

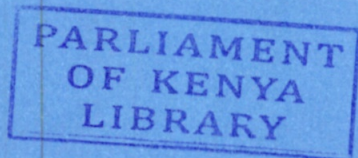
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



DATE	19/07/2022
TABLED BY	ML
COMMITTEE	—
CLERK OF THE HOUSE	Carolynne Chemp

THE AUDITOR-GENERAL

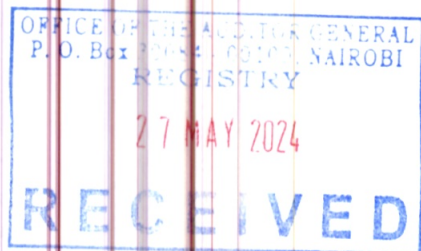
ON

BAHATI SUB-COUNTY HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2022**

COUNTY GOVERNMENT OF NAKURU

Issued 30th June 2022



BAHATI SUB-COUNTY Level 4 HOSPITAL **(Nakuru 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)

BAHATI SUB-COUNTY Hospital (NAKURU County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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I. Key Entity Information and Management

(a) Background information

BSCH is a level 4 hospital established under gazette notice number 157 dated 30/7/2021 and is domiciled in Nakuru North Sub-County under the health department. The hospital is governed by a Hospital Management Committee (HMC).

Bahati Sub-County Hospital was started in 1979 as a Rural Health Demonstration Centre (RHDC). In the year 1978, an organization called Mutukanio/Gwataniro identified and located 8 acres piece of land for its construction.

The construction funds were donated/ provided by DANIDA. By the year 1981, no health facility was completed and became operational and by November 2007, it was elevated to serve as a district hospital when Nakuru North District was curved from the large Nakuru District.

The facility serves a catchment population of approximately 303,214 people (based on projected population of 2019 (According to 2019 Kenya Population and Housing Census KPHC) and act as a referral centre for; Kabatini Health centre, Engashura Health centre, Dundori Health centre, Subukia Sub-County Hospital, Kabazi Sub-County Hospital among other health centres, dispensaries and nearby private level 4 hospitals. On the dawn of devolution (2012), the health facility was gazette as Bahati Sub-County Hospital (BSCH) The Kenya Gazette of 30th July, 2021.

(b) Principal Activities

Vision

The Vision of Hospital is for a healthy county.

Mission

The mission is to provide integrated, accessible, responsive and quality healthcare services for all.

Core Values

Customer focused	Professionalism	Integrity
Equity and Equality	Transparency	Accountability
Teamwork	Creativity & Innovation	

The vision of the hospital is to become a Center of Excellence in quality healthcare services, while its mission is to provide accessible, responsive, quality healthcare services through creativity and innovation. The main mandate of BSCH is to provide curative, preventive, promotive and rehabilitative health services. It offers specialized clinical services in a few selected disciplines. It serves as a center for training for mid level college students and other related health workers. The following are the key objectives of the hospital;

- To provide high quality healthcare services
- To provide specialized healthcare services
- To serve as a center that can be utilized by local stakeholders for development or implementation of health policies.
- To build and strengthen partnership and sector coordination.
- To advocate and mobilize adequate funds to the hospital.

(c) Key Management

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

- County department of health
- County Department of Finance
- Hospital Management Committee (HMC)
- Accounting Officer/ Medical Superintendent
- Hospital Management Team (HMT)

(d) 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	Kennedy Owino Dr
2.	Sub-county Accountant	Agnes Mungai
3.	Head of finance	Fannuel k. Lelon
4.	Head Administration	Mary Kang'ethe
5.	Head of supply chain	Miriam Njonge
6.	Head of Nursing Services	Jane Wanyoike
7.	Head of Obs/Gynae, Clinical Services	Emmanuel Wekesa Dr
8.	Deputy Nursing Officer	Lucy Kinanu

(e) Fiduciary Oversight Arrangements

i. The County Assembly

The county assembly, pursuant to the constitution of Kenya, 2010 and the county Government Act 2012 under Article 8(1) has fiduciary Oversight role over the execution of the functions of the county Government. It approves the budget and expenditure of the county Government in accordance with article 207 of the constitution of Kenya. In addition, the county assembly health services committee has fiduciary oversight role.

ii. County Executive Committee

The County Executive Committee exercise executive authority in accordance with the constitution and County Legislation.

iii. Internal Auditor Department

The internal Audit department of the county Government of Nakuru ensures that internal controls exist and are diligently adhered to. The internal Audit reports to the county Audit committee.

iv.

(f) Entity Headquarters

County Head Quarters
P.O. Box 2860-20100
Nakuru, Kenya

(g) Entity Contacts

Telephone:
E-mail:
bahatihospital@gmail.com
Website: bahatihospital.com

(h) Entity Bankers

Kenya Commercial Bank
Nakuru Branch
P.O. Box 18-20100
Nakuru, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box 2860-20100
Nakuru, Kenya
Email:
pstd.countyattorney@na

kuru.go.ke

II. The Board of Management

Ref	Directors	Details
1.	Mr. Nixon K. Morogo 	Chairperson Mr. Nixon is the chairperson of the hospital management committee from 2018-date. He is also a member of finance and general purpose subcommittee. He has a diploma in early childhood development education.
2.	Ms. Esther Ngege 	Vice Chairperson Ms. Easther is the vice chairperson of the hospital management committee from 2018 to date. She is also a member of quality of health care sub-committee. She is 53 years old.
3.	Dr Owino Kennedy	Secretary Dr Owino is the medical superintendent of the hospital and hospital management committee secretary. He has a bachelor of dental surgery from university of Nairobi and a certificate in hospital administration from

	Mahidol University Bangkok Thailand He is 56 years old. He has over 29 years in the health sector and 13 years in hospital administration.
4. Mrs. Constance Njoroge 	Member Mrs. Constance is a member of the hospital management committee from 2018 to date and the chairperson of the finance sub-committee. She has a certificate in county governance.
5. Mr. Peter Gutu 	Member Mr. Peter is a member of the hospital management committee from 2018-to date He is also the chairman of the quality of health care subcommittee. He has a degree in Leadership and management and a diploma in business administration. He is 71 years old. He has served as a provincial personnel officer in the ministry of health as the in charge in the Rift valley province (1988-1990).

BAHATI SUB-COUNTY Hospital (NAKURU County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

6.	Mr. Anthony Kiriku 	Member Mr. Antony Kiruki is a member of the Hospital Management Committee from 2018-to date and a member of Audit Sub-committee.
7.	Mr. Silas Mukolwe Passport Photo no Available	Member Mr. Silas Richard Mukolwe was Hospital Management committee and the chairperson of Audit Sub-committee until his demise in March 2022.
8.	Mr. Moses Mwathi	Member Mr. Moses is a member of the hospital management Committee 2018-to date and a member of quality-of-care subcommittee. He has a diploma in journalism. He attended a certified nurse training course in Haysville

		Nursing homes (KANSAS-USA). He has served as an information officer in the ministry of information and broadcasting in Embu and isiolo (1982-1988). He has also served as a public relations officer in the ministry of environment and natural resources (1989-1990) and as an assistant project officer at care international Kenya. (1990-1991). He is 63 years old.
9.	Ms. Emma Mbugua 	Member Ms. Emma Mbugua is a member of the Hospital Management Committee from 2018-to date and a member of Audit Sub-committee.
10.	Mr. Fannuel Lelon	Head of Accounting Unit Mr. Fannuel is the Head of Accounting Unit of

		the Hospital and a co-opted member to the HMC. He has a Bachelor's of Business Management (BBM) (Accounting Option) from Moi University and Certified public accountant (CPA) part II. He his 36 Years old. He has 13 years' experience in the health sector has an Hospital Accountant.
11.	Mrs. Mary Kang'ethe 	Health Administrative Officer Mrs. Mary is the Health Administrative Officer of the Hospital and a co-opted member to the HMC. She has a Masters of Arts in Development Studies from Kampala International University, Post graduate diploma in Leadership from PAC university and Bachelors of arts with Education from Kampala International University.

		She is 33 years old with 7 years' experience has a health administrative Officer.
12.	Mrs. Jane Wanyoike 	Nursing Officer In-Charge Mrs. Jane Wanyoike is the Nursing Officer In-charge of the Hospital and a co-opted member to the HMC. She is a registered nurse and midwife.

III. Management Team

Ref	Management	Details
1.	Dr Kennedy Owino	Medical Superintendent
2.	Dr. Emmanuel Wekesa	Head of Obs/Gynae, Clinical Services
3.	Mary Kang'ethe	Head Administration
4.	Jane Wanyoike	Head of Nursing Services
5.	Fannuel K. Lelon	Head of Accounting Unit
6.	Dr Bridget Kithinji	Paediatric Consultant
7.	Lucy Kinanu	Deputy Nursing Officer
8.	Miriam njonge	Head of Supply Chain
9.	Dr Lydia Giturwa	Head Of Pharmacy
10.	Selina Haron	Head Of Occupational Therapy
11.	Tom Nyakwara	Head Of Physiotherapy
12.	Irene Mwangi	Head Of Orthopaedic Trauma Medicine
13.	Marcia kimarua	Head of Theatre
14.	Judy kenei	Head of Newborn Unit
15.	David Mbugua	Head of Registered Clinical Officers
16.	Margaret maina	Head of General Ward
17.	Lilian nyambura	Head of Maternity
18.	Christine Onyinkwa	Head of Special Clinics
19.	John Kimani	In-Charge Nutrition Department
20.	Ann Gathogo	Head of Casualty and

		OPD
21.	Purity Maina	In-Charge Health Records
22.	Fredrick Bwire	Public Health Officer In-Charge
23.	Fiona Kiplagat	Radiology/Imaging
24.	Mercy Tuei	Laboratory In-Charge
25.	Francis Kiptoon	Biomedical Engineering
26.	Dr Serah Ndaiga	Head of dental

IV. Chairman's Statement

BSCH main mandate is level 4 sub-county hospital for Nakuru North Sub-County with its strength in provision of; Curative, Preventive, Rehabilitative health services. Also, it prides itself in often specialized clinical services in selective disciplines. It serves as a centre for training of students for middle level medical colleges, KMTC and private medical colleges/ institutions.

BSCH being a centre towards excellent growth potential in healthcare delivery, is always set and ready for both dynamic healthcare and environmental changes especially in Nakuru North and by extension Nakuru county in general.

The future plans of the hospital is to;

Establish 120 bed capacity-mother and child Unit with a support from strategic partner for holistic comprehensive mother and child healthcare.

Introduction of general and orthopaedic surgical procedures in what to become the former maternity and old theatre on migration of maternity services to the new mother and child unit.

Plan is also in high gear for the construction of all-inclusive service delivery-funeral home from support from county Government of Nakuru.

It is in this regard, that I have the pleasure to present the BSCH financial statement for the FY 2021/2022 ending 30th June 2022. These statements presents the financial performance of the hospital funds/ revenue in relation to ensuring affordable and quality healthcare.

Operating Environment

BSCH hospital started the year on a positive outlook, but the environment changed gradually after it was reported that key partners (KEMSA) in healthcare was having operation challenges which impacted on the hospital. KEMSA is a key partner in provision of affordable healthcare products and technologies and relation to market prices for the same healthcare products and commodities. This automatically led to adverse effects on performance and of the planned projects had to be reprogrammed and postponed as we reorganise our financing to suit the open market pricing.

Our catchment population, Nakuru North, some parts of Rongai, and Nakuru East sub counties provide a huge flow of patients to our facility. These circumstances had an

adverse impact on hospital performance, as most patients are poor and not able to pay for the services offered leading to high waivers.

Achievements

- The HMC and the hospital management realized great achievements in terms of revenue streams and also in terms of provision of more menu of services introduced compared to the FY 2020/2021.
- Renovation of our diagnostic and imaging centre.
- Bringing on board Kingdom Seekers fellowship through CSR to Construct Mother and Child Unit.

I greatly appreciate the commitment and support of all stakeholders, committee and management to the vision and mission of the hospital.

Mr. Nixon Morogo



Chairman of the Committee

BSCH

30th June 2022

V. Report of the Chief Executive Officer

a) Background information

BSCH is a level 4 hospital established under gazette notice number 157 dated 30/7/2021 and is domiciled in Nakuru North Sub-County under the health department. The hospital is governed by a Hospital Management Committee (HMC). Bahati Sub-County Hospital was started in 1979 as a Rural Health Demonstration Centre (RHDC). In the year 1978, an organization called Mutukanio/Gwataniro identified and located 8 acres' piece of land for its construction.

The construction funds were donated/ provided by DANIDA. By the year 1981, no health facility was completed and became operational and by November 2007, it was elevated to serve as a district hospital when Nakuru North District was carved from the large Nakuru District.

The facility serves a catchment population of approximately 303,214 people (based on projected population of 2019 (According to 2019 Kenya Population and Housing Census KPHC) and act as a referral centre for; Kabatini Health centre, Engashura Health centre, Dundori Health centre, Subukia Sub-County Hospital, Kabazi Sub-County Hospital among other health centres, dispensaries and nearby private level 4 hospitals. On the dawn of devolution (2012), the health facility was gazette as Bahati Sub-County Hospital (BSCH) The Kenya Gazette of 30th July, 2021.

The hospital/facility has a capacity of authorized 65 beds but currently has 12 beds in use due to financial constraints and 3 cots and 4 incubators.

- Maternity-14 beds
- Paediatric-18 beds
- Female ward-11 beds
- Male ward-6 beds
- Isolation ward-1 bed

On clinical services in general the number of patients (both OPD visits and admissions) shows a general increase in the numbers, mainly occasioned by increase in demand. The increase in the demand for healthcare services at BSCH is partly

attributed to the expansion of range of services, including introduction of specialist services.

There has been an increase in the number of outpatient visits and inpatient admissions over time, mainly occasioned by increased demand. The increase in the demand for medical services at Bahati Sub-County Hospital is partly attributed to the expansion of range of services, including introduction of specialist services.

b) Finance

i) Revenue

BSCH revenue is mainly derived from facility improvement funds (FIF) directly through out-of-pocket and indirectly through National Health schemes (NHIF).

The key drivers of our revenue streams included among others

- Pharmacy
- Medical laboratory
- Maternity (NHIF)
- Health records

During this financial year the hospital realized great improvement of revenue generation compared to last FY 2020/2021. Operating revenue increased from Ksh 28,681,504.00 to Ksh 50,696,728.00 million.

ii) Expenditures

The total expenditure during the period amounted to Ksh 47,029,169.71 million representing 98% of the total approved budget. The top drivers of the budget expenditure were

- Medical drugs
- Non-pharmaceuticals
- Laboratory services
- Staff remuneration
- Patients' food and ration among others, with high utilization rate.

iii) Budget Deficit

The hospital has a huge deficit running in millions currently under very high financial constraints.

For instance, during the year under review, (2021/2022) the operation budget presented by the departments for optimal operation was at the rate of 30 million quarterly giving a total of approximately 120 million, leaving a huge deficit compared to the actual revenue realized.

Note, also level four facilities don't have conditional grants either from national governments or county governments.

c) Achievements

The HMC and the hospital management realized great achievements in terms of revenue streams which has grown compared to the previous year 2020/21, infrastructure development such as renovation of diagnostic and imaging centre.

d) Challenges

BSCH based on the population that it serves is faced with a lot of challenges ranging from;

- Inadequate finance/ human resources
- Infrastructural i.e., limited space cutting across all departments.
- Delayed reimbursement by NHIF, and this is a potential threat to sustainability of the facility.

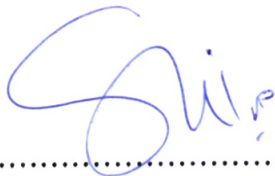
e) Looking forward

Modern infrastructural transformation with support from key partner and county government is one of the strategic pillars the hospital has embarked on to increase operational efficiencies to enhance client experience through consistent and client centred service delivery.

f) Appreciation

I take this opportunity to express my sincere gratitude and appreciation to DOH, county department of Nakuru, development partners, management and staff for their continued support, which made us achieve these results.

I look forward for continued support in the FY 2022/23.



Signed:

Dr Owino Kennedy

Medical Superintendent/ Secretary to the HMC

VI. Statement of Performance Against Predetermined Objectives

BSCH modus operandi is based on WHO six strategic pillars/ themes/ issues as below listed

1. Clinical services and products
2. Healthcare financing and sustainability
3. Human resource development
4. Infrastructural development
5. Leadership and governance
6. Health information

BSCH develops annual workplans based on the above six health system pillars. The assessment of the HMC committee and hospital/performance against its annual work plan (AWP) is done on a quarterly basis.

The hospital achievement based on its performance target for the FY 2021/22 period for the above strategic pillars is as indicated in the below diagram.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1: Clinical service delivery and infrastructure development	To establish and enhance good clinical governance To express workspace through infrastructural development. To ensure quality diagnostic services.	➤ Updated SOPs ➤ No of stock out tracer drugs. ➤ Availability of drug formulary. ➤ Infrastructural committee and evaluation ➤ completion reports. ➤ Registers. ➤ EMR.	➤ Rational use of medications. ➤ Provision of health products. ➤ Monthly clinical audits and mortality meetings. ➤ Renovation of imaging department	➤ Reduction in morbidity and mortality. ➤ Drug formulary available. ➤ Renovation of diagnostic/imaging department complete.

			➤ Installation of x-ray imaging equipment. ➤ Adhere to quality standard. Introduce new specialised services	
2. Healthcare financing and sustainability	To increase revenue generation.	➤ Revenue reports. ➤ % in revenue	➤ Review user fees. ➤ Increase customer base. ➤ Diversify revenue streams.	➤ Continuous user fee review. ➤ Improved revenue generations. ➤ More patient streams.
3. Leadership and governance	Enhanced policies, disseminations and implementation	➤ Increase in hospital performance. ➤ No of HMC meetings. ➤ No. of the HMT meetings.	➤ Monthly/quarterly HMT meetings. ➤ Quarterly HMC.	➤ Quarterly HMT/HMC meetings achieved.

VII. Corporate Governance Statement

BSCH Hospital Management committee is responsible for the corporate governance of the hospital and is accountable to the department of Health Nakuru County.

The HMC is composed of Nine Members appointed by CECM of Health and are held accountable and responsible for the efficient and effective governance of the hospital. The members of the HMC come from the Hospital community and have arrange of skills and experience, they each bring an independent judgment and considerable knowledge to the HMC discussion. The HMC term is three years renewable once.

BSCH was gazetted via gazette notice 157 dated 30/7/2021 as a level 4 hospital (Primary level referral hospital.)

a) Hospital Management Committee

The HMC is composed of nine members; The chairperson, vice chairperson, Secretary (Medical Superintendent) and other six members.

Co-opted Members are:

1. Nursing Officer in -charge
2. Hospital Accountant
3. Hospital Administrator
4. Sitting Area MCA
5. Ward Administrator

Key Roles and Responsibilities of HMC are;

- Oversight of the facility
- Link between the facility and the community
- Resource mobilization

b) HMC Meetings

Both HMC and sub-committee meetings are held quarterly or additionally when necessary to consider matters of overall control of the hospital.

Adequate notice and agenda are circulated within the stipulated timelines. The Main HMC held 7 meetings.

c) HMC Renumeration

The HMC members provides services to the hospital and are entitled to an allowance whenever their services are required, that is, when they attend meetings. Their allowance is paid as per the below circular from the DOH

d) Sub - Committees of Hospital Management Committee

➤ **Finance and General-purpose sub-committee**

Oversight the collection of revenue, budgeting with assistance of management.

➤ **Quality of healthcare services**

Oversight the hospital on quality of healthcare.

➤ **Audit sub-committee**

Oversight the implementation of the budget.

➤ **Infrastructure Sub-committee**

Oversee all infrastructural development within the hospital and related activities.

VIII. Management Discussion and Analysis

The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible. The information should show a trend for the last three years.

Some of the details to be included under this section are:

a) Clinical/operational performance

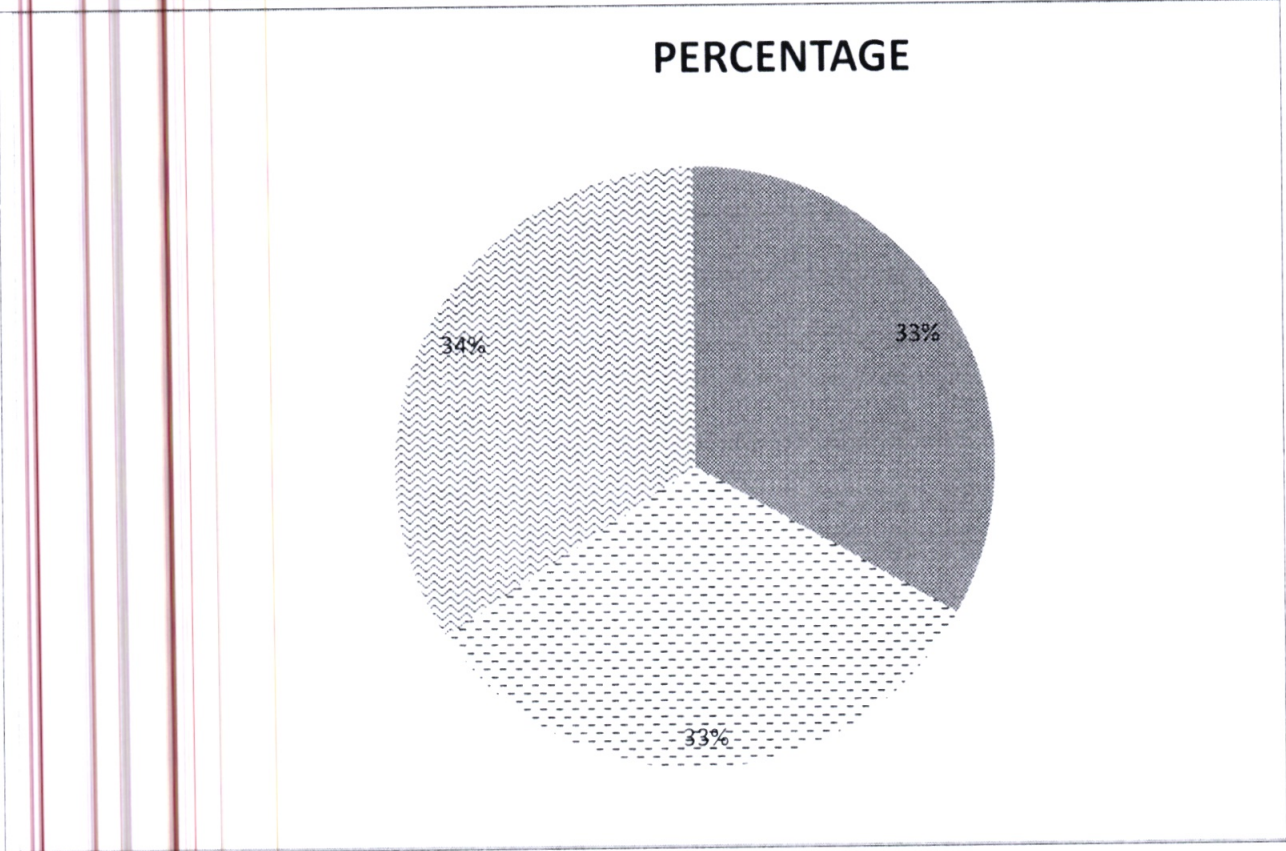
SUMMARY OF ANNUAL OPERATION PERFORMANCE BETWEEN FINANCIAL YEARS 2019 TO 2022

		FY 2019-2020	FY 2020-2021	FY 2021-2022
Bed Capacity		50	46	50
Patient Attendance Inpatient and Out Patient	Opd Visits	57,574	69,826	68,048
	Admissions	2,208	4,291	4,332
Specialized Clinics		3,283	4160	5,401
Average Length of Stay (Inpatient Days)		2 Days	2.3 Days	2.5 Days
Bed Occupancy Rate (%)		70.1	68.4	72.6
Mortality (Absolute Figures)		83	89	100
Surgical Theatre Utilization	MINOR	10	26	13
	MAJOR	299	418	566
Maternity (Total Deliveries)		2,141	2,639	2,879

There has been an increase in the number of outpatient visits and inpatient admissions over time, mainly occasioned by increased demand. The increase in the demand for medical services at Bahati Sub-County Hospital is partly attributed to the expansion of range of services, including introduction of specialist services.

b) Tables and Charts

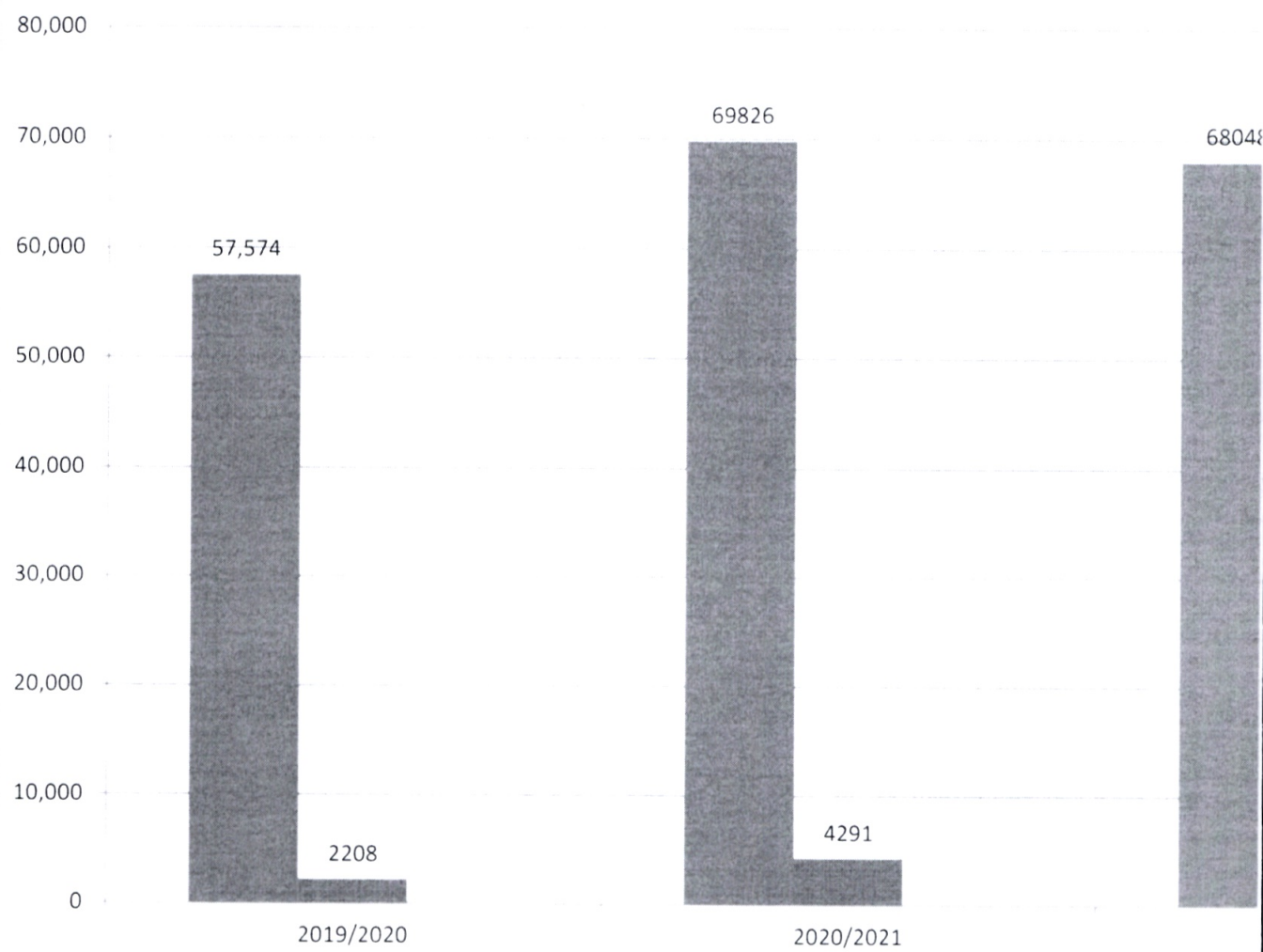
PERCENTAGE BED OCCUPANCY



Although the bed capacity at the Bahati Sub-County Hospital has largely remained the same, the percentage bed occupancy has been increasing over the years mainly due to increased utilization of services at the facility, occasioned by increased demand. Maternity services account for the larger proportion bed occupancy at the facility.

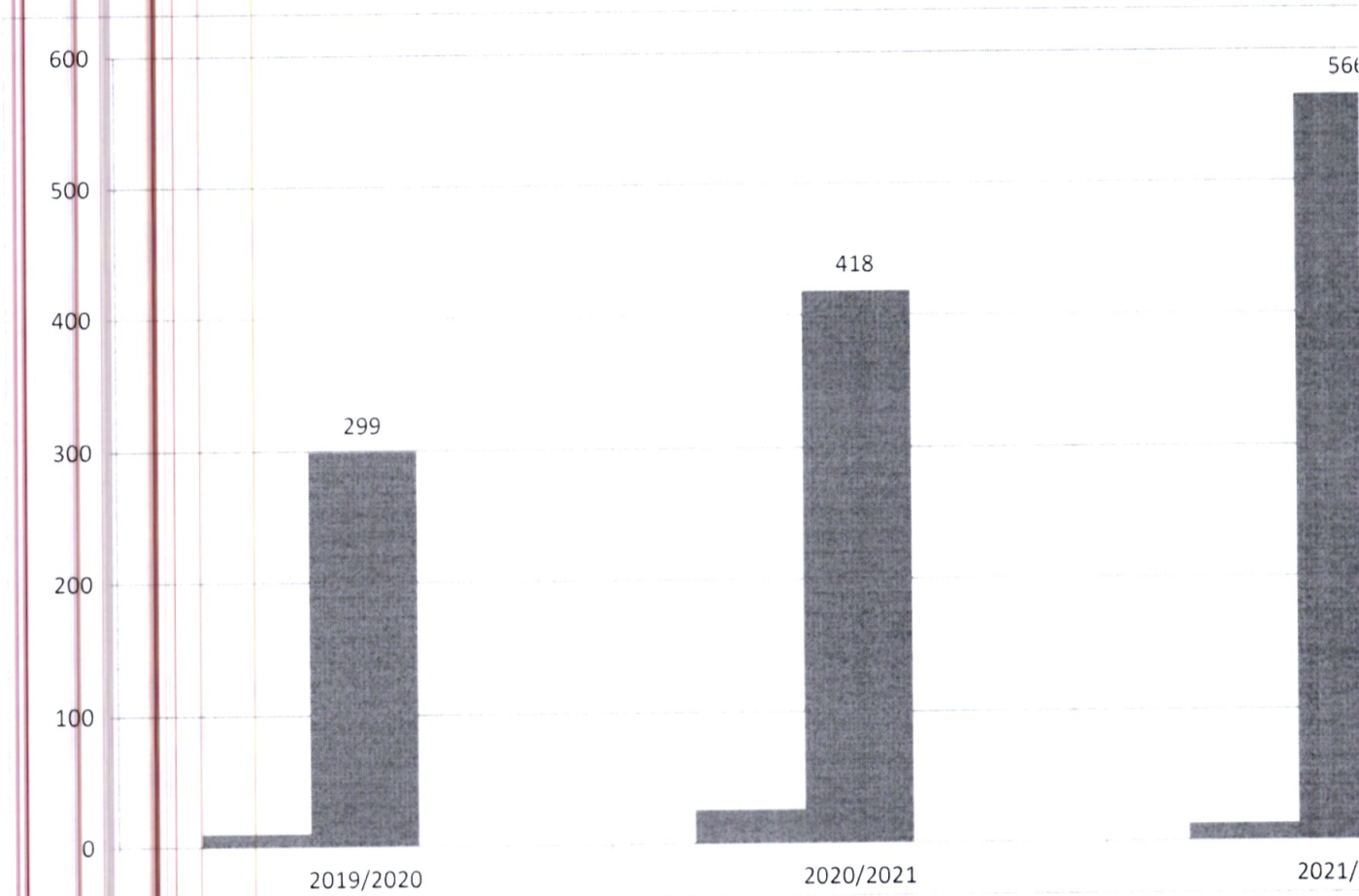
OUT PATIENT AND IN PATIENT SERVICES

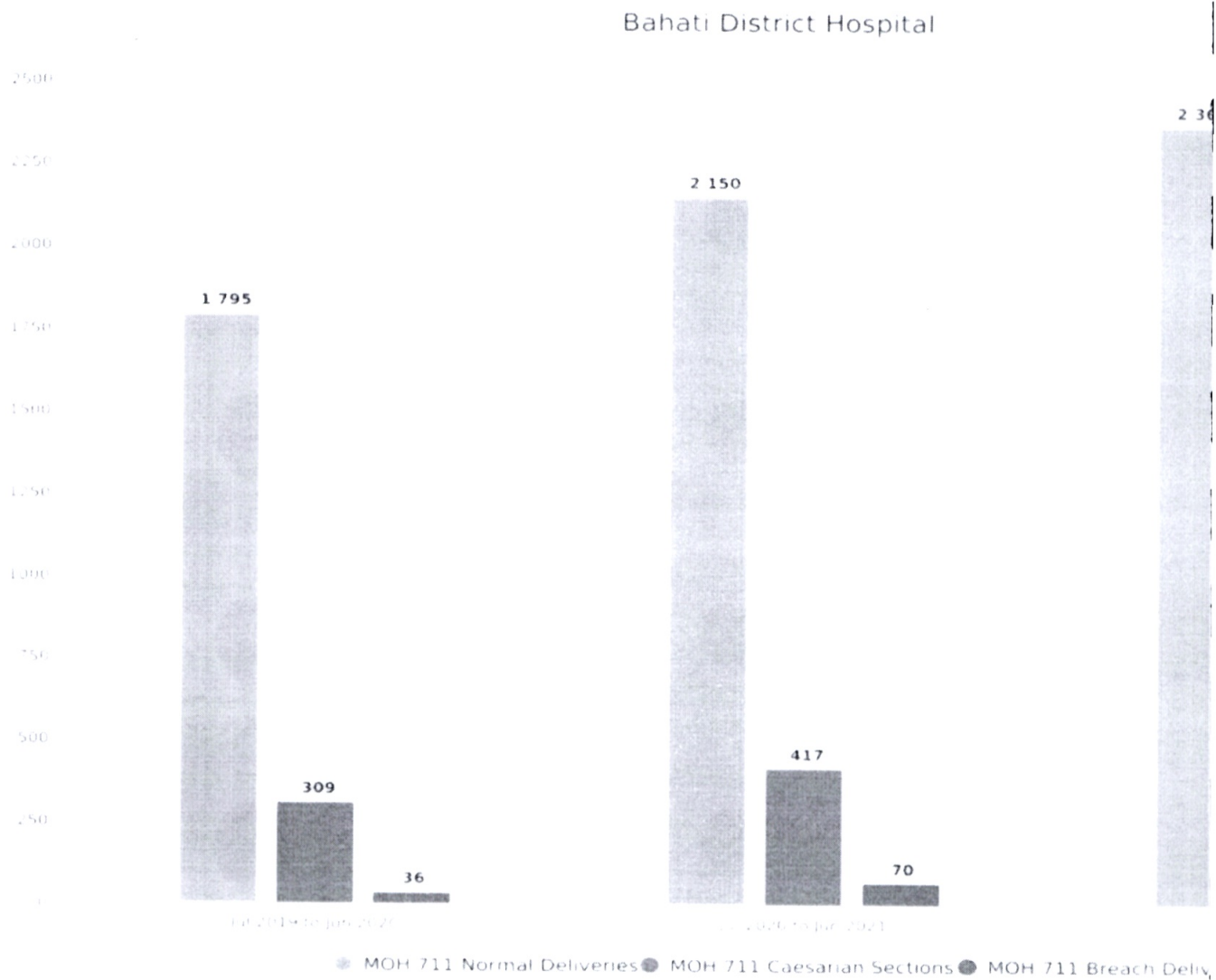
The hospital has experienced a steady increase in the number of both outpatient and inpatient cases across the three financial years



THEATRE SERVICES (MINOR AND MAJOR SURGERIES)

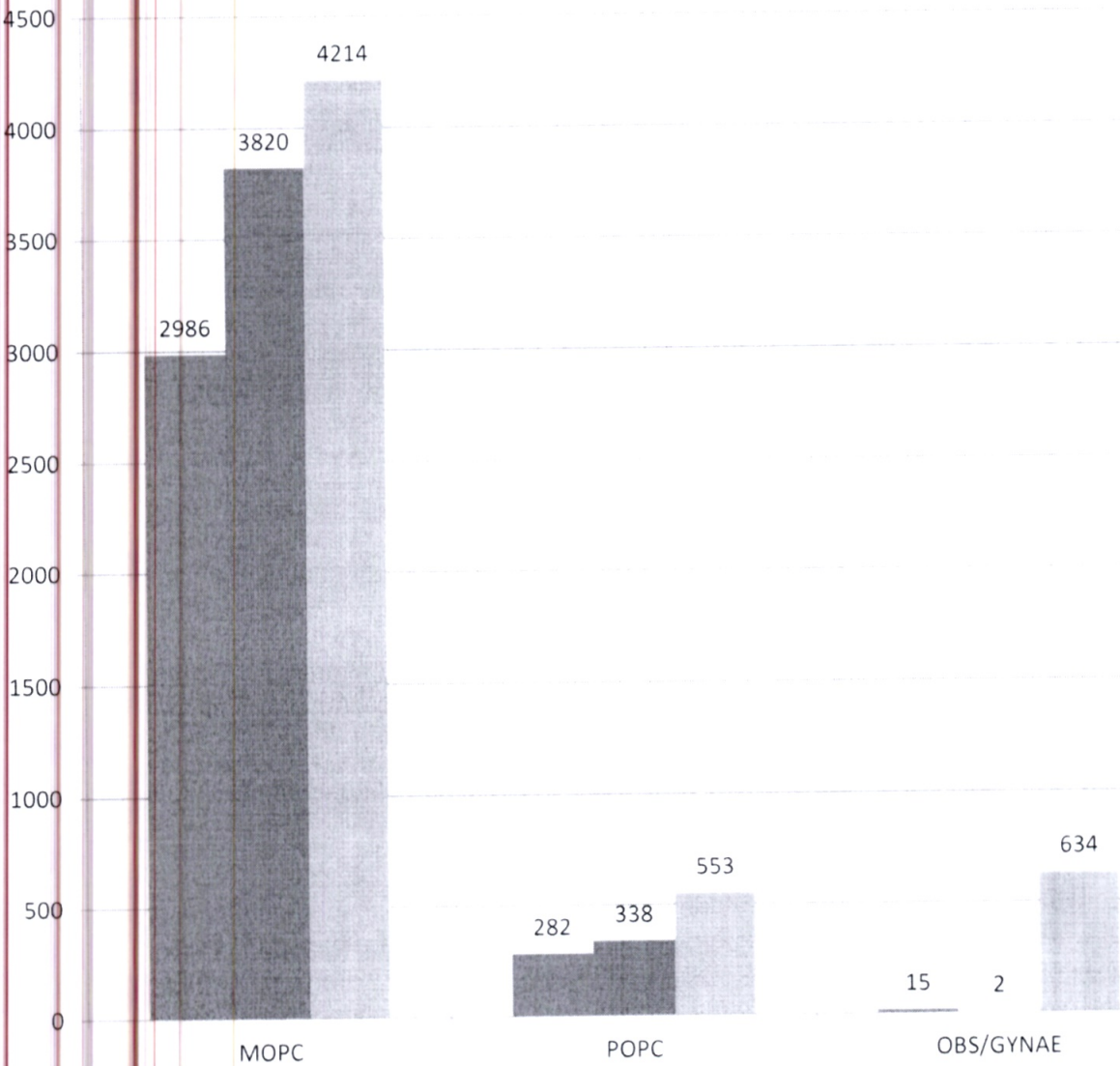
The number of surgeries increased across the three financial years. This was partly caused by deployment of specialists to the facility, such as obstetrician/gynaecologist who perform specialized gynaecological surgeries.





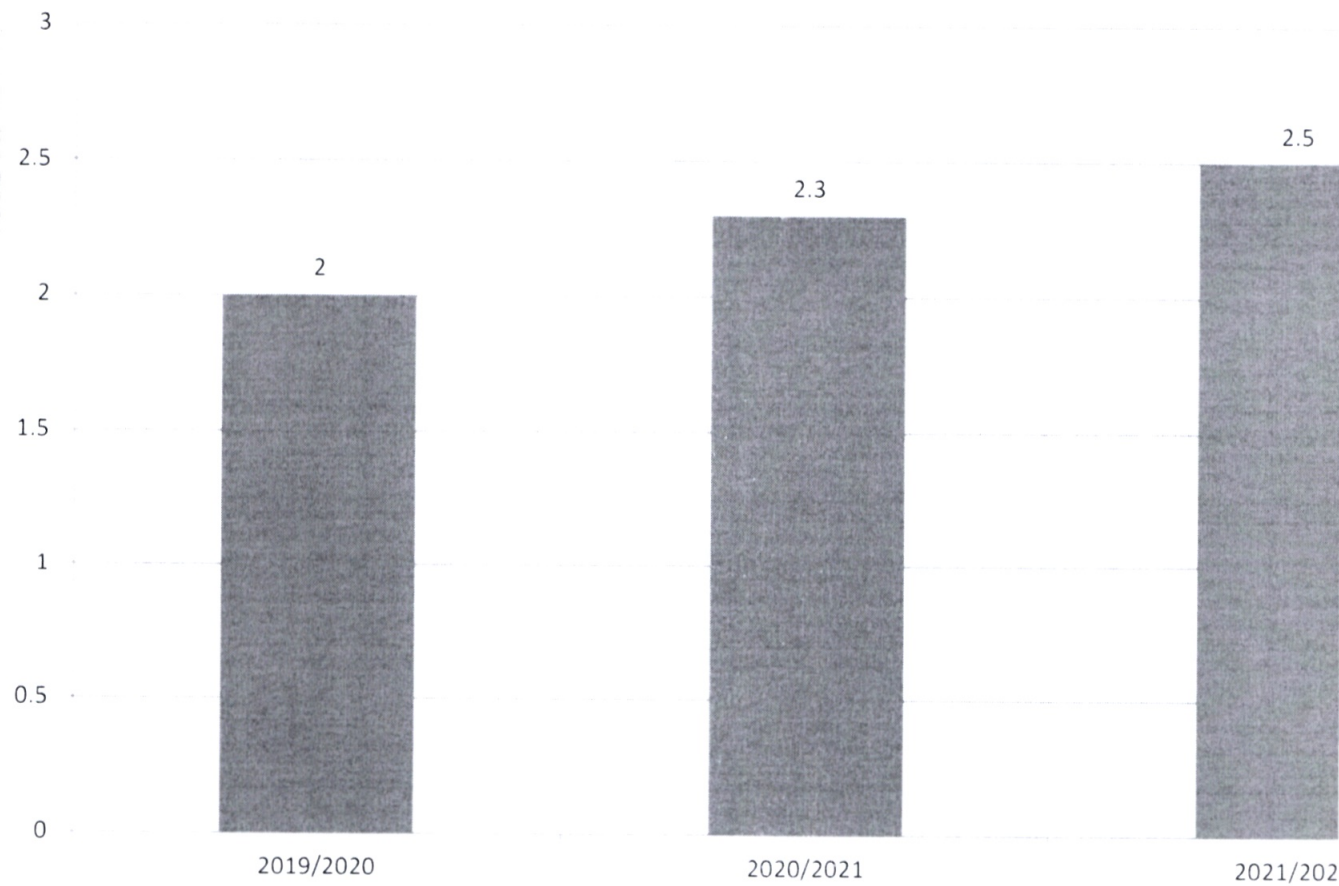
TYPE OF DELIVERIES

The caesarean section rates have remained within acceptable limits for the facility, over the three financial years. As expected, the number of breech deliveries has remained low.

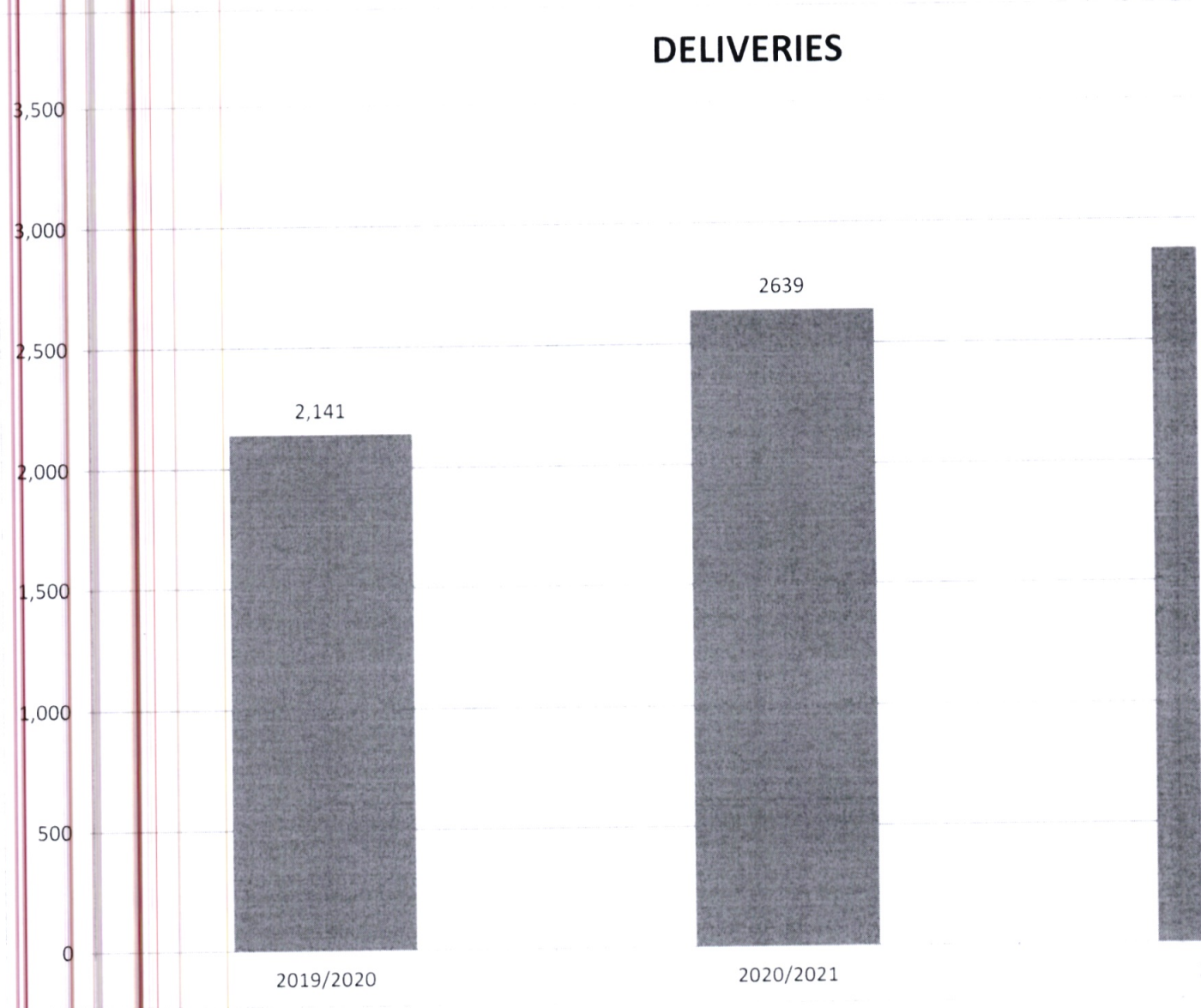


SPECIAL CLINICS

There has been a steady increase in the number of patients seen at specialized clinics due to increased demand for these services. There is a high burden of non-communicable diseases such as diabetes and hypertension within the community at Bahati. These patients are served at the medical outpatient clinic (MOPC), therefore accounting for the high number of patients attended at this clinic.

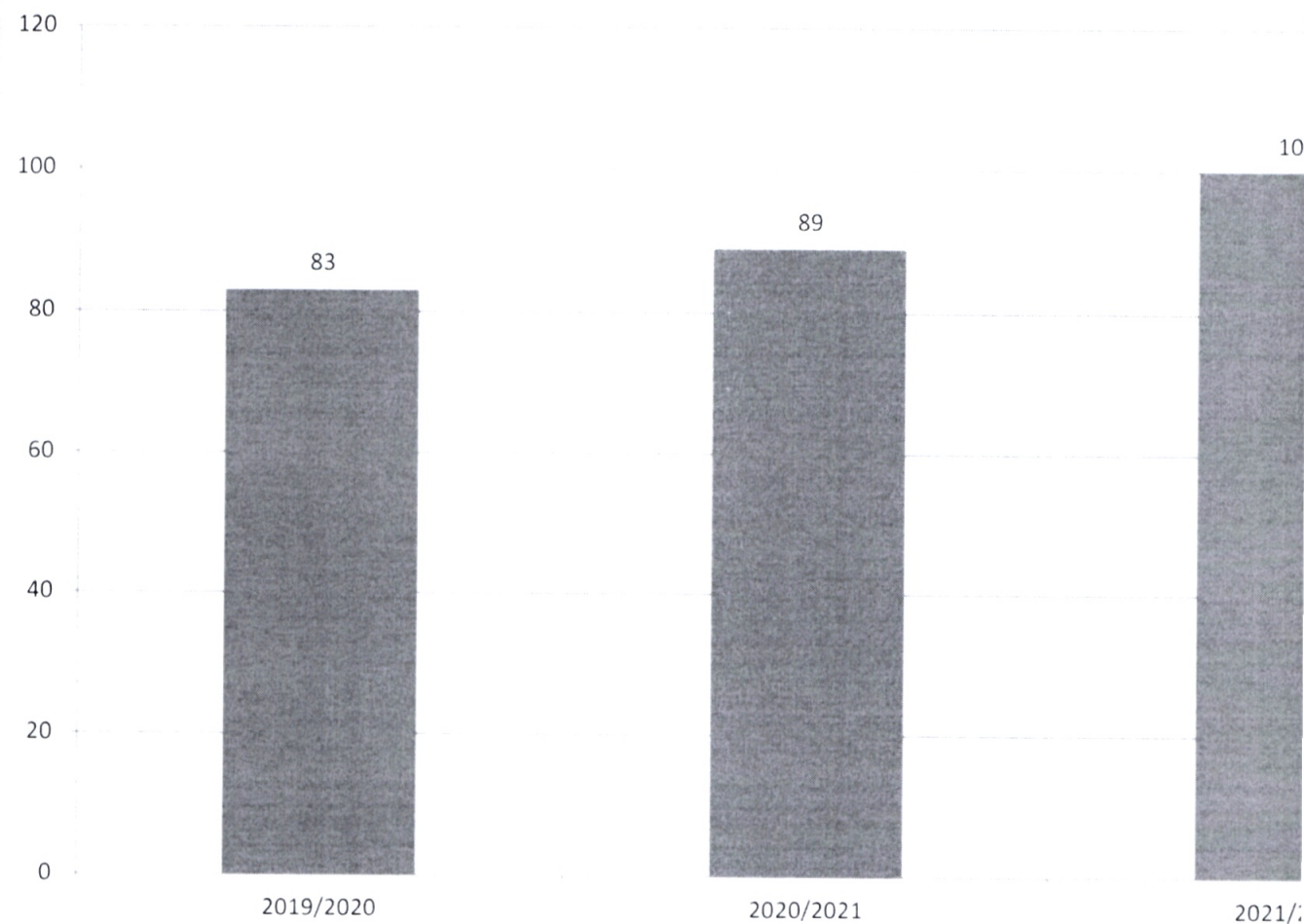


AVERAGE LENGTH OF STAY



TOTAL DELIVERIES

Bahati Sub- County Hospital offers compressive obstetric care. The target number of deliveries for the facility is 1300, based on the catchment population. However, the hospital surpassed this target due to increased demand for maternity services within the community. The hospital also acts as a referral facility for the Nakuru North Sub- County. The referral cases from the lower facilities also contributed to the high number of deliveries.



MORTALITY IN FIGURES

The highest number of mortality cases was recorded in the 2021/2022 financial year. This is the year that recorded the highest number of both outpatient and inpatients clients. The mortality cases as a proportion of the number of patients attended at the facility therefore remained low across the three financial years.

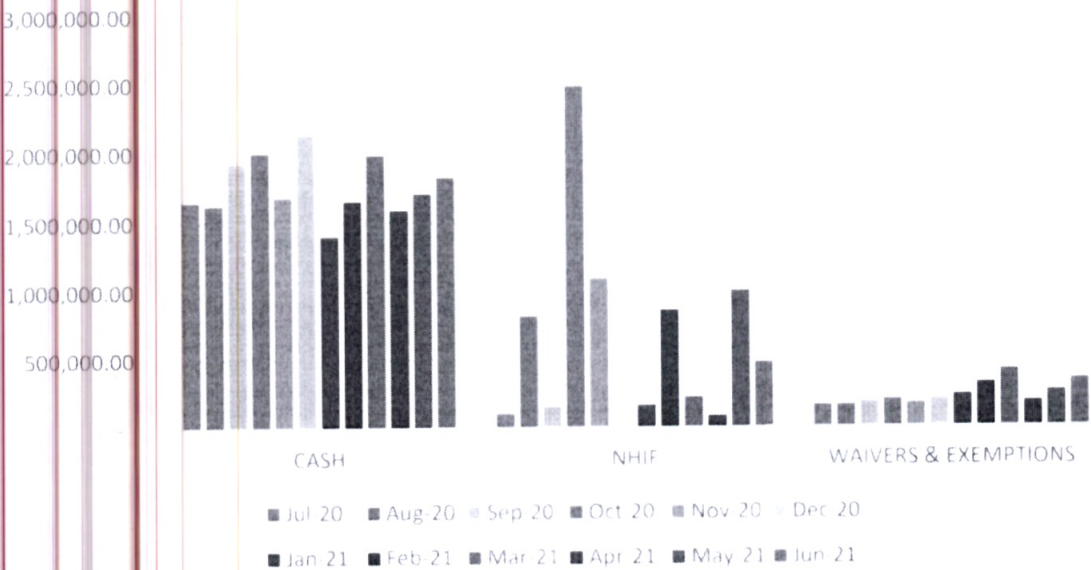
Note:
The figures are Low generally between the year 2020 and 2021 due to the Covid 19 pandemic that affected service delivery.

Financial performance that includes
BSCH revenue sources Includes:
User fees Comprising of
- Cash collection

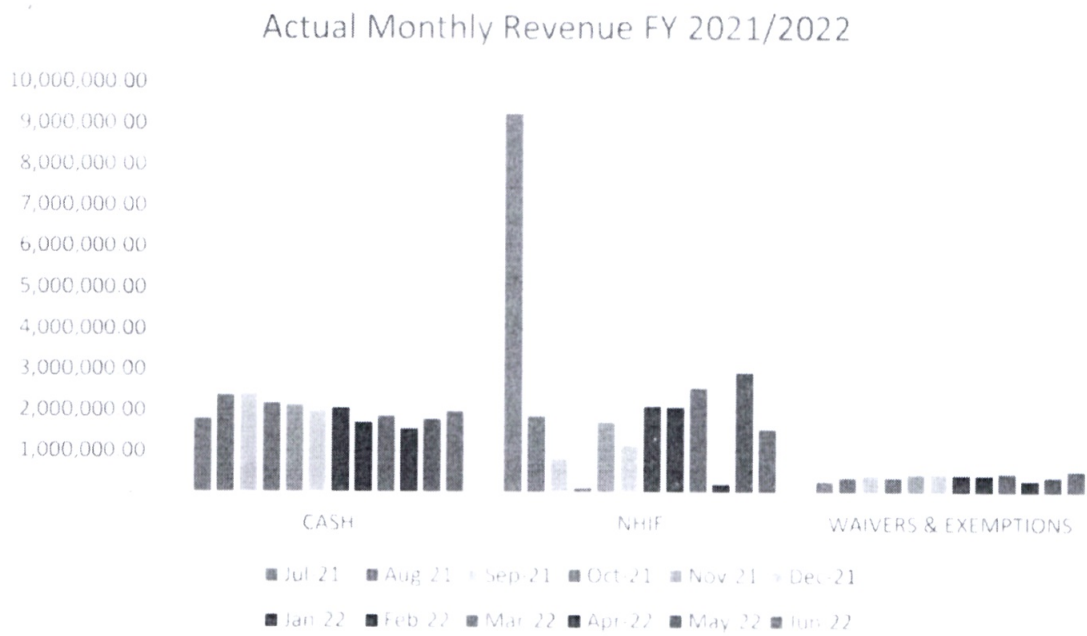
- NHIF collections
- Other Insurance MINET Insurance

Monthly Revenues FY 2020/2021

Actual Monthly Revenue FY 2020/2021

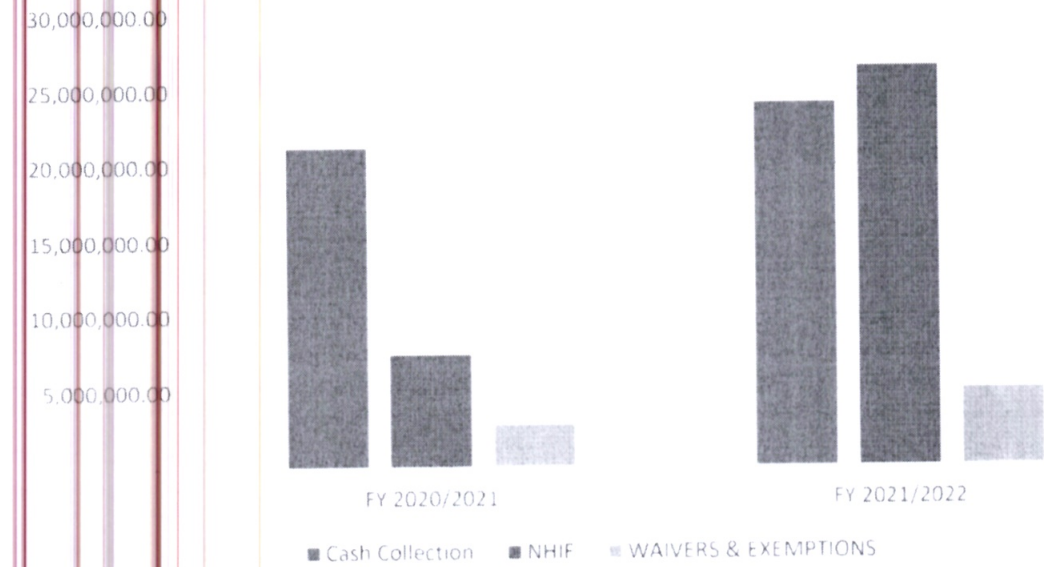


Monthly Revenues FY 2021/2022



Actual Annual Revenues

Annual Collection Reports



IX. Environmental and Sustainability Reporting

BSCH exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

Sustainability strategy and profile

i) Sustainability strategy and profile

BSCH and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and resource mobilization and financing capabilities with an objective of ensuring that BSCH going concern is secured. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options which include:

- Expanding the scope of services
- Public private partnership (PPP)
- Enhancing client satisfaction through quality service care
- Lobbying for more engagement with other insurance firms

ii) Environmental performance

BSCH is using the National Health care waste management policy guideline which is guiding us in the management of waste that we generate in the facility and we have a copy.

Successes

- We have colour-coded bins(receptacles) at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We have an incinerator that helps us in waste management and we only dispose off non-contaminated waste to the ash pits.
- The general Cleanliness of the facility is well maintained both indoors and grounds
- Planting of tree around the hospital compound.

Challenges

- Lack of sufficient funds to acquire a modern waste disposal equipment.
- Shortage of staffs.
- More waste generation which overworks the waste disposal equipment.

iii) Employee welfare

The hiring process is the mandate of the county public service Board reference made from the public service commission Human Resource Manual Procedures May 2016, Mentioned in section B which provides the rules governing recruitment and appointment of new officers.

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by government institutions.

Training programs are based on identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.

Performance Management System is a process conducted by the employer to identify areas of weakness and support the individuals in order to get better results. Its and annual exercise intended tom provide employees with clear understanding of job expectations, regular feedback on performance, advice and steps for improving performance, rewards for good performance and actions for poor performance. It helps to measure performance and ultimately the achievement of intended results for the organization.

The Human Resource Manual procedures also provides for guidelines and standards for the prevention and protection of officer against accidents and occupational hazards arising at the work place. It provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted while and in the course of employment.

iv) Market place practices-

a) Responsible competition practice.

This is effectively done through use of Hospital Hot line which is displayed on all strategic places in the Hospital which clients can access and call when need be or for inquiries.

b) Responsible Supply chain and supplier relations

Ensures best involvement of suppliers in the tendering process and feedback given to suppliers in good time.

c) Responsible marketing and advertisement

Outline efforts to maintain ethical marketing practices.

v) Corporate Social Responsibility / Community Engagements

This is effectively done by the HMC through community engagement.

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, 2022, which show the state of the hospital's affairs.

Principal activities

The principal activities of the entity are to provide quality and affordable preventive, promotive, rehabilitative and curative health services in Bahati Sub- County and Its environs.

Results

The results of the entity for the year ended June 30 are set out on page 1 to 8

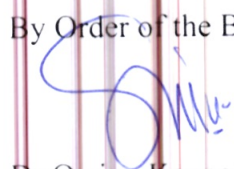
Board of Management

The members of the Board who served during the year are shown on page 6-10. During the year 2021 Mr. Silas Mukolwe Passed on but was never replaced.

Auditors

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

By Order of the Board



Dr Owino Kennedy
SECRETARY OF THE HMC

XI. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the *BSCH* financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2022. 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 Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

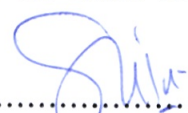
The Board of Management accepts responsibility for the BSCH financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the BSCH financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the *entity's* 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 BSCH will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 27.09.2023 and signed on its behalf by:


.....
Name: Nixon Morogo
Chairperson
Board of Management


.....
Name: Dr Owino Kennedy
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 BAHATI SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF NAKURU

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 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 Bahati Sub-County Level 4 Hospital - County Government of Nakuru set out on pages 1 to 40, 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 Bahati Sub-County Level 4 Hospital - County Government of Nakuru as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances in Revenue from Rendering Services

The statement of financial performance reflects an amount of Kshs.45,613,141 in respect to rendering of services - medical service income as disclosed in Note 7 to the financial statements. Included in the amount is Kshs.21,591,250 being claims reimbursed from the National Health Insurance Fund (NHIF). However, records revealed an amount of Kshs.18,267,500 resulting to an unexplained variance of Kshs.3,323,750.

In the circumstances, the accuracy and completeness of revenue from rendering services amounting to Kshs.21,591,250 could not be confirmed.

2. Variance in Receivables from Exchange Transactions

The statement of financial position reflects a balance of Kshs.7,164,180 in respect to receivables from exchange transactions as disclosed in Note 18 to the financial statements. The amount relates to dues from the National Health Insurance Fund (NHIF) whose records indicate a balance of Kshs.1,533,646 resulting to an unexplained variance of Kshs.5,630,534. In addition, the balance has been outstanding for between one (1) and five (5) years 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, completeness and recoverability of the receivables from exchange transactions balance of Kshs.7,164,180 could not be confirmed.

3. Undisclosed Property, Plant and Equipment Balance

The statement of financial position balance reflects a balance of Kshs.4,468,280 in respect to property, plant and equipment as disclosed in Note 20 to the financial statements. However, support documents such as detailed schedules and asset register

indicating the asset description, year of acquisition, location, cost or valuation were not provided for audit.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.4,468,280 could not be confirmed.

4. Undisclosed Inventory Balance

The statement of financial position reflects a Nil inventory balance. However, review of records and physical inspection revealed medical commodities of undetermined value which were omitted from the financial statements. Further, there was no evidence of conducting stock take to determine the quantities, value and status of stocks at closure of the financial year.

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

5. Non-Disclosure of Donated Drugs

The statement of financial performance reflects a Nil amount on grants from donors and development partners as reported in the financial statements. However, distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations drugs and program commodities amounting to Kshs.8,737,173 which were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of grants from donors and development partners could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bahati Sub-County Level 4 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.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Transfer Revenue to the County Revenue Fund Account

The statement of financial performance reflects an amount of Kshs.45,613,141 in respect to rendering services - medical services income 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 8(1-3) of the Public Finance Management (County Governments) Regulations, 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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

2. Lack of Quarterly Revenue Reports

The statement of financial performance reflects an amount of Kshs.45,613,141 in respect to rendering services - medical services income as disclosed in Note 7 to the financial statements. However, the Hospital did not provide evidence to show that the quarterly reports were prepared and submitted to the County Treasury with a copy to the Auditor-General. This was contrary to Regulation 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.

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

3. Irregular Engagement of Casual Workers

The statement of financial performance reflects an amount of Kshs.8,491,708 in respect to employee costs as disclosed in Note 11 to the financial statements. The amount includes Kshs.3,326,534 paid as wages to casual workers engaged by the Hospital for more than three months. This was contrary to Section 37 of the Employment Act, 2007 which states that a casual employee should be converted to a term contract where a casual employee works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month.

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

4. Non-compliance with Kenya Quality Model for Health Policy Guidelines

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 of eighty (80) or 79% of the authorized staff requirements as detailed below:

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	3	13	81
General Surgeons	2	1	1	50
Gynaecologists	2	2	0	0
Paediatrics	2	1	1	50
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	11	64	85
Total	101	21	80	79

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below:

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	50	100	67
New Born Unit Incubators	5	1	4	80
New Born Unit Cots	5	1	4	80
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit With at Least 5 Dialysis Machines	5	0	5	100

Further, the Hospital did not have surgical, pediatric, gynecological, radiology, renal dialysis, laboratory and mortuary services required to be offered in a level 4 hospital.

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 under-staffing and inadequate Hospital equipment may negatively have impacted on service delivery to the public.

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 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis of Conclusion

The audit was conducted in accordance with 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 governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the Hospital's activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public money is applied in an effective manner.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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

25 June, 2024

BAHATI SUB-COUNTY Hospital (NAKURU 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	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other Government entities	6	4,968,500.00	0.00
		4,968,500.00	0.00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	45,613,141.00	0.00
Revenue from rent of facilities	8	24,000.00	0.00
Other income (<i>specify</i>)	9	91,087.00	0.00
Revenue from exchange transactions		45,728,228.00	0.00
Total revenue		50,696,728.00	0.00
Expenses			
Medical/Clinical costs	10	20,745,557.59	0.00
Employee costs	11	8,491,708.21	0.00
Board of Management Expenses	12	1,772,000.00	0.00
Repairs and maintenance	14	3,944,089.50	0.00
General expenses	15	7,608,897.40	0.00
Total expenses		42,562,252.70	0.00
Other gains/(losses)			
Total other gains/(losses)		0.00	0.00
Net Surplus for the year		8,134,475.30	0.00
Attributable to:			
Surplus/(<i>deficit</i>) attributable to minority interest		0.00	(0.00)
Surplus attributable to owners of the controlling entity		0.00	0.00
		0.00	0.00

(The notes set out on pages 9 to 39 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 27/09/2023 and signed on its behalf by:



.....
Mr. Nixon Morogo
Chairman

Board of Management



.....
Head of Finance
ICPAK No: 7241



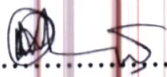
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Dr Owino Kennedy
Medical Superintendent

XIV. Statement of Financial Position as of 30th June 2022

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	10,947,555.75	0.00
Receivables from exchange transactions	18	7,164,180.00	0.00
Total Current Assets		18,111,735.75	0.00
Non-current assets			
Property, plant, and equipment	20	4,468,280.00	0.00
Total Non-current Assets		4,468,280.00	0.00
Total assets		22,580,015.75	0.00
Liabilities			
Current liabilities			
Trade and other payables	21	4,801,809.00	0.00
Total Current Liabilities		4,801,809.00	0.00
Non-current liabilities			
Total Non-current liabilities		0.00	0.00
Total Liabilities		4,801,809.00	0.00
Net assets			
Revaluation reserve		0.00	0.00
Accumulated surplus/Deficit		8,134,475.30	0.00
Capital Fund		9,643,731.45	0.00
		17,778,206.75	0.00
Total Net Assets and Liabilities		22,580,015.75	0.00

(The notes set out on pages 9 to 39 form an integral part of the Annual Financial Statements.)

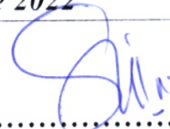
The Hospital's financial statements were approved by the Board on 27/09/2023 and signed on its behalf by:



.....
Mr. Nixon Morogo
Chairman
Board of Management



.....
Head of Finance
ICPAK No: 7241



.....
Dr Owino Kennedy
Medical Superintendent

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

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	0.00	0.00	0.00	0.00
Revaluation gain	0.00	-	-	0.00
Surplus/(deficit) for the year	-	0.00	-	0.00
Capital/Development grants	-	-	0.00	0.00
As at June 30, 2021	0.00	0.00	0.00	0.00
At July 1, 2021	0.00	0.00	0.00	0.00
Revaluation gain	0.00	-	-	0.00
Surplus/(deficit) for the year	-	8,134,475.30	-	8,134,475.30
Capital/Development grants	-	-	0.00	0.00
At June 30, 2022	0.00	8,134,475.30	0.00	0.00

(The notes set out on pages 9 to 39 form an integral part of the Annual Financial Statements.)

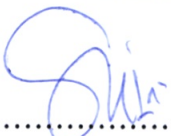
The Hospital's financial statements were approved by the Board on 27/09/2023 and signed on its behalf by:



Mr. Nixon Morogo
Chairman
Board of Management



Head of Finance
ICPAK No: 724

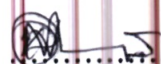


Dr. Owino Kennedy
Medical Superintendent

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

Description	Note	2021/22 Kshs	2020/21 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities	6	4,968,500.00	0.00
Rendering of services- Medical Service Income	7	45,613,141.00	0.00
Revenue from rent of facilities	8	24,000.00	0.00
Other receipts(<i>specify</i>)	9	91,087.00	0.00
Total Receipts		50,696,728.00	0.00
Payments			
Medical/Clinical costs	10	20,745,557.59	0.00
Employee costs	11	8,491,708.21	0.00
Board of Management Expenses	12	1,772,000.00	0.00
Repairs and maintenance	14	3,944,089.50	0.00
General expenses	15	7,608,897.40	0.00
Total Payments		42,562,252.70	0.00
Net cash flows from operating activities		8,134,475.30	0.00
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets		(4,468,280.00)	(0.00)
Net cash flows used in investing activities		(4,468,280.00)	(0.00)
Cash flows from financing activities			
Net cash flows used in financing activities		(0.00)	(0.00)
Net increase/(decrease) in cash and cash equivalents		0.00	(0.00)
Cash and cash equivalents at 1 July	17	7,281,360.45	0.00
Cash and cash equivalents at 30 July	17	10,947,555.75	0.00

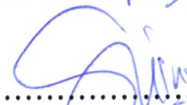
The notes set out on pages 9 to 39 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 27/09/2023 and signed on its behalf by:



Mr. Nixon Morogo
Chairman
Board of Management



Head of Finance
ICPAK No: 7241



Dr Owino Kennedy
Medical Superintendent

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from other Government entities	4,968,500.00	-	4,968,500.00	4,968,500.00	-	100%
Rendering of services- Medical Service Income	45,613,141.00	-	45,613,141.00	45,613,141.00	-	100%
Revenue from rent of facilities	24,000.00	-	24,000.00	24,000.00	-	100%
Sale of Goods (water and Containers)	91,087.00	-	91,087.00	91,087.00	-	100%
Total income	50,696,728.00	-	50,696,728.00	50,696,728.00	-	100%
Expenses						
Medical/Clinical costs	20,828,331.00	0.00	20,828,331.00	20,745,557.59	82,773.41	99.60%
Employee costs	8,632,871.82	0.00	8,632,871.82	8,491,708.21	141,163.61	98.36%
Remuneration of directors	1,744,500.00	0.00	1,744,500.00	1,730,000.00	14,500.00	99.17%
Repairs and maintenance	4,138,285.00	0.00	4,138,285.00	3,944,089.50	194,195.50	95.31%
General expenses	8,034,447.00	0.00	8,034,447.00	7,649,534.41	384,912.59	95.21%
Surplus for the period	-	0.00	-	-	817,545.11	
Capital expenditure	4,490,720.00	0.00	4,490,720.00	4,468,280.00	22,440.00	99.50%

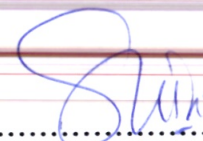
The notes set out on pages 9 to 39 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 27/09/2023 and signed on its behalf by:



.....
Mr. Nixon Morogo
Chairman
Board of Management



.....
Head of Finance
ICPAK No: 7241



.....
Dr Owino Kennedy
Medical Superintendent

XVIII. Notes To the Financial Statements

1. General Information

BSCH entity is established by and derives its authority and accountability from PFM Act 2012. The entity is wholly owned by the County Government of Nakuru and is domiciled in Nakuru Kenya. The entity's principal activity is to provide curative, preventive, promotive and rehabilitative health services.

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 2012, 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:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • 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.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 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: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and

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Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: 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. 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.
Other improvements to IPSAS	Applicable 1st January 2023 • <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.
IPSAS 43	Applicable 1st January 2025 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

Standard	Effective date and impact:
	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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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: 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.

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in the year 2021/2022

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.

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

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

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

Notes to the Financial Statements (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

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

g) Intangible assets

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

Notes to the Financial Statements (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

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

Loans and receivables

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

Notes to the Financial Statements (Continued)

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

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

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

Notes to the Financial Statements (Continued)

Loans and borrowing

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

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

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

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

Notes to the Financial Statements (Continued)

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.

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 imp rests 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 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.

6. Transfers From Other Government Entities

Description	2021/22	2020/21
	KShs	KShs
Transfer from National Hospital Insurance Fund	4,968,500.00	0.00
Total Transfers	4,968,500.00	0.00

7. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals	6,003,651.00	0.00
Non-Pharmaceuticals & In-Patient Services	1,810,475.00	0.00
Laboratory	4,602,417.00	0.00
Radiology	1,901,000.00	0.00
Orthopedic and Trauma Technology	1,192,158.00	0.00
Theatre	175,550.00	0.00
Medical Examination	594,275.00	0.00
Physiotherapy	247,600.00	0.00
Occupational Therapy	34,750.00	0.00
Nutrition service	17,440.00	0.00
Medical Records	5,053,528.00	0.00
Dental services	773,692.00	0.00
Reproductive health (MCH)	150,700.00	0.00
Out Patient services	1,301,935.00	0.00
Special Clinics (MOPC & GOPC)	139,200.00	0.00
Maternity	4,520.00	0.00
NHIF Re-imbursements	21,591,250.00	0.00
Other Medical Income (Attachment Fees)	19,000.00	0.00
Total revenue from the rendering of services	45,613,141.00	0.00

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Notes to the Financial Statements (Continued)

8. Revenue From Rent of Facilities

Description	2021/22	2020/21
	KShs	KShs
Residential property (Canteen Space)	24,000.00	0.00
Total Revenue from rent of facilities	24,000.00	0.00

BSCH Management gave out a space for placement of a portable Kiosk/shop of which the owner pays a space rental amount of Ksh 1,000.00 PM.

9. Other Income

Description	2021/22	2020/21
	KShs	KShs
Sale of goods (water, publications, containers etc)	91,087.00	0.00
Total other income	91,087.00	0.00

10. Medical/ Clinical Costs

Description	2021/22	2020/21
	KShs	KShs
Dental costs/ materials	298,111.00	0.00
Laboratory chemicals and reagents	3,497,247.00	0.00
Food and Ration	2,315,455.99	0.00
Uniform, clothing, and linen	206,030.00	0.00
Dressing and Non-Pharmaceuticals	4,646,639.00	0.00
Pharmaceutical supplies	6,135,681.00	0.00
Sanitary and cleansing Materials	2,194,550.00	0.00
Purchase of Medical gases	461,684.60	0.00
X-Ray/Radiology supplies	129,279.00	0.00
Other medical related Clinical costs (Consumable Stores)	860,880.00	0.00
Total medical/ clinical costs	20,745,557.59	0.00

Notes to the Financial Statements (Continued)

11. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	8,491,708.21	0.00
Employee costs	8,491,708.21	0.00

12. Board of Management Expenses

Description	2021/22	2020/21
	KShs	KShs
Sitting allowance	1,730,000.00	0.00
Induction and training	42,000.00	0.00
Total	1,772,000.00	0.00

13. Depreciation And Amortization Expense

Description	2021/22	2020/21
	KShs	KShs
Property, plant and equipment	0.00	0.00
Intangible assets	0.00	0.00
Investment property carried at cost	0.00	0.00
Total depreciation and amortization	0.00	0.00

There was no valuation of assets and therefore we could not provide for depreciation.

14. Repairs And Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	2,135,667.50	0.00
Medical equipment	769,800.00	0.00
Plant, Machinery and Equipment	355,372.00	0.00
Furniture and fittings	154,630.00	0.00
Computers and accessories	356,870.00	0.00
Motor vehicle expenses	171,750.00	0.00
Total repairs and maintenance	3,944,089.50	0.00

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Notes to the Financial Statements (Continued)

15. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Catering expenses	366,249.00	0.00
Bank charges	254,044.00	0.00
Contracted services	773,960.00	0.00
Electricity expenses	1,385,851.00	0.00
Travel and accommodation allowance	174,600.00	0.00
Courier and postal services	9,450.00	0.00
Printing and stationery	2,061,419.00	0.00
Supplies and accessories for Computers	237,900.00	0.00
Telephone and mobile phone services	283,399.00	0.00
Internet expenses	586,670.00	0.00
Staff training and development	15,500.00	0.00
Fire Fighting Equipment	17,400.00	0.00
Other Fuel	140,660.00	0.00
Fuel and Lubricants	656,188.99	0.00
Utensils	93,217.00	0.00
Subscriptions to professional bodies	552,389.41	0.00
Total General Expenses	7,608,897.40	0.00

Notes to the Financial Statements (Continued)

16. Medical Services Contracts Gains /Losses

Description	2021/22	2020/21
	KShs	KShs
Waivers and Exemptions	5,130,220.00	0.00
Total Gain/Loss	5,130,220.00	0.00

Note 17 was not used in the statement of Financial Performance because the revenue collected was net of exemptions and waivers.

17. Cash And Cash Equivalents

Description	2021/22	2020/21
	KShs	KShs
Current accounts	10,947,555.75	7,281,360.45
On - call deposits	0.00	0.00
Fixed deposits accounts	0.00	0.00
Cash in hand	0.00	0.00
Others(<i>specify</i>)- Mobile money	0.00	0.00
Total cash and cash equivalents	10,947,555.75	7,281,360.45

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Notes to the Financial Statements (Continued)

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

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1156245524	10,947,555.75	7,281,360.45
Equity Bank, etc		0.00	0.00
Sub- total		10,947,555.75	7,281,360.45
b) On - call deposits			
Kenya Commercial bank		0.00	0.00
Equity Bank – etc.		0.00	0.00
Sub- total		0.00	0.00
c) Fixed deposits account			
Bank Name		0.00	0.00
Sub- total		0.00	0.00
d) Others(specify)		0.00	0.00
cash in hand		0.00	0.00
Mobile money- Mpesa, Airtel money		0.00	0.00
Sub- total		0.00	0.00
Grand total		10,947,555.75	7,281,360.45

18. Receivables From Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Medical services receivables	7,164,180.00	0.00
Total receivables	7,164,180.00	0.00

Notes to the Financial Statements (Continued)

19. Inventories

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical supplies	0.00	0.00
Maintenance supplies	0.00	0.00
Food supplies	0.00	0.00
Linen and clothing supplies	0.00	0.00
Cleaning materials supplies	0.00	0.00
General supplies	0.00	0.00
Less: provision for impairment of stocks	(0.00)	(0.00)
Total	0.00	0.00

There were no any inventories in the stores as at 30th June 2022. Therefore this note was not used but for disclosure purpose.

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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 st July 2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	202,380.00	697,520.00	3,568,380.00	0.00	4,468,280.00
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Transfer/adjustments	0.00	0.00	0.00	0.00	0.00	0.00	(0.00)	0.00
At 30th June 2022	0.00	0.00	0.00	202,380.00	697,520.00	3,568,380.00	0.00	4,468,280.00
Net book values								
At 30 th June 2022	0.00	0.00	0.00	202,380.00	697,520.00	3,568,380.00	0.00	4,468,280.00

Notes to the Financial Statements (Continued)

21. Trade And Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	4,674,511.00	0.00
Third-party payments (<i>unpresented cheques</i>)	127,298.00	0.00
Total trade and other payables	4,801,809.00	0.00

22. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2022				
Receivables from exchange transactions	7,164,180.00	0.00	0.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	10,947,555.75	0.00	0.00	0.00
Total	18,111,735.75	0.00	0.00	0.00

(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.

(iii) 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.

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	0.00	4,674,511.00	0.00	4,674,511.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	4,674,511.00	0.00	4,674,511.00
At 30 June 2022				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

(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:

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

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.

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

	Change in currency rate Kshs	Effect on Profit before tax Kshs	Effect on equity Kshs
20xx			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
20xx			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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Notes to the Financial Statements (Continued)

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one.

iv) Capital Risk Management

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

	2021/22	2020/21
	Kshs	Kshs
Revaluation reserve	0.00	0.00
Retained earnings	0.00	0.00
Capital reserve	0.00	0.00
Total funds	0.00	0.00
Total borrowings	0.00	0.00
Less: cash and bank balances	(0.00)	(0.00)
Net debt/ (<i>excess cash and cash equivalents</i>)	0.00	0.00
Gearing	0.00%	0.00%

23. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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Notes to the Financial Statements (Continued)

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

Description	2021/22	2020/21
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0.00	0.00
Sales of services to xxx	0.00	0.00
Total	0.00	0.00
b) Grants from the Government		
Grants from County Government	0.00	0.00
Grants from the National Government Entities	0.00	0.00
Donations in kind	0.00	0.00
Total	0.00	0.00
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0.00	0.00
Payments for goods and services for xxx	0.00	0.00
Total	0.00	0.00
d) Key management compensation		
Directors' emoluments	1,772,000.00	0.00
Compensation to the medical Sup	0.00	0.00
Compensation to key management	0.00	0.00
Total	1,772,000.00	0.00

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Notes to the Financial Statements (Continued)

24. Events After The Reporting Period

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

25. Ultimate And Holding Entity

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

26. Currency

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

XIX. Appendices

Appendix 1: Progress on Follow Up Of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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.

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Accounting Officer

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

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APPENDIX II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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APPENDIX IV: Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 2022				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary entity:

Name Sign Date

APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source Of Funds	Implementing Partners

APPENDIX VI Disaster Expenditure Reporting Template

Date:						
Entity						
Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments