

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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REPORT

OF

THE AUDITOR-GENERAL

ON

BUMULA SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

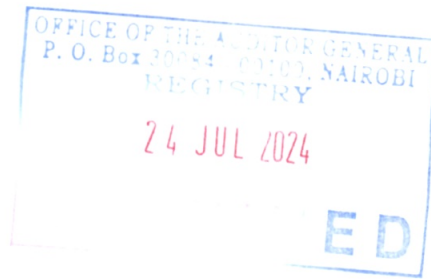
30 JUNE, 2022

COUNTY GOVERNMENT OF BUNGOMA

24/09/24

M.L

Abdirachman



Issued 30th June 2022



BUMULA SUB –COUNTY LEVEL IV HOSPITAL (BUNGOMA COUNTY GOVERNMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

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I. Key Entity Information and Management

(a) Background information

Bumula sub countyHospital is a level (4) hospital established under gazette notice number 365 of , 2020 and is domiciled in Bungoma County ,Bumula sub County, under the Health and Sanitation Department,the hospital sits on a three acre piece of land. The hospital is governed by a Board of Management and at the facility level the Hospital Management team comprising of the departmental heads.

Vision:

To be a centre of excellence in service provision.

This therefore drives the employees to work harmoniously thus making bumula a multi speciality hospital ,delivering exceptional quality,patient safety and outstanding experience,whilst achiving sustainable growth.

Mission:

To inspire hope and contribute to health and wellbeing by providing the best care to every patient through integrated clinical practice, education and research.

Core Values:

Honesty
Integrity
Confidentiality
Timely
Trust

(b) Key Management

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

- County department of health.
- Board of Management
- Sub County Health Management Team.
- Hospital Management Team.
- Accounting Officer/ Medical Superintendent.

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	DR.EMMA NYABOKE
2.	Head of finance	BELINDA MUTORO
3.	Head of supply chain	ROSE WESONGA
4.	Nursing officer incharge	SAMSON ONGONGA.

(d) Fiduciary Oversight Arrangements

-Executive Expenditure Committee.

The committee that sits together after the hospital management team meeting has discussed the financial report to fine tune the budget and lay down any priorities that were suggested in the hospital management team meeting.

Infection Prevention Committee – The committee that ensures that standard operating procedures are followed to avoid preventable hospital infections

Quality Improvement Committee – A committee that ensures better performance and patient outcomes include safe, effective, patient-centred, timely, efficient and equitable patient care

Advisory Committee – To discuss concerns which are,staff disciplinary actions,transfers

Waiver Committee – To discuss authenticity of any cases that requested to be waived

Inspection Committee – An ad hoc,committee,To confirm that supplies which were ordered are the ones delivered, and also confirm the expiry dates of perishable products.

Medicine and Therapeutic Committee – A committee that oversees policies and procedures related to medicines and other health products, review cases and makerecommendations.

Emergency Response Committee - A committee that is always on standby, in case of mass casualty incidence, prepare emergency trays on weekly basis and reviews hospital emergency plan on regular basis

(e) Entity Headquarters

P.O. Box 901 - 50200
BUMULA
BUMULA, KENYA

(f) Entity Contacts

Telephone: 0705047173
E-mail: bumulasubcountyhospital@gmail.com

(g) Entity Bankers

NATIONAL BANK OF KENYA ACCOUNT NUMBER-01021054715300


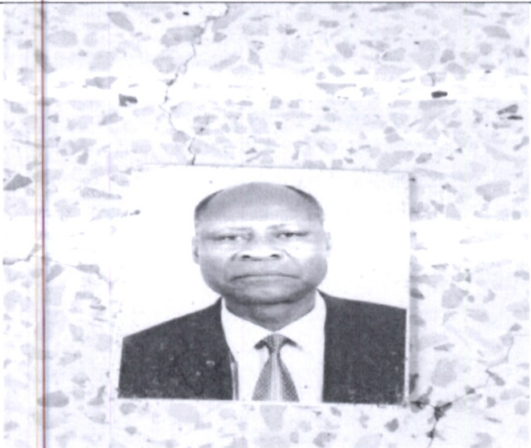
(h) Independent Auditors



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

(i) Principal Legal Adviser

The attorney general
State law office
Haram bee avenue
P, O Box 40112
City square 00200
Nairobi, Kenya

II. The Board of Management

Ref	Directors	Details
1.	 CHAIRMAN FRED IKANDA D.O.B 18 March 1974	Dr. Fred Ikanda is a Senior Lecturer in the Department of Sociology and Anthropology at Maseno University in Kenya. He was a commonwealth Scholar at the University of Cambridge where he received his doctorate in Social Anthropology and has published widely and received many academic awards and honours. Dr Ikanda has served as the Chair of department at Maseno University , and as a Sports Officer at Wolfson College at the University of Cambridge in the UK . He currently sits on various school boards in Bungoma County and is also a member of the board at the British Institute in Eastern Africa as well as being a member of the Editorial Advisory Board at Sapiens (USA) and AFRICA/IAI (UK).
2.	 VICE CHAIRPERSON	<p>GEORGE WAFULA NABUTOLA ID: 0423591</p> Diploma in social sciences, criminology, psychology and sociology.

3.	 MEMBER	GLORIA MUNUYA ID: 29707528 Diploma in Supply Chain
4.	 MEMBER	STANLEY BARASA WEKESA ID: 13316540 CPE & KCE


5.





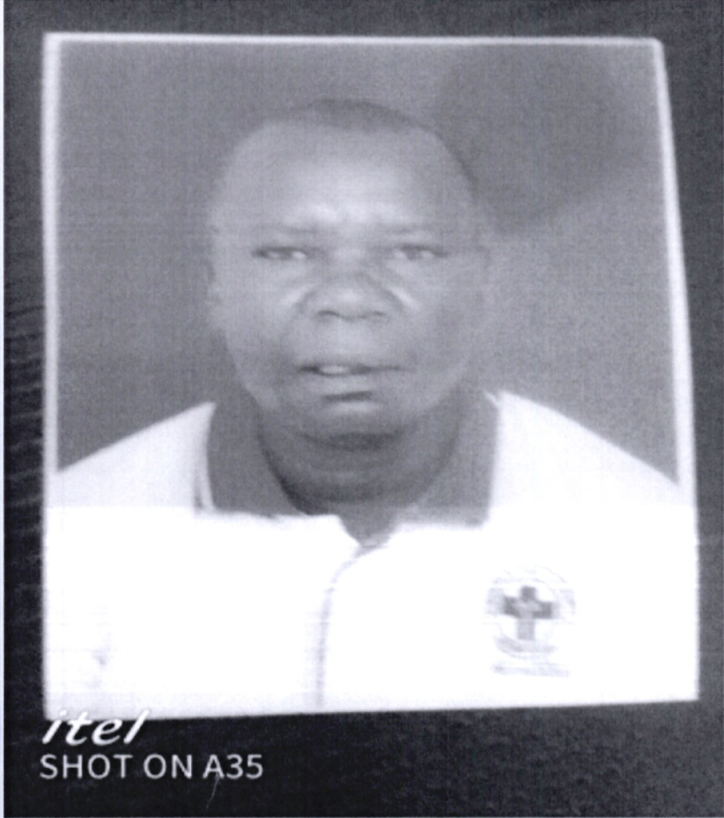
DR. EMMAH NYABOKE
M.Pharmacy-pharmacoEpidemiology and
pharmacovigilance
University of Nairobi



MEDSUP/BOARD SECRETARY

III. Management Team

Ref	Management	Details
1.	 <p>Medsupt Emma Nyaboke M.Pharmacy-pharmacoEpidemiology and pharmacovigilance University of Nairobi.</p>	<p>Medical superintendent MOH Bumula subcounty M.Pharmacy-pharmacoEpidemiology and pharmacovigilance University of Nairobi.</p>

2.	 <p>Hospital Administrator Beverlyne Shitakule Diploma in business administration</p>	<p>Health administrative officer Diploma in business administration</p>
3.	 <p>Hospital Accountant Belinda Mutoro</p>	<p>In charge of Finance Degree in Bcom Finance Option – Kibabii University</p>

	Degree in Bcom (Accounting Option)	
4.	 <p>SAMSON ONG'ONG'GA Bachelor of science in Nursing</p>	<p>Nursing officer incharge Bachelor of science in Nursing</p>

5.	 <p>CHARLES SASITA pharmaceutical technologist</p>	<p>Pharmacy in charge/subcounty pharmacist Diploma in Pharmaceutical technologies</p>
6.	 <p>Bonventure Natembeya Laboratory technologist</p>	<p>Laboratory officer in charge Diploma in Laboratory technology</p>



IV. Chairman's Statement

It has been three years since the current board embarked on this exciting journey of serving our Bumula Sub-County Hospital. The support extended to us for throughout our tenure by the Bumula community has always been overwhelming. I especially wish to thank the members of the board for their selfless service to the community and the dedicated team at the hospital, led by the medical superintendent and her staff.

When we took over, the facility was still a health centre and has now been upgraded to a sub-County Hospital. A lot has been accomplished during our tenure, including improved health care services through our lobbying for more hospital staff and equipment. We in particular oversaw the completion and commissioning of a modern theatre, and launched the on-going construction of the 100-bed capacity block. Once complete, this project will provide the state of art care to our child and maternal clients and the general public. I sincerely wish to thank the outgoing administration of HE the governor and the county administration as well as community members including Dr Martin Sirengo and others who have made generous donations of equipment to the facility.

This journey has not been without challenges. Our community members are not very economically empowered and we have had to sometimes allow for needy inpatients to be exempted from their obligation of settling their hospital bills. The slow pace of putting up and commissioning projects has sometimes elicited complaints from members of the public. There have been challenges with night shifts and members of the public have again urged us to sensitize staff to be more proactive in being there for them when they come for our services at night. As a board, we depend on the goodwill of the county health officials who sometimes take a different approach for tackling issues from what we might have proposed. But we shall forever seek to improve on these areas.

The future is looking bright. It is my hope that the team that will come after us will build on the firm foundation we have laid to transform Bumula sub-County Hospital to greater heights. We shall continue to flourish and may God continue to bless all the stakeholders as we continue this epic journey.

Signature.......... Date..........
Dr. fred Ikanda.
Chairman

V. Report of The MEDICAL SUPERINTENDENT

Bumula Sub-County Hospital is a Level 4 health facility lying in 3-acre piece of land in Bumula ward, Bumula Sub- County. It has a catchment population of 32,635. The facility was initially constructed in 1963 as a dispensary. On 11th December 1993, the Government of Kenya represented by Mr M.Y Haji upgraded it to a health centre status.

It was later elevated to a sub-county hospital (Level IV); the infrastructure is being upgraded to meet the standard of a Level IV facility. Bumula SC Hospital acts as a referral hospital for the neighbouring dispensaries and health centres in Bumula subcounty and the neighbouring Nambale subcounty in Busia County.

The facility has seen an increase in numbers of patients seen per month from an average of 1700 outpatient cases in total to 3000 in 2022.

Bumula Sub- County Hospital has a bed capacity of 21: 10 beds in male ward, 5 female ward, 5 paediatrics ward and 7 in the maternity. Labour ward has 2 delivery couches. This is way below a standard sub-county hospital which should have a bed capacity of 150 with at least 30 beds each in male ward, female ward, paediatric ward, antenatal ward and postnatal ward; labour ward should be spacious and have 3 delivery couches and there ought to be a new born unit with 4 incubators and 2 cots.

Bumula subcounty hospital has 50 technical staff and 43 non-technical staffs. They are employed by national government, county government, partners and hospital board. The overall end-point of the service delivery offered at Bumula SC Hospital is to reduce suffering (morbidity) and death (mortality).

The hospital has been struggling in payment of pending bills due to the following reasons:

- 1) Outbreak of COVID-19 which saw a decline in the number of clients visiting the facility in 2019 and early 2020, and by extension a reduction in the revenue collection then
- 2) Closure of the in-patient department for a period of 7 months during the time when the maternity department was being renovated
- 3) Lowering of the level of the facility by the NHIF department from a sub-county hospital to a health centre. This was done due to the fact that the existing infrastructure and human resource as at now are for the level of a health centre and

not a sub-county hospital. For the last financial year, the NHIF re-imburement therefore reduced from Kshs 5,000/- to 2,500/- per delivery of an expectant mother (Linda Mama) and from Kshs. 1,500/- to 1,000/- for Edu-Afya •

- 4) The hospital is not registered as one of the health facilities offering NHIF inpatient services.

The County Government of Bungoma together with supporting partners have been very instrumental in supporting the hospital to see its upgrade. Therefore, due to this, we are very grateful. In a special way, we would like to express our gratitude to:

1. The Government of Kenya (MOH and the state parastatal NHIF)
2. The County Government of Bungoma, which among other areas of assistance has supported Bumula SC Hospital in - Construction of the theatre - Purchase of medical drugs and non-pharmaceuticals - Purchase of the ultrasound machine - Payment of casual workers, con
3. Implementing partners: World Bank, Save the Children International, Jacaranda Health Services, DUMISHA Afya, IPAS, AFYA UGAVI, Impact Malaria, KMET and E4A for the continued support in both curative and preventive services.
4. Other line ministries including Ministry of Education and Ministry of Interior and Coordination of National Government, Ministry of Internal Security
5. The patients and community around of Bumula Subcounty Hospital
6. All service providers of Bumula subcounty Hospital.

The following projects were undertaken

1. Renovation of the hospital and hospital offices 2
2. Construction of the nursing officer in charge office
- 3 Automation of revenue management and electronic medical records management system
- 4 Completion of the construction of the Installation theatre and its operationalization 5.
- Construction of maternity unit.
6. Tiling of the general ward, MCH, Lab waiting bay

Challenges which need to be addressed immediately:

- i. Staff shortage which is getting worse against an increase in clients/patients visiting the hospital
- ii. Additional of more specialized services such as x ray, dental unit etc
- iii. Huge amount of pending bills

Sign..........Date.....30/6/22.....

Dr. Graham Masika.

Medical Superintendent

VI. Statement of Performance Against Predetermined Objectives

(Two-to-three pages)

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity’s performance against predetermined objectives

Bumula subcounty hospital has 4 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021- FY 2022. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1:

Pillar/theme/issue 2:

Bumula subcounty hospital develops its annual work plans based on the above 4 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Bumula sub county hospital achieved its performance targets set for the FY 2021/2022 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Health Service delivery	To improve general service availability	- Number of outpatient visits per 10,000 population per year - The number of inpatient beds available relative to the total population for the same geographical area	Renovation of the hospital	Partially done
Health Workforce	To assess whether the size	Number of health workers	Number of casuals was added hence it	The gap has been reduced.

Bumula Subcounty Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	of the current workforce meets a given threshold that should allow the most basic levels of health-care coverage to be achieved To reduce inequities in the effective provision of health service	per 10,000 population	bridged the workforce deficiency. – Distribution of health workers by occupation/specialization	
Health Products and Technology	To measure access to essential medicine	Average availability of 14 selected essential medicines per month	Avoid stock-outs of pharmaceuticals and non-pharmaceuticals	
Health Information	To assess capacity for analysis, synthesis and validation of data	Availability and use of indicators with targets and annual reporting to inform annual health sector	Data validation is done every month, all data sets are uploaded to the KHIS	

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		reviews and other planning cycles		
Health Financing	To raise sufficient funds for the hospital from external and internal sources. To improve financial risk protection and coverage for vulnerable groups To improve financial transparency and management at operational level	Daily revenue collections of Kes 5,000.00	Improvement in service delivery so as to increase revenue collections.	A functional theatre unit has been put in place. Hence an expectation in the surge of revenues.

VII. Corporate Governance Statement

Number of board meetings: One general meeting every quarter and each of the sub-committees also sit once per quarter. The meetings are attended by all members.

Sub-committees:

- Finance Sub-committee meetings were held as follows
- Quality of Health Care Services Sub-committee meetings were held as follows
- Audit Sub-committee meetings were held as follows

Full board meetings were held as follows.

Board remuneration:

Chairperson - Kshs 15,000/-

Members - Kshs 10,000/-

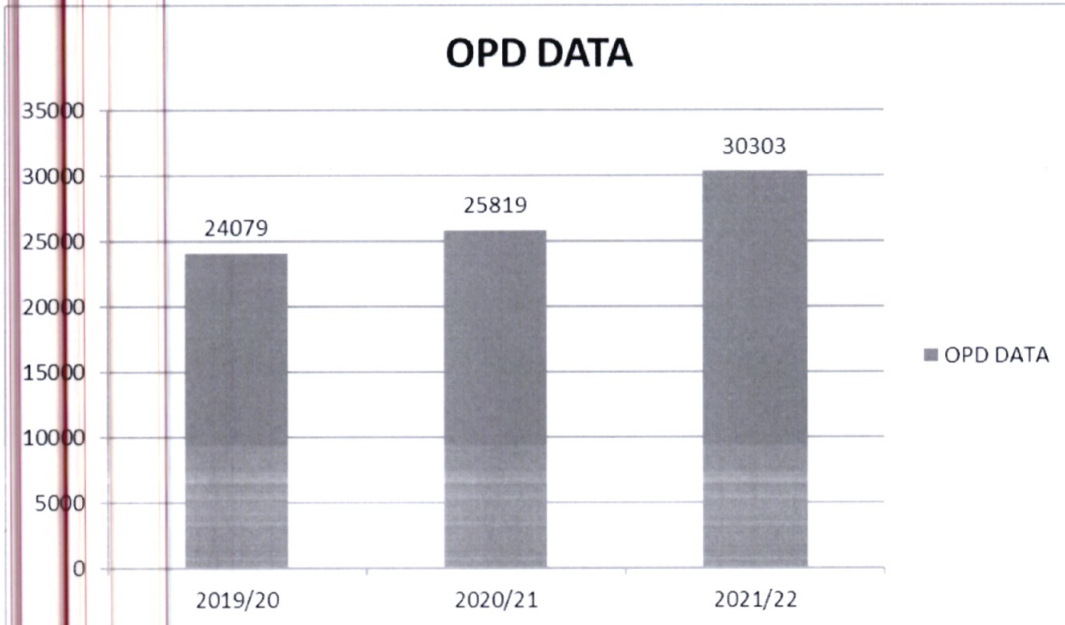
The roles and functions of the Hospital Management Board is clarified in the guidelines written in the “Ministry of Medical Services: Hospital Management (March 2011) Process of appointment, induction, training, and conflict of interest, succession plan and governance audit are handled at the county level.

VIII. Management Discussion and Analysis

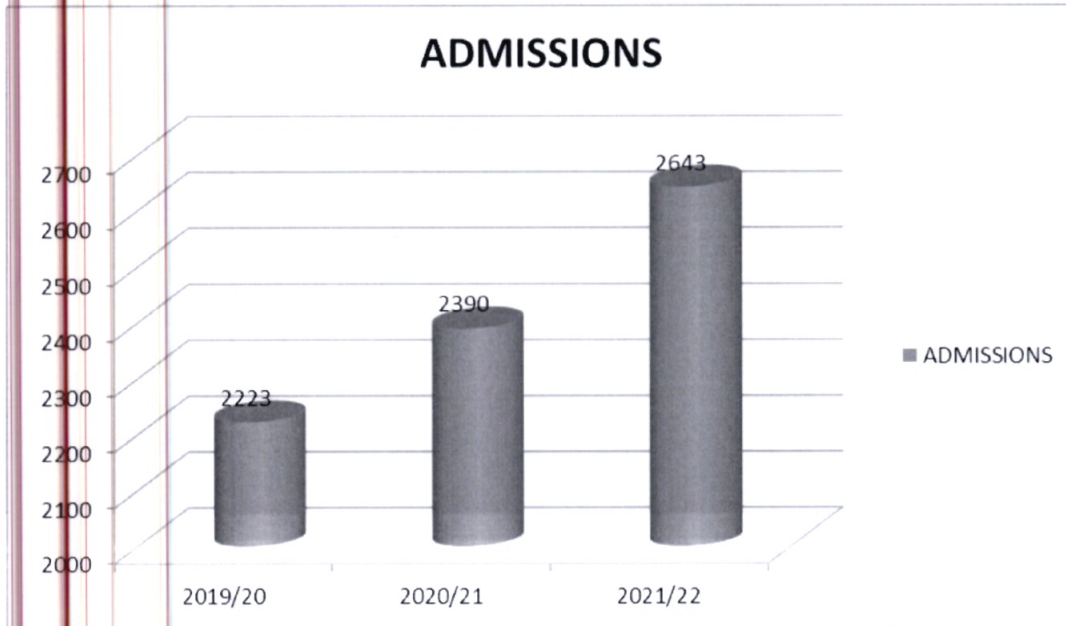
Clinical/operational performance

- The facility has a Bed capacity of 21; 7 in maternity, 5 in female ward, 5 in paediatric ward and 10 in male war

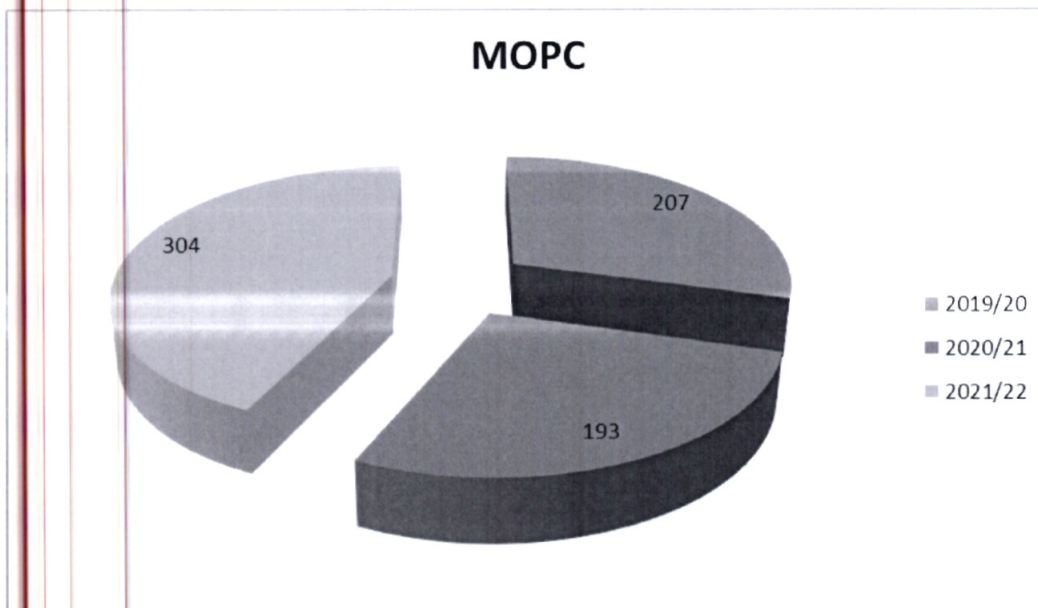
OUTPATIENT



INPATIENT



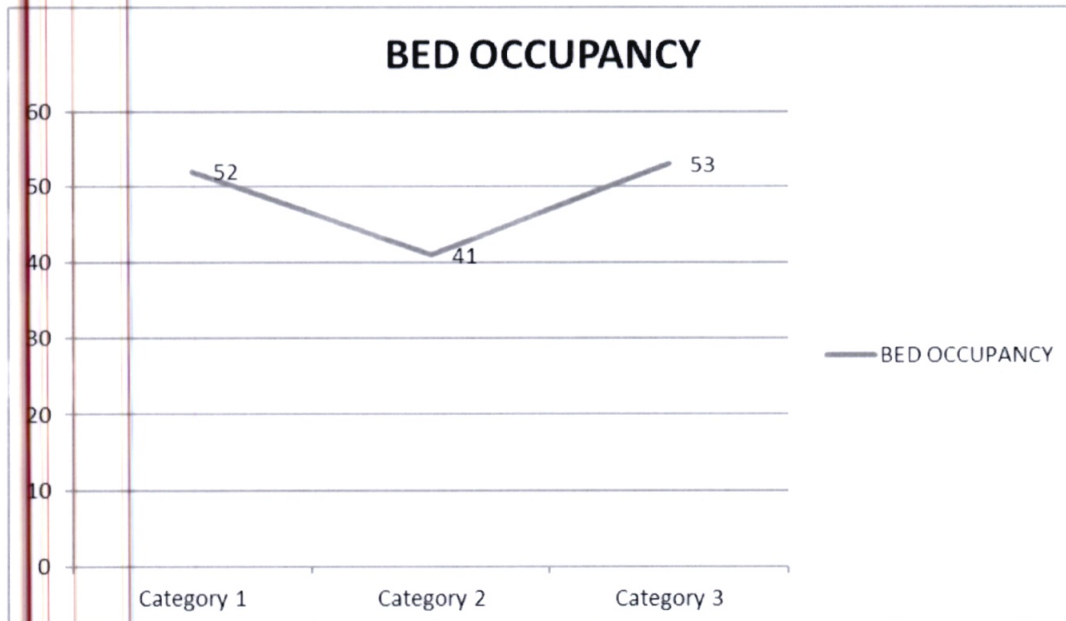
SPECIALISED CLINIC ATTENDANCE



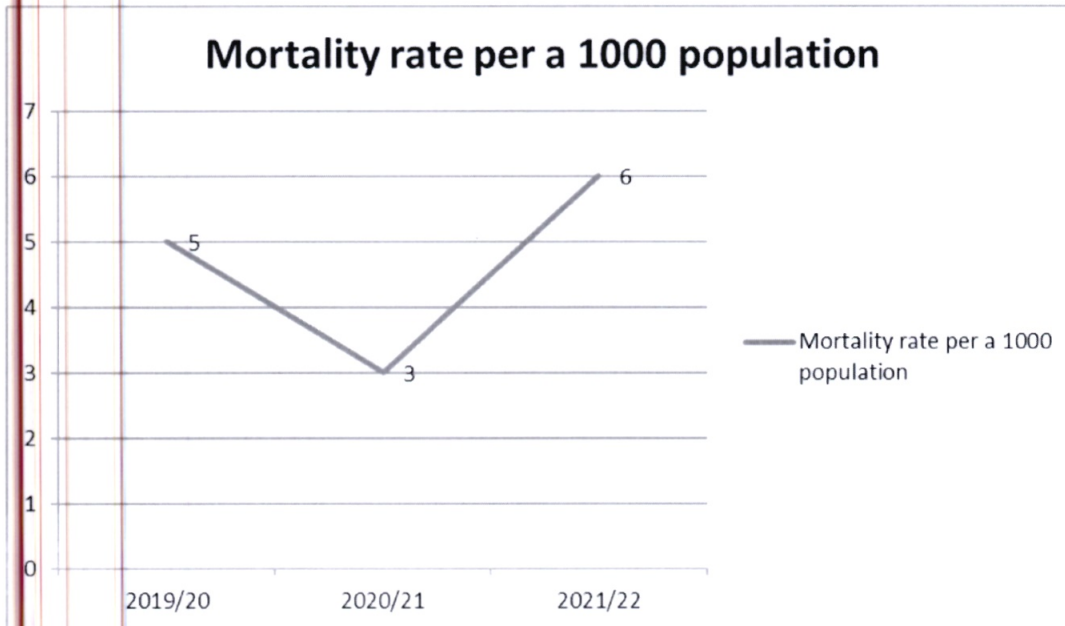
AVERAGE LENGTH OF STAY FOR IN PATIENT



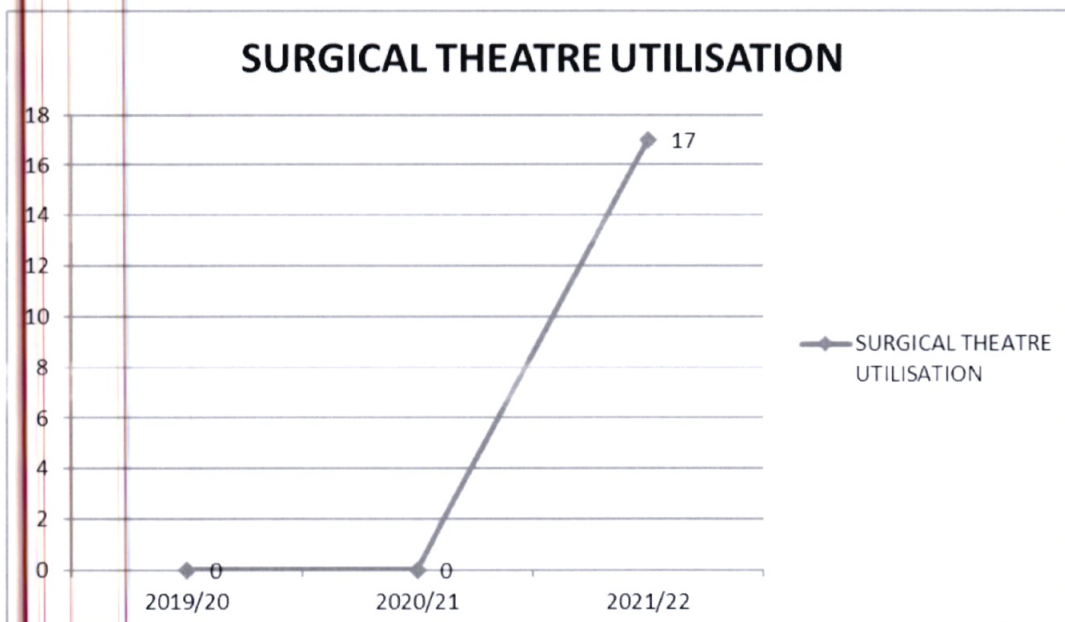
PERCENTAGE BED OCCUPANCY



MORTALITY RATE



Surgical theatre utilisation (number of operations over a period of time)



- Sponsorships and partnerships
 - KANCO
 - IMPACT MALARIA
 - CREADIS
 - SETH
 - EVIDENCE ACTION
 - AFYA UGAVI
 - KENYA REDCROSS SOCIETY
 - MARRIE STOPS
 - USAID DUMISHA AFYA
 - UZIMA FOUNDATION
 - TUPIME COUNTY
 - JACARANDA HEALTH
 - ACE AFRICA
 - MWENDO

Financial performance that includes

- revenue sources,
 - ❖ NHIF Capitation
 - ❖ Linda mama
 - ❖ Edu Afya
 - ❖ Facility Improvement Fund.
 - ❖ Donations-in terms of Pharmaceuticals and Non-Pharmaceuticals

UTILISATION OF FUNDS

IX. Environmental And Sustainability Reporting

Two-to-three pages)

Bumula sub county hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability. *(Tailor make as appropriate).*

ij) Sustainability strategy and profile

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

ii) Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

iii) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.

b) Responsible Supply chain and supplier relations

Explain how the organisation maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

Outline efforts to maintain ethical marketing practices.

d) Product stewardship

Outline efforts to safeguard consumer rights and interests.

iv) Corporate Social Responsibility / Community Engagements

The organisation gives details of CSR activities carried out in the year and the impact to the society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements.

X. 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 *hospital's* affairs.

Principal activities

The principal activities of the entity are;

- ❖ Quality of care and services
- ❖ Finance and general purpose
- ❖ Audit

Results

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

Board of Management

The members of the Board who served during the year are shown on page VII and VIII .

Auditors

The Auditor General is responsible for the statutory audit of the *Bumula Sub County Hospital* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Signature..........Date.....*30/6/22*.....

DR. EMMA NYABOKE
Secretary to the board.

XI. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 annual reporting by accounting officers requires the Board of Management to prepare financial statements in respect of that annual reporting by accounting officers, which give a true and fair view of the state of affairs of the annual reporting by accounting officers at the end of the financial year/period and the operating results of the annual reporting by accounting officers for that year/period. The Board of Management is also required to ensure that the annual reporting by accounting officers keeps proper accounting records which disclose with reasonable accuracy the financial position of the annual reporting by accounting officers. The council members are also responsible for safeguarding the assets of the annual reporting by accounting officers

The Board of Management is responsible for the preparation and presentation of the annual reporting by accounting officer's financial statements, which give a true and fair view of the state of affairs of the annual reporting by accounting officers for and as at the end of the financial year 2022/23 ended on June 30, 2023. This responsibility includes:

- I. maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- II. maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity.
- III. designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- IV. safeguarding the assets of the annual reporting by accounting officers.
- V. selecting and applying appropriate accounting policies.
- VI. making accounting estimates that are reasonable in the circumstances.

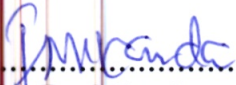
The Board of Management accepts responsibility for the annual reporting by accounting officers' financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and annual reporting by accounting officer. The Board members are of the opinion that the annual reporting by accounting officers. Financial statements give a true and fair view of the state of annual reporting by accounting officers transactions during the financial year ended June 30, 2023, and of the annual reporting by accounting officers financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the annual reporting by accounting officers which have been relied upon in the preparation of the annual reporting by accounting officers. financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the annual reporting by accounting officers will not remain a going concern for at least the next twelve months from the date of this statement.

Bumula Subcounty Hospital (Bungoma County Government)
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Approval of the financial statements

The Hospital's financial statements were approved by the Board on 30/6/22 and signed on its behalf by:



.....
Name: Dr. Fred Ikanda.
Chairperson
Board of Management



.....
Name: Dr.EMMA NYABOKE.
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BUMULA SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 – COUNTY GOVERNMENT OF BUNGOMA

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 Bumula Sub-County Level 4 Hospital – County Government of Bungoma set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2022 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 Bumula Sub-County Hospital – County Government of Bungoma as at 30 June, 2022, 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, 2012, County Governments, Act 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The revised financial statements contained the following variances, presentation and disclosure errors.

- i. The statement of financial performance for the year ended 30 June, 2022 is duplicated twice in page 1 and 2 capturing different figures within the same components.
- ii. The statement of financial performance reflects an amount of Kshs.6,972,893 in respect of other income which, however, differs with the amount of Kshs.8,271,240 disclosed in the corresponding Note 8 to the financial statements by an unexplained and unreconciled variance of Kshs.1,298,347.
- iii. The statement of financial performance reflects an amount of Kshs.4,550,083 in respect of medical costs which, however, differs with the amount of Kshs.4,536,203 disclosed in the supporting schedule by an unexplained and unreconciled variance of Kshs.13,880.
- iv. The statement of financial performance reflects an amount of Kshs.872,200 in respect of Board of Management expenses which, however, differs with the amount of Kshs.467,700 disclosed in the supporting schedule by an unexplained and unreconciled variance of Kshs.404,500.
- v. The statement of financial performance reflects an amount of Kshs.1,747,655 in respect of repairs and maintenance expenses which, however, differs with the amount of Kshs.1,920,705 disclosed in Note 11 and in the supporting schedule by an unexplained and unreconciled variance of Kshs.173,050.
- vi. The statement of financial performance reflects Nil amount in respect of in-kind contributions from the County Government of Bungoma. However, this differs with the amounts disclosed in Note 6 to the financial statements of Kshs.4,227,950 and

Kshs.3,085,714 in respect of salaries and wages and pharmaceutical and non-pharmaceutical supplies, respectively.

- vii. The statement of financial performance reflects Nil amount in respect of medical services and contracts gains/losses. However, this differs with the amounts disclosed in Note 13 to the financial statements of Kshs.8,524,535 resulting to an unreconciled variance of Kshs.8,524,535.
- viii. The statement of cash flows reflects an amount of Kshs.1,123,126 in respect of net cash flows from operating activities which, however, differs with the recomputed amount of Kshs.1,541,506 by an unexplained and unreconciled variance of Kshs.418,380.
- ix. In-accurate numbering and matching of notes to the financial statement.

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

2. Non-Disclosure of Employee Costs paid by the County Government

The statement of financial performance reflects Nil employee cost for casuals, contracted and permanent and pensionable medical staff.

However, it was observed that the Hospital operates with casual workers and other medical staff employed by the county. The salaries and wages for both categories of staff were paid through the Bungoma County Payroll. However, the total employees' cost for the financial year was not captured in the statement of financial performance. Further, the payroll was not provided for audit verification.

In the circumstances, the accuracy and completeness of Nil employee cost could not be confirmed.

3. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects a cash and cash equivalents balance of Kshs.1,245,649 as disclosed in Note 14 to the financial statements. However, a board of survey report, bank statements and bank reconciliation statements were not provided for review.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.1,245,649 could not be confirmed.

4. Management of National Health Insurance Fund (NHIF) Claims

4.1 Variances in Revenue from Rendering Services

The statement of financial performance reflects Kshs.8,271,270 as NHIF recoveries as disclosed in Note 8 to the financial statements. However, the NHIF records revealed an amount of Kshs.5,753,600 resulting to an unexplained variance of Kshs.2,517,670.

In the circumstances, the accuracy and completeness of Kshs.8,271,270 could not be confirmed.

4.2 Variances in Receivables from Exchange Transaction (NHIF)

The statement of financial position reflects Nil balance in respect of receivables from exchange transactions. The Nil balance relates to National Health Insurance Fund (NHIF) whose records indicate a balance of Kshs.15,675 and Kshs.24,123 resulting to unexplained variance of Kshs.39,798. Further, the amount has been outstanding for more than (12) months while the contract between the Hospital and NHIF indicates the period to pay genuine claims is within thirty (30) days of submission.

In the circumstances, the accuracy and completeness of the Nil balance in respect of receivables from exchange transactions could not be confirmed. Further the recoverability of the Kshs.39,798 could not be confirmed.

5. Authenticity of Pending Bills

5.1 Variances in Trade and Other Payables

The statement of financial position reflects a Nil trade and other payables balance. However, review of documents provided revealed that the Hospital had a pending bill of Kshs.6,242,300 as at 30 June, 2022. This balance excludes Kshs.1,290,078 owed to Kenya Medical Supplies Authority (KEMSA) as per their records resulting to unexplained variance of Kshs.7,532,378.

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

6. Undisclosed Inventory

The statement of financial position reflects Nil balance in respect of inventory. However, there was no evidence of conducting the annual stock take to confirm quantities, value and status of closing inventory balances as at 30 June, 2022.

In the circumstances, the accuracy, completeness and valuation of the Nil balance with respect to inventory could not be confirmed.

7. Non-Disclosed Property, Plant and Equipment

The statement of financial position reflects Nil balance 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 and motor vehicles were not provided.

In the circumstances, the accuracy, completeness and ownership of the Nil balance in respect of property, plant and equipment could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bumula Sub-County 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 a final revenue (rendering of service medical services) budget of Kshs.20,399,000 and actual on comparable basis of Kshs.12,159,120 resulting to an under-collection of Kshs.8,239,871 or 36% of the budget.

The under-collection may affect the planned activities and may have negatively impacted 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 matter 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. Late Submission of Financial Statements

The Management of Bumula Sub-County Hospital submitted the financial statements for the year ended 30 June, 2022 to the Office of the Auditor-General on 22 April, 2024, more than eighteen (18) months after the statutory deadline of 30 September, 2022 contrary to Section 149(2)(k) of the Public Finance Management Act, 2012 which states, *inter alia*, that an Accounting Officer shall, in respect of the entity concerned, not later than three months after the end of each financial year, prepare annual financial statements for that financial year and submit them to the Auditor-General for audit, with a copy to the County Treasury.

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

2. Role of Hospitals in Universal Health Coverage (UHC)

2.1 Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy guidelines due to staff deficits by seventy (70) staff or 69% of the authorized establishment.

S/No.	Category	Requirement	In-Post	Deficit	% Deficit/ Surplus
1.	Medical Officers	16	3	13	81
2.	Anaesthesiologists	2	0	2	100
3.	Surgeons	2	0	2	100
4.	Gynaecologists	2	0	2	100
5.	Paediatrics	2	0	2	100
6.	Radiologists	2	1	1	50
7.	Kenya Registered Community Health Nurses	75	27	48	64

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In the circumstances, the Hospital will not be able to deliver on its mandate.

3. Identification, Collection and Accounting of Own Generated Revenue

3.1 Failure to Transfer Revenue to the County Revenue Fund

The statement of financial performance reflects rendering services – medical services income of Kshs.3,887,889 as disclosed in Note 7 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 Management (County Governments) Regulation, 2015 which states that a receiver of revenue shall promptly deposit into the county exchequer amount all receipts due to the County Revenue Fund.

3.2 Lack of Quarterly Revenue Reports

The statement of financial performance reflects Kshs.3,887,889 in relation to the rendering of services – medical income as disclosed in Note 7 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 15th day after the end of the quarter.

4. Failure to Maintain Fixed Assets Register

The statement of financial position reflects Nil balance in respect to property, plant and equipment. However, it was noted that despite the Hospital owning assets, it does not maintain a 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.

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 matters 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 overall governance were not effective.

Basis for Conclusion

1. Failure to Establish an Audit Committee and Operational Internal Audit Unit

During the year under review, the Hospital did not have an Audit Committee. Further, no evidence to confirm that the Hospital was audited by the Internal Audit Unit from the County Executive of Bungoma was provided for audit. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to establish an Audit Committee.

In the circumstances, the Hospital operated without a mechanism for assessing and mitigating financial and operational risks.

2. Lack of a Risk Management Framework

During the year under review, the Hospital operated without a documented risk management policy framework. In addition, there was no evidence of risk identification, risk assessment and evaluation of likelihood of risk occurrence and its impact on the entity's operations.

In the circumstances, the effectiveness of risk management systems at the Hospital could not be confirmed.

3. Information and Communication Technology (ICT) Internal Control Weaknesses

It was observed that the Hospital did not have an ICT Strategic Committee, an ICT strategic plan, or an ICT policy. In addition, the Hospital did not have a disaster recovery and business continuity plan and an offsite backup plan in case of any emergencies/disasters.

In the circumstances, the effectiveness of internal controls on data recovery and business continuity could not be confirmed.

4. Compliance with Laws on Staff Management

4.1 Irregular Engagement of Casual Workers

The statement of financial performance reflects Nil amounts on payment of wages made to casual workers. In addition, 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.

The audit was conducted in accordance with the ISSAI 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 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 the 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 control 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 control would not necessarily disclose all matters in the

internal control 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 control 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 control 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 control.
- 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 applicable 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 to 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

26 June, 2024

XX Hospital (XX County Government)

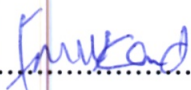
Annual Report and Financial Statements for The Year Ended 30th June 2022

XIII. Statement of Financial Performance for The Year Ended 30 June 2022

Description	Notes	2021/22
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government		-
In-kind contributions from the County Government	6	-
Grants from donors and development partners		-
Transfers from other Government entities	7	-
Public contributions and donations	8	-
		-
Revenue from exchange transactions		
Rendering of services- Medical Service Income	6	3,887,880
Revenue from rent of facilities	10	-
Finance /Interest Income		-
Other income (specify)	11	8,271,240
Revenue from exchange transactions		10,860,773
Total revenue		10,860,773
Expenses		
Medical costs	12	4,536,203
Employee costs	13	-
Board of Management Expenses	14	872,200
Depreciation and amortization expense		-
Repairs and maintenance	15	1,920,705
Grants and subsidies	16	-
General expenses	17	3,693,006
Finance costs	18	-
Total expenses		10,862,944
Other gains/(losses)		
Medical services contracts Gains/Losses	19	-
Total other gains/(losses)		-
Net Surplus for the year		(2,171)

(The notes set out on pages x to xx form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 30/6/22 and signed on its behalf by:


.....

Chairman:
Dr.Fred Ikanda


.....

Head of Finance
Belinda Mutoro


.....

Medical Superintendent
Dr.Emmah Nyaboke

Board of Management

ICPAK No:

Bumula Subcounty Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

STATEMENT OF FINANCIAL PERFORMANCE.


Description	Notes	2021/22	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Revenue from exchange transactions			
Rendering of services- Medical Service Income	9	3,887,880	-
Other income (<i>specify</i>)	11	6,972,893	-
Revenue from exchange transactions		10,860,773	-
Total revenue		10,860,773	-
Expenses			
Medical costs	12	4,550,083	-
Board of Management Expenses	14	872,200	-
Repairs and maintenance	15	1,747,655	-
General expenses	17	3,693,006	-
Total expenses		10,862,944	-
Other gains/(losses)			
Total other gains/(losses)			-
Net Surplus for the year		(2,171)	-

Statement of Financial Position as of 30th June 2022

Description	Notes	2021/22
		Kshs
Assets		
Currentassets		
Cash and cash equivalents	20	1,245,649
Non-currentassets		
Total Non-current Assets		-
Totalassets		1,245,649
Liabilities		
Currentliabilities		
Total Current Liabilities		-
Total Liabilities		-
Netassets		
Accumulated surplus/Deficit		1,245,649
Capital Fund		
		1,245,649
Total Net Assetsand Liabilities		1,245,649

(The notes set out on pages x to xx form an integral part of the Annual Financial Statements.)


The Hospital's financial statements were approved by the Board on 30/6/22 and signed on its behalf by:

.....


.....


Chairman:Dr.Fred Ikanda
Board of Management

Head of Finance:B.Mutoro
ICPAK No:


Medical Superintendent
Dr.Emmah Nyabo.

Bumula Subcounty Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XIV. Statement of Changes in Net Asset for The Year Ended 30 June 2022


	Revaluation reserve	Accumulated surplus/Deficit	Capital
			Fund
As at July 1, 2020			
Revaluation gain		-	-
Surplus/(deficit) for the year	-		
Capital/Development grants	-		
As at June 30, 2021	-	-	-
At July 1, 2021	-	122,523	-
Revaluation gain		-	-
Surplus/(deficit) for the year	-	1,123,126	-
Capital/Development grants	-	-	12,159,120
At June 30, 2022	-	1,245,649	12,159,120

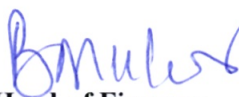
(Note:


1. 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.
2. 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 notes set out on pages x to xx form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 30/6/22 and signed on its behalf by:


Chairman:
Dr. Fred Ikanda
Board of Management


Head of Finance:
Belinda Mutoro
ICPAK No:


Medical Superintendent
Dr. Emmah Nyaboke

Bumula Subcounty Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XV. Statement of Cash Flows for The Year Ended 30 June 2022

Description		2021/22	2020/21
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
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		3,887,880	-
Revenue from rent of facilities		-	
Finance / interest income			
Other receipts(<i>specify</i>)		8,271,240	
Total Receipts		12,159,120	-
Payments			
Medical/Clinical costs		4,550,083	
Employee costs		-	
Board of Management Expenses		872,200	
Repairs and maintenance		1,920,705	
Grants and subsidies		-	
General expenses		3,693,006	
Finance costs		-	
Medical Services Contracts Gains /Losses		-	
Total Payments		11,035,994	-
Net cash flows from operating activities	28	1,123,126	-
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets			
Proceeds from the sale of property, plant, and equipment			
Acquisition of investments			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		1,123,126	-
Cash and cash equivalents at 1 July	20	122,523	
Cash and cash equivalents at 30 July	20	1,245,649	-

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

Bumula Subcounty Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

The notes set out on pages x to xx form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 30/6/22 and signed on its behalf by:



Chairman:
Dr.Fred Ikanda
Board of Management

Head of Finance
Belinda Mutoro
ICPAK No:

Medical Superintendent
Dr.Emmah Nyaboke

XVI. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022

Description	Originalbudget	Adjustments	Finalbudget	Actual on comparable basis	Performa differen
	A	b	c=(a+b)	d	e=(c-d)
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
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	20,399,000	-	20,399,000	12,159,120	8,239,880
Revenue from rent of facilities					
Finance / interest income					
Other receipts (<i>specify</i>)					
Total income	20,399,000	-	20,399,000	12,159,120	8,239,880
Expenses					
Medical/Clinical costs				4,550,083	(4,550,083)
Employee costs					
Board of Management Expenses				872,200	(872,200)
Repairs and maintenance				1,920,705	(1,920,705)
Grants and subsidies					
General expenses				3,693,006	(3,693,006)
Finance costs					

Bumula Subcounty Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Total Expenditure	-	-	-	11,035,994	(11,035,9
Surplusfortheperiod	20,399,000	-	20,399,000	1,123,126	19,275,8
Capital expenditure	20,399,000	-	20,399,000	1,123,126	19,275,8


(Budget notes

1. Provide an explanation of differences between actual and budgeted amounts (10% over/ 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.)

The notes set out on pages x to xx form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 30/6/22 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent

XVII. Notes To the Financial Statements

1. General Information

xxx entity is established in Kenya and derives its authority and accountability from the Government of Kenya. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is xxx.

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, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*.

The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), 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 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st 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.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</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"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • 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. <p><i>(Stat. 2 impact of the standard to the Entity.)</i></p>
<p>IPSAS 42: Social</p>	<p>Applicable: 1st January 2023</p>

Bumula Sub- County Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Standard	Effective date and impact:
Benefits	<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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the Entity)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. 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>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> <p><i>(State the impact of the standard to the Entity)</i></p>
Other improvements to	Applicable 1st January 2023

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Standard	Effective date and impact:
IPSAS	<ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>State the impact of the standard to the Entity</i></p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></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> <p><i>State the impact of the standard to the Entity</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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>

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Standard	Effective date and impact:
	<p>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.</p> <p><i>State the impact of the standard to the Entity</i></p>

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.

Notes to the Financial Statements (Continued)

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.

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.

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Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY xxx was approved by Board on **xxxx**. 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 **xxxx** on the FY xxx 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 **xxx** 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 ~~xxx~~ years. 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

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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



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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.

i) 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.

j) Provisions

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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.

k) 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.)*

l) 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.

m) 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

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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.

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Notes to the Financial Statements (Continued)

n) 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.

o) 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.

p) 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.

q) 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.



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Notes to the Financial Statements (Continued)

r) 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.

s) Comparative figures

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

t) 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

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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.
- 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 is included in Note xxx.

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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

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Notes to the Financial Statements (Continued)

6. In Kind Contributions from The County Government

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages	4,277,950	3,163,904.04
Pharmaceutical and Non-Pharmaceutical Supplies	3,085,714	3,255,976
Medical supplies-Drawings Rights (KEMSA)	Xxx	Xxx
Utility bills	Xxx	Xxx
Total grants in kind	Xxx	Xxx

(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)

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Notes to the Financial Statements (Continued)

7. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals	1,222,290	
Non-Pharmaceuticals	85,340	
Laboratory	676,480	
Radiology	214,400	
Medical records	376,420	
Anesthesia Service	75,200	
Medical Examination/ Attachment	89,700	
Consultation	259,750	
In patient income/Out patient	888,300	
Total revenue from the rendering of services	3,887,880	-

(other medical services fee relates to other charges not listed above)

Notes to the Financial Statements (Continued)

8. Other Income

Description	2021/22	2020/21
	KShs	KShs
Insurance recoveries (NHIF)	8,271,240	
Total other income	8,271,240	-

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(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

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Notes to the Financial Statements (Continued)

9. **Medical/ Clinical Costs**

Description	2021/22	2020/21
	KShs	KShs
Laboratory chemicals and reagents	658,345	
Food and Ration	1,677,425	
Dressing and Non-Pharmaceuticals	774,893	
Pharmaceutical supplies	1,038,691	
Sanitary and cleansing Materials	342,849	
Purchase of Medical gases	57,880	
Total medical/ clinical costs	4,550,083	-

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

Notes to the Financial Statements (Continued)

10. **Board of Management Expenses**

Description	2021/22	2020/21
	KShs	KShs
Travel and accommodation allowance	872,200	
Total	872,200	-

11. **Repairs And Maintenance**

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	490,430.00	
Medical equipment	173,050.00	
Computers and accessories	203,000.00	
Motor vehicle expenses	1,054,225.00	
Total repairs and maintenance	1,920,705.00	-

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Notes to the Financial Statements (Continued)

12. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Advertising and publicity expenses	544,000	
Waste management expenses		
Insecticides and rodenticides	140,000	
Bank charges	65,930	
Electricity expenses	609,296	
Travel and accommodation allowance	1,648,400	
Printing and stationery	259,180	
Other fuels	104,000	
Water and sewerage costs	150,000	
Telephone and mobile phone services	81,000	
Internet expenses	91,200	
Total General Expenses	3,693,006	-

Notes to the Financial Statements (Continued)

13. Medical Services Contracts Gains /Losses

Description	2021/22	2020/21
	KShs	KShs
Comprehensive care contracts with NHIF	8,524,534.50	xxx
Non- Comprehensive contracts care with NHIF	xxx	xxx
Linda Mama Program	xxx	xxx
Waivers and Exemptions	xxx	xxx
Total Gain/Loss	xxx	xxx

14. Cash And Cash Equivalents

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Description	2021/22	2020/21
	KShs	KShs
Current accounts	1,245,649	
Total cash and cash equivalents	1,245,649	-

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

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Notes to the Financial Statements (Continued)

27 (a). Detailed Analysis of Cash and Cash Equivalents

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
National Bank of kenya		1,237,259.10	79,602.60
Co-op. Bank		8,390.00	
Sub- total		1,245,649.10	79,602.60
Grand total		1,245,649.10	

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Notes to the Financial Statements (Continued)

Notes to the Financial Statements (Continued)

39. (a)

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

15. Cash Generated from Operations

	2021/22	2020/21
	KShs	KShs
Surplus for the year before tax	1,123,126	
Net cash flow from operating activities	1,123,126	-

16. 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

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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:

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Notes to the Financial Statements (Continued)

	Kshs	Kshs	Kshs	Kshs
Bank balances	1,245,649			
Total	1,245,649	.	.	.

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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 uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx

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 undiscounted 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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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Notes to the Financial Statements (Continued)

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 recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

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Notes to the Financial Statements (Continued)

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Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....Dr. Emmah Nyaboke
Accounting Officer

(To be signed by the accounting officer of the Hospital)



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