suppliers. It practices fairness by honouring contracts and respecting timely payments. The facility has opened up business to all who qualify as per public procurement and disposal act through prequalification award and payment. All suppliers are paid within stipulated time line.

*c) Responsible marketing and advertisement*

As a government hospital and as per ethical guidelines we do not advertise our health services.

**d) *Product stewardship***

The hospital observes patient rights and interest and offers patient centred care. Patient service charters are available clearly outlining services available, timelines and cost.

**viii) *Corporate Social Responsibility / Community Engagements***

The hospital in this current year did not engage in Corporate Social Responsibility activities however it provided waivers and exceptions to the vulnerable members in the community. It has also carried out home based care to its clients. The hospital offers subsidised hospital cost services to its clients to prevent catastrophic events. During the year multiple eye camps were held in Cheptais, Sirisia, Mt. Elgon and Bumula.

## **11. Report of The Board of Management**

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of the Bungoma County referral hospital's affairs.

### **Principal activities**

The principal activities of the hospital are to provide comprehensive health care services to its clients.

### **Results**

The results of the entity for the year ended June 30 are set out on page 1-

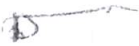
### **Board of Management**

The members of the Board who served during the year are shown on page vii to x. During the year 2022/2023 there was no board member who retired or resigned. The term of this board ended on 1<sup>st</sup> of November 2022, hence the hospital operated without a board of management for two (2) quarters.

### **Auditors**

The Auditor General Kenya is responsible for the statutory audit of Bungoma county referral hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of Bungoma county referral for the year ended June 30, 2023.

By Order of the Board

  
**Dr David Wanikina**  
**Medical Superintendent**



# REPUBLIC OF KENYA



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## REPORT OF THE AUDITOR-GENERAL ON BUNGOMA COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF BUNGOMA

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure that the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Bungoma County Referral Hospital - County Government of Bungoma set out on pages 40 to 73, which comprise of

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*Report of the Auditor-General on Bungoma County Referral Hospital for the year ended 30 June, 2023 - County Government of Bungoma*

the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bungoma County Referral Hospital - County Government of Bungoma as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, County Governments Act, 2012 and the Health Act, 2017.

### **Basis for Qualified Opinion**

#### **1. Management of National Health Insurance (NHIF) Claims**

##### **1.1 Variances in Revenue from Rendering Services**

The statement of financial performance reflects the rendering of services – medical income amount of Kshs.276,090,222 which includes other medical services (NHIF) amount of Kshs.105,004,420. However, National Hospital Insurance Fund (NHIF) payment schedule reflects an amount of Kshs.96,147,762 paid resulting to an unexplained variance of Kshs.8,856,658.

In the circumstances, the accuracy and completeness of other medical services amount of Kshs.105,004,420 could not be confirmed.

#### **2. Variances in Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.6,328,361 and as disclosed in Note 18 to the financial statements. The amount relates to dues from National Health Insurance Fund (NHIF) whose records indicate a balance of Kshs.42,642,789 resulting to an unexplained variance of Kshs.36,314,428

In the circumstances, the accuracy, completeness and recoverability of the trade receivables from exchange transactions balance of Kshs.6,328,361 could not be confirmed.

#### **3. Non-disclosure of Employee Costs Paid by the County Government**

The statement of financial performance reflects Kshs.50,572,020 for casuals and contractual staff as disclosed in Note 11 to the financial statements. The Hospital received services from Four Hundred and Sixteen (416) medical staff employed and paid by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit.

In the circumstances, the accuracy and completeness of employee costs of Kshs.50,572,020 could not be confirmed.

#### **4. Unconfirmed Inventory Balance**

The statement of financial position reflects a balance of Kshs.16,151,606 in respect of inventory. However, there was no evidence of conducting the annual stock take to confirm quantities, value and status of closing inventory Nil balance as at 30<sup>th</sup> June 2023.

In the circumstances, the accuracy, completeness and valuation of Kshs.16,151,606 in respect of inventory balance could not be confirmed.

#### **5. Non-Disclosure Property, Plant and Equipment**

The statement of financial position reflects a balance of Kshs.104,850,004 in respect of property, plant and equipment. Review of records revealed that the Hospital had various assets which included land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements nor were they captured in an Asset register. Further, ownership documents for the land on which the Hospital sits were not provided.

In the circumstances, the accuracy and completeness of the Kshs.104,850,004 balance in respect of property, plant and equipment could not be confirmed.

#### **6.0 Authenticity of Pending Bills**

##### **6.1 Variances in Trade and Other Payables**

The statement of financial position reflects a Nil trade and other payables balance. However, review of Kemsas records provided revealed that the Hospital owed the agency Kshs.150,258 resulting to unexplained variance of Kshs.150,258.

In the circumstances, the accuracy, and completeness of trade and other payable Nil balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bungoma County Referral Hospital Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.282,804,179 and Kshs.428,153,127 respectively resulting to an over-funding of Kshs.145,348,948 or 51% of the budget. However, the

Hospital spent Kshs.327,108,573 against actual receipts of Kshs.428,153,127 resulting to an under-utilization of Kshs.101,044,554 or 24% of the actual revenue.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Identification, Collection and Accounting of own Generated Revenue**

##### **1.1 Failure to Transfer Revenue to the County Revenue Fund**

The statement of financial performance reflects rendering services – medical services income of Kshs.276,090,222 as disclosed in Note 8 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81(1-3) of Public Finance and Management (County Governments) Regulations, 2015 which states that a receiver of revenue shall promptly deposit into the county exchequer amount all receipts due to the County Revenue Fund.

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

##### **1.2 Lack of Quarterly Revenue Reports**

The statement of financial performance reflects Kshs.276,090,222 in relation to the rendering of services – medical income as disclosed in Note 8 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County Treasury with a copy to the Auditor General as per the requirement of Regulations 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15<sup>th</sup> day after the end of the quarter.

In the circumstances, Management was in breach of law.

## **2.0 Compliance with laws on staff Management**

### **2.1 Irregular Engagement of Casual Workers**

The statement of financial performance reflects casuals and contractual staff amount of Kshs.50,572,020 as disclosed in Note 6 to the financial statements. It was noted that the Management engaged casual workers for more than three months. This was contrary to the county Public Service Human Resources Manual, May 2013 Section B.16(1) which states that (1) Casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act, 2007.

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

### **3.0 Failure to maintain Fixed Assets Register**

The statement of Financial Position reflects 104,850,004 balance in respect to property, plant and equipment. However, it was noted that despite the Hospital owning assets, it does not maintain an updated fixed asset register to control its assets. This is contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In addition, there was no evidence to show that the fund has ever evaluated its assets to ascertain the correct market values.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be confirmed and Management was in breach of the regulations.

### **4.0 Managed Equipment Services**

#### **4.1 Unutilized Medical Equipment**

The statement of financial position reflects property, plant and equipment figure of Kshs.104,850,004 as disclosed in Note 20 to the financial statements. The amount includes Managed Equipment Services (MES) equipment outsourced by the Ministry of Health. However, physical verification in the month of April 2024 revealed that the contracts between maintenance service providers and the Ministry had expired. Therefore, some equipment mainly from Imaging and X-ray department were not function and were last service in November 2023.

In the circumstances, value for money to the extent of the current value of the MES equipment could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Inadequate Inventory Management Systems**

Physical verification of the Hospital's storage rooms for pharmaceutical and non-pharmaceutical products revealed that the Hospital does not have adequate storage space for medical products. In addition, the Hospital did not have an air-conditioning system.

In the circumstances, the effectiveness of the internal controls on inventories management could not be confirmed.

The audit was conducted in accordance with ISSAIs 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the Board of Management**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Hospital or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Management is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

4 July, 2024

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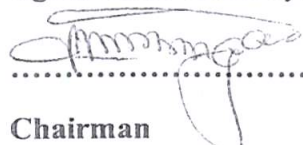
*Report of the Auditor-General on Bungoma County Referral Hospital for the year ended 30 June, 2023 - County Government of Bungoma*

**Bungoma County Referral Hospital (Bungoma County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**


**14. Statement of Financial Performance for The Year Ended 30 June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government		-	-
In-kind contributions from the County Government	6	50,572,020	44,077,424
Grants from donors and development partners	7	101,476,885	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
		<b>152,048,905</b>	<b>44,077,424</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	8	276,090,222	282,854,743
Revenue from rent of facilities	9	14,000	-
<b>Revenue from exchange transactions</b>		<b>276,104,222</b>	<b>282,854,743</b>
<b>Total revenue</b>		<b>428,153,127</b>	<b>326,932,167</b>
<b>Expenses</b>			
Medical/Clinical costs	10	141,821,043	152,858,423
Employee costs	6	50,572,020	44,077,424
Board of Management Expenses	12	2,300,474	1,069,700
Depreciation and amortization expense	13	15,003,017	-
Repairs and maintenance	14	16,812,165	27,270,885
General expenses	15	67,049,588	56,422,568
<b>Total expenses</b>		<b>293,558,306</b>	<b>281,699,000</b>
<b>Other gains/(losses)</b>			
Medical services contracts Gains/Losses	16	47,245,002	-
<b>Total other gains/(losses)</b>		<b>47,245,002</b>	<b>-</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>87,349,819</b>	<b>45,233,167</b>

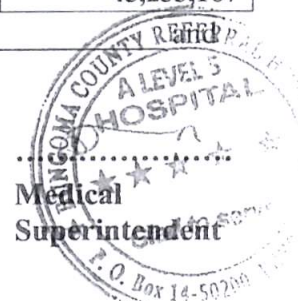
The Hospital's financial statements were approved by the Board on \_\_\_\_\_  
signed on its behalf by:

  
.....  
**Chairman**

**Board of Management**

  
.....  
**Head of  
Finance**

**ICPAK No:**

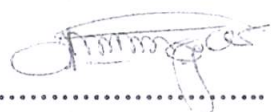



*Bungoma County Referral Hospital (Bungoma County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*


**15. Statement of Financial Position as of 30th June 2023**


Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	47,524,012	63,179,598
Receivables from exchange transactions	18	6,328,361	16,796,748
Inventories	19	16,151,606	-
<b>Total Current Assets</b>		<b>70,003,978</b>	<b>79,976,345</b>
<b>Non-current assets</b>			
Property, plant, and equipment	20	104,850,004	7,527,819
<b>Total Non-current Assets</b>		<b>104,850,004</b>	<b>7,527,819.00</b>
<b>Total assets</b>		<b>174,853,983</b>	<b>87,504,164</b>
<b>Net assets</b>			
Accumulated surplus/Deficit		174,853,983	87,504,164
		<b>174,853,983</b>	<b>87,504,164</b>
<b>Total Net Assets and Liabilities</b>		<b>174,853,983</b>	<b>87,504,164</b>

The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

  
.....  
**Rev. Canon Walter Wamalwa**  
**Chairman**  
**Board of Management**

  
.....  
**CPA Martin Wesonga**  
**Head of Finance**  
**ICPAK No: 24978**

  
.....  
**Dr. David Wanikina**  
**Medical Superintendent**



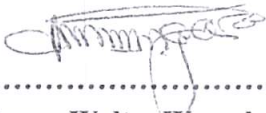
**16. Statement of Changes in Net Asset for The Year Ended 30 June 2023**


Description	Accumulated surplus/Deficit	Total
As at July 1, 2021 (previous year)	42,270,9967	42,270,9967
Revaluation gain		-
Surplus/(deficit) for the year	45,233,167	45,233,167
Capital/Development grants		-
As at June 30, 2022(previous year)	87,504,164	87,504,164
		-
		-
At July 1, 2022 (current year)	87,504,164	87,504,164
Revaluation gain		-
Surplus/(deficit) for the year	87,349,819	87,349,819
Capital/Development grants	-	-
At June 30, 2023 (current year)	174,853,983	174,853,983



Note

- For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
- Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)

The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

  
 .....  
**Rev. Canon Walter Wamalwa**  
 Chairman  
 Board of Management

  
 .....  
**CPA**  
 Head of Finance  
 ICPAK No:

  
 .....  
**Dr. David Warikina**  
 Medical Superintendent  
 Glad to serve  


*Bungoma County Referral Hospital (Bungoma County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

**17. Statement of Cash Flows for The Year Ended 30 June 2023**

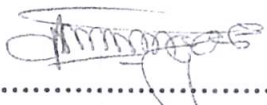
Description	Note	2022-2023	2021-2022
		kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income	8	239,313,607	128,745,399
Revenue from rent of facilities	9	14,000	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		-	137,312,596
<b>Total Receipts</b>		<b>239,327,607</b>	<b>266,057,995</b>
<b>Payments</b>			
Medical/Clinical costs	10	157,972,649	152,856,68
Employee costs			-
Board of Management Expenses	12	2,300,474	1,069,700
Repairs and maintenance	14	16,812,165	27,270,885
Grants and subsidies		-	-
General expenses	15	67,049,588	56,422,568
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>244,134,876</b>	<b>237,621,576</b>
<b>Net cash flows from operating activities</b>	21	<b>(4,807,269)</b>	<b>28,436,419</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		(10,848,317)	(7,527,819)
Proceeds from the sale of property, plant, and equipment			
Acquisition of investments			
<b>Net cash flows used in investing activities</b>		<b>(10,848,317)</b>	<b>(7,527,819)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			
Repayment of borrowings			


**Bungoma County Referral Hospital (Bungoma County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**


Capital grants received			
<b>Net cash flows used in financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(15,655,586)</b>	<b>20,908,601</b>
Cash and cash equivalents as at 1 July	17	63,179,597	42,270,997
<b>Cash and cash equivalents as at 30 June</b>	<b>17</b>	<b>47,524,012</b>	<b>63,179,597</b>


*(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).*

The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

  
 .....  
**Rev. Canon Walter Wamalwa**  
**Chairman**  
**Board of Management**

  
 .....  
**CPA Martin Wesonga**  
**Head of Finance**  
**ICPAK No: 24978**

  
 .....  
**Dr. David Warikina**  
**Medical Superintendent**



**18. Statement of Comparison of Budget and Actual Amounts for The Year Ended 30 June 2023**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Grants from donors and development partners				101,476,885	(101,476,885)	0%
In kind Contributions from the county government	43,172,133		43,172,133	50,572,020	(7,399,887)	117%
Rendering of services- Medical Service Income	239,632,046		239,632,046	276,090,222	(36,458,176)	115%
Revenue from rent of facilities				14,000	(14,000)	0%
Other receipts (Nhif)					-	0%
<b>Total income</b>	<b>282,804,179</b>	<b>-</b>	<b>282,804,179</b>	<b>428,153,127</b>	<b>(145,348,948)</b>	<b>151%</b>
<b>Expenses</b>						
Medical/Clinical costs	141,971,338		141,971,338	141,821,043	150,295	100%
Employee costs	43,172,133		43,172,133	50,572,020	(7,399,887)	0%
Board of Management Expenses	2,569,700		2,569,700	2,300,474	269,226	90%
Repairs and maintenance	26,986,825		26,986,825	16,812,165	10,174,661	62%
General expenses	66,795,902		66,795,902	67,049,588	(253,686)	100%
Waiver & Exemptions				47,245,002	(47,245,002)	0%
<b>Total Expenditure</b>	<b>281,495,898</b>	<b>-</b>	<b>281,495,898</b>	<b>325,800,292</b>	<b>(44,304,394)</b>	<b>116%</b>

Surplus for the period	1,308,281	-	1,308,281	102,352,836	(101,044,555)	
Capital expenditure	1,308,281		1,308,281	1,308,281	-	100%

**DISCLOSURE NOTES ON BUDGET**

**VARIANTIONS**

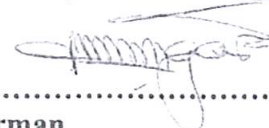
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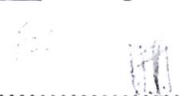
1. The hospital was unable to achieve the revenue targets for the year 22-23, this was due to delays in reimbursements by the insurance firms including NHIF, Britam and Aon. The hospital did not achieve its objectives in utilizing the budgeted amounts for repairs and maintenance hence under-utilizing budgeted amount.


***Budget notes***


1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)

a) There was a decrease in revenue collection of 42% which is attributed to non-reimbursements from NHIF from prior year. The notes set out on pages 1 to 73 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

.....  
  
**Chairman  
Board of Management**

.....  
  
**Head of Finance  
ICPAK No:24978**

.....  
  
**Medical Superintendent**



**19. Notes to the Financial Statements**

**1. General Information**

Bungoma County Referral Hospital is a level 5 hospital established under gazette notice number 786 of 4<sup>th</sup> Feb 2020 and is domiciled in Bungoma County under the Health and Sanitation Department. The hospital is governed by a Board of Management

**2. Statement Of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Bungoma county Referral

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

*Notes to the Financial Statements (Continued)*

**i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ol>
<b>Amendments to Other IPSAS</b>	<p><b>Applicable: 1st January 2023:</b></p> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was</li> </ol>

*Bungoma County Referral Hospital (Bungoma County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

resulting from IPSAS 41, Financial Instruments	<p>issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

Operations	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
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**ii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in the year xx/xx

**4. Summary Of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (*cash, goods, services, and property*) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**Revenue from exchange transactions**

**Rendering of services**

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

**Notes to the Financial Statements (Continued)**

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

Board approved the original budget for FY 2022-2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of 4 on the FY 2022-2023 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section budget vs actuals of these financial statements.

*Notes to the Financial Statements (Continued)*

**c) Taxes**

**Sales tax/ Value Added Tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of one year. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts

as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**Notes to the Financial Statements (Continued)**

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present

value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

#### **g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite

#### **Notes to the Financial Statements (Continued)**

#### **h) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- The asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments

or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

***Notes to the Financial Statements (Continued)***

**Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a

result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

#### **Notes to the Financial Statements (Continued)**

##### **Loans and borrowing**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

- j) **Inventories** Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method

➤ Finished goods and work in progress: cost of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

#### **k) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

#### **Notes to the Financial Statements (Continued)**

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### **Contingent liabilities**

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

#### **Contingent assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably,

the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**l) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted.*)

**m) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**n) Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the

current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

***Notes to the Financial Statements (Continued)***

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**p) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**q) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

**r) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

***Notes to the Financial Statements (Continued)***

**s) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**t) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**u) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

*Notes to the Financial Statements (Continued)*

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.

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➤ Availability of funding to replace the asset.

➤ Changes in the market in relation to the asset.

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**6. In Kind Contributions from The County Government**

Description	2022-2023	2021-2022
	KShs	KShs
Salaries and wages	50,572,020.00	44,077,424
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		
Utility bills		
<b>Total grants in kind</b>	<b>50,572,020.00</b>	<b>44,077,424</b>

*(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)*

*Payments made directly by the County Governments for casual staff salaries.*

**7. Grants from Donors and Development Partners**

Description	2022-2023	2021-2022
	KShs	KShs
Cancer Centre grant- DANIDA		
World Bank grants		
Paediatric ward grant- JICA		
AMREF (OXYGEN & CYLINDERS)	7,493,641	
Research grants		
EYE CLINIC	50,000,000.0	
Other grants (ICT)	38,000,000.0	
Other grants (furniture and equipment)	6,000,000.0	
<b>Total grants from development partners</b>	<b>101,493,641</b>	<b>-</b>

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*(Provide brief explanation for this revenue)*

**8. Rendering of Services-Medical Service Income.**

	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Pharmaceuticals	15,413,425	18,057,794
Non-Pharmaceuticals	5,563,354	5,396,300
Laboratory	26,175,522	29,171,079
Radiology	11,238,059	11,102,502
Orthopedic and Trauma Technology	1,111,477	3,192,155
Theatre	6,223,947	5,756,841
Accident and Emergency Service	5,226,939	2,053,267
Ear Nose and Throat service	620,800	648,170
Nutrition service	212,766	-
Cancer Centre service	18,120	-
Dental services	1,314,320	1,828,250
Medical records	2,873,206	3,959,173
Consultation opd,special clinic	2,415,771	4,639,941
Inpatient services	18,174,267	23,076,003
Other medical services income (NHIF)	105,004,420	154,109,344
Reproductive health	11,290	
Paediatrics services	3,063,733	3,175,233
Farewell home services	8,679,325	9,615,010
Other medical services income	62,749,482	7,073,682
<b>Total revenue from the rendering of services</b>	<b>276,090,222</b>	<b>282,854,743</b>

**9. Other Income**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Residential property	14,000.00	
<b>Total Revenue from rent of facilities</b>	<b>14,000.00</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

*Notes to the Financial Statements (Continued)*

**10. Medical/ Clinical Costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Dental costs/ materials		1,448,567
Laboratory chemicals and reagents	27,377,103	22,618,552
Food and Ration	29,716,174	25,310,964
Uniform, clothing, and linen	2,388,140	4,280,346
Dressing and non-pharmaceuticals	36,493,585	51,587,713
Pharmaceutical supplies	25,951,443	27,303,498
Health information stationery	3,600,687	3,218,413
Sanitary and cleansing Materials	4,794,635	5,433,578
Purchase of Medical gases	7,394,788	9,063,192
X-Ray/Radiology supplies	4,104,488	2,591,858
<b>Total medical/ clinical costs</b>	<b>141,821,043</b>	<b>152,856,681</b>

*(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analyzed above.)*

**11. Employee Costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries, wages, and allowances	50,572,020	44,077,424
<b>Employee costs</b>	<b>50,572,020</b>	<b>44,077,424</b>

*(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)*

*(a) This are amounts paid towards casual salaries from the county Government.*

**12. Board of Management Expenses**

Description	2022-2023	2021-2022
	Kshs	Kshs
Boards and committee	2,300,474	1,069,700
<b>Total</b>	<b>2,300,474</b>	<b>1,069,700</b>

**13. Depreciation and Amortization Expense**

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	15,003,017	
<b>Total depreciation and amortization</b>	<b>15,003,017</b>	<b>-</b>

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**14.Repairs and Maintenance**

Description	2022-2023	2021-2022
	Kshs	Kshs
Property- Buildings	7,120,207	9,063,026
Medical equipment	5,771,944	9,813,177
Office equipment		3,226,390
Computers and accessories	947,857	952,455
Motor vehicle expenses	1,541,919	1,330,875
Maintenance of civil works	1,430,238	2,884,962
<b>Total repairs and maintenance</b>	<b>16,812,165</b>	<b>27,270,885</b>

**15.General Expenses**

Description	2022-2023	2021-2022
	Kshs	Kshs
Catering expenses	5,959,000	4,743,060
Insecticides and rodenticides		131,450
Bank charges	7,635	93,621
Contracted services	6,013,600	6,013,793
Electricity expenses	8,981,570	7,052,063
Fuel and Lubricants	6,890,540	4,532,107
Travel and accommodation allowance	8,952,400	9,128,445
Legal expenses	-	8,476,508
Courier and postal services	49,100	63,170
Printing and stationery	8,031,465	4,987,596
Rent expenses	729,000	423,500
Water and sewerage costs	9,459,387	2,485,606
HOUSEHOLD ITEMS	2,244,887	
Telephone and mobile phone services	639,350	556,900
Internet expenses	122,685	90,500
Staff training and development	8,875,719	7,009,742
Subscriptions to professional bodies	93,250	634,507
<b>Total General Expenses</b>	<b>67,049,588</b>	<b>56,422,568</b>

**16. Medical Services Contracts Gains /Losses**

Description	2022-2023	2021-2022
	KShs	KShs
Waivers and Exemptions	47,245,002	
<b>Total Gain/Loss</b>	<b>47,245,002</b>	<b>-</b>

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**Notes to the Financial Statements (Continued)**

**17. Cash and Cash Equivalents**

Description	2022-2023	2021-2022
	KShs	KShs
Current accounts	47,363,192	63,179,598
Others( <i>specify</i> )- Mobile money	160,820	-
<b>Total cash and cash equivalents</b>	<b>47,524,012</b>	<b>63,179,598</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

**17. (a). Detailed Analysis of Cash and Cash Equivalents**

Description		2022-2023	2021-2022
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1106239652	47,363,192	63,179,598
Central Bank			
		<b>47,363,192</b>	<b>63,179,598</b>
<b>8) Others</b>			
Mobile money- Mpesa, Airtel money		160,820	
<b>Sub- total</b>		<b>160,820</b>	<b>-</b>
<b>Grand total</b>		<b>47,524,012</b>	<b>63,179,598</b>

**18. Receivables From Exchange Transactions**

Description	2022-2023	2021-2022
	KShs	KShs
Medical services receivables	6,328,361	16,796,748
<b>Total receivables</b>	<b>6,328,361</b>	<b>16,796,748</b>

*(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)*

**19. Inventories**

Description	2022-2023	2021-2022
	KShs	KShs
Pharmaceutical supplies	14,449,784	
Maintenance supplies	475,112	
Food supplies	222,950	
Xray supplies	251,100	
Linen and clothing supplies	220,460	
Cleaning materials supplies	348,100	
General supplies	184,100	
<b>Total</b>	<b>16,151,606</b>	<b>-</b>

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**20. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Mot or vehicles	Furnitu re, fittings, and office equipm ent	ICT Equipme nt	Plant and medical equipment	Capit al	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2021 (previous year)	-	-	-	-	-	-	-	-
Additions		2,436,251			2,314,142	2,777,426		7,527,819
Disposals								-
Transfers/adjustments								-
<b>At 30<sup>th</sup> Jun 2022</b>	<b>-</b>	<b>2,436,251</b>	<b>-</b>	<b>-</b>	<b>2,314,142</b>	<b>2,777,426</b>	<b>-</b>	<b>7,527,819</b>
								-
At 1 July 2022 (current year)	-	2,436,251	-	-	2,314,142	2,777,426	-	7,527,819
Additions		35,000,000		6,000,000	39,819,281	31,505,921		112,325,202
Disposals								-
Transfer/adjustments								-
<b>At 30<sup>th</sup> Jun 2023</b>	<b>-</b>	<b>37,436,251</b>	<b>-</b>	<b>6,000,000</b>	<b>42,133,423</b>	<b>34,283,347</b>	<b>-</b>	<b>119,853,021</b>
<b>Depreciation and impairment</b>								
At 1 July 2021 (previous year)		-	-	-	-	-	-	-
Depreciation for the year								-
Disposals								-

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Impairment								-
<b>At 30 June 2022</b>		-	-	-	-	-	-	-
At July 2022 (current year)		-	-	-	-	-	-	-
Depreciation		935,906		570,000	12,640,027	857,083.68		15,003,017
Disposals								-
Impairment								-
Transfer/adjustment								-
<b>At 30<sup>th</sup> June 2023</b>		<b>935,906</b>	<b>-</b>	<b>570,000</b>	<b>12,640,027</b>	<b>857,087</b>	<b>-</b>	<b>15,003,017</b>
								-
<b>Net book values</b>								-
At 30 <sup>th</sup> Jun 2022 (previous)		2,436,251	-	-	2,314,142	2,777,426	-	7,527,819
At 30 <sup>th</sup> Jun 2023 (current)	-	36,500,345	-	5,430,000	29,493,396	33,426,263	-	104,850,004

**21. Cash Generated from Operations**

Description	2022-2023	2021-2022
	KShs	KShs
Surplus for the year before tax	87,349,819	45,233,167
<b>Adjusted for:</b>		
Depreciation	15,019,774	
Non-cash grants received	(101,493,641)	-
Impairment		
Gains and losses on disposal of assets	-	-
Contribution to provisions		
Contribution to impairment allowance		
<b>Working Capital adjustments</b>		
Increase in inventory	(16,151,606)	-
Increase in receivables	10,468,385	-
Increase in payables		
Increase in payments received in advance		
<b>Net cash flow from operating activities</b>	<b>(4,807,269)</b>	<b>45,233,167</b>

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

*Notes to the Financial Statements (Continued)*

**22. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

**(i). Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for non collectable amounts that the company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the

management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual miscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**(iii) Market risk**

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The entity manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

#### **Foreign currency sensitivity analysis**

The following table demonstrates the effect on the company's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

#### **Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

#### **Management of interest rate risk**

To manage the interest rate risk, management has endeavored to bank with institutions that offer favourable interest rates.

#### **Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

#### **iv) Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the Hospital's ability to continue as a going concern. The entity capital structure comprises of the following funds:

*Notes to the Financial Statements (Continued)*

**23. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the entity, holding 100% of the entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of Management

**24. Events After the Reporting Period**

There were no material adjusting and non-adjusting events after the reporting period.

**25. Ultimate And Holding Entity**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

**26. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

**20. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**



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**Medical Superintendent**  
**Bungoma County Referral Hospital**



*Bungoma County Referral Hospital (Bungoma County Government)*  
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**Appendix 2: Bank Reconciliation.**

**ACCOUNT NAME: MOH HOSPITALS**

**FACILITY A/C NO: 1106239652**

Bank Reconciliation statement as at  
30.06.2023

	KSHS
Balance as per Bank Certificate	48,007,462
<b>LESS</b> 1. Payment in cash book not yet recorded in Bank Statement (Unpresented Cheques) (Note 1)	644,270
2. Receipts in Bank Statement not yet recorded in Cash Book. (Note 2)	
<b>ADD</b>	
3. Payments in Bank Statement not yet recorded in the Cash Book (Note 3)	-
4. Receipts in Cash Book not yet recorded in	
<b>Bank Balance as per Cash Book as at 30.06.2023</b>	<b>47,363,192</b>

I certify that I have verified the Bank Balance in the cash Book with the Bank statement and that the above Reconciliation is correct.

Signature.....  
Date.....

Designation.....

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**Note 1**

DATE	PAYEE	ITEM	CHQ. NO	AMOUNT
30.6.23	KHETIA DRAPERS	FOOD AND RATION	14862	5,760
20.6.23	RONNATE	OTHER FUEL	14867	12,500
20.6.23	GAS ELECTRICALS	PLANTS	14869	14,700
2.6.23	GRADIAN HEALTH	MAINT OF BUILDING	14854	54,720
2.6.23	SAMMMULI	MAINT OF BUILDING	14866	56,590
2.6.23	KENYA POWER	ELECTRICITY	14331	500,000
				<b>644,270</b>