

REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

**OF**

25/09/24  
S.M.L  
Angela

**THE AUDITOR-GENERAL**

**ON**

**WEBUYE HOSPITAL**

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

**COUNTY GOVERNMENT OF BUNGOMA**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30254 - 00100 NAIROBI  
REGISTRY

29 APR 2024

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**WEBUYE LEVEL 4 HOSPITAL  
COUNTY GOVERNMENT OF BUNGOMA**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



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

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**1. Acronyms & Glossary of Terms**

|                      |   |
|----------------------|---|
| CSR                  | Corporate Social Responsibility   |
| OSHA                 | Occupational Health & Safety Act  |
| PFMA                 | Public Financial Management Act   |
| MED SUP              | Medical Superintendent  |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity. |
| NHIF                 | Nation Hospital Insurance Funds   |
| HMT                  | Hospital Management Team  |
| ICU                  | Intensive Care Unit   |
| ENT                  | Ear Nose and Throat   |
| ALOS                 | Average Length of Stay  |
| FS                   | Fee service   |
| MOH                  | Ministry of Health  |



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## **2. Key Entity Information and Management**

### **(a) Background information**

Webuye Hospital is a level (4) hospital established under gazette notice number 786 of February, 2020 with the following mandates:

- a) To receive patients on referral from other hospital and community within and outside Bungoma county for health care.
- b) To provide facilities for medical education for Webuye medical training college and other co-operation health institution.
- c) To provide facilities for education and training in Clinical Medicine, Nursing and other health allied institutions

The Hospital is domiciled in Bungoma County under the Health Department and it has a bed capacity of 226, with six wards, 2 operating theatres and it offer inpatient and outpatient service. It offers quality health care to patient from Kakamega, Trans-Nzoia, Busia and sub-counties within Bungoma County. It offers services general surgery, orthopaedic surgery, burns management, New born services, oncology, palliative care, maternity services among others.

### **Board Management**

A Board of Management governs the hospital as their responsibility includes:

- a) Set and oversees the overall strategy and approve significant policies of the hospital.
- b) Determines hospital mission, vision, purpose and core values
- c) Approve the hospital structure.
- d) Approve the annual budget of the hospital
- e) Monitor the hospital performance and ensure sustainability.
- f) Protects the assets of the hospital.
- g) Ensure effective communication with stakeholders.
- h) Ensure availability of adequate resources for the achievement of the hospital objectives
- i) Enhance the corporate image of the hospital.

### **(b) Principal Activities**

The principle activity/mission/mandate of Webuye hospital is to offer an efficient and quality healthcare services that accessible, equitable, affordable, productive and globally competitive for all.

**Vision:** To be an efficient and cost-effective medical institution

**Mission:** To promote and participate in the provision of integrated and high-quality curative and rehabilitative services

**GOAL:** Attaining equitable, affordable, accessible and quality healthcare services to all

#### **Core Objectives:**

- ✓ Provision of health services
- ✓ Ensure patient satisfaction
- ✓ Technical health assistance to local communities
- ✓ Teaching and research services

**Core Values**

- Professionalism
- Integrity
- Ethics
- Transparency and accountability
- Partnership and collaboration

**(c) Key Management**

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

- County department of health
- Board of Management
- Medical Superintendent
- Hospital Management Team (HMT)

**(d) Fiduciary Management**

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





| No. | Designation               | Name                  |
|-----|---------------------------|-----------------------|
| 1.  | Medical Superintendent    | Dr. Simon Kisaka      |
| 2.  | Head of Administration    | Paul Sikulu           |
| 3.  | Nursing officer in charge | Catherine Asava       |
| 4.  | Accountant                | Tonny kibet chongwony |
| 5.  | supply chain officer      | Benson Wabwile        |
|     |                           |                       |

**(e) Fiduciary Oversight Arrangements**

- **Infection Prevention Committee** – The committee that ensures that patients and health care workers are protected from avoidable infection.
- **Quality Improvement Committee** – A committee that ensures better performance and patient outcomes include safe, effective, patient-centred, timely, efficient and equitable patient care
- **Human Resource Advisory Management Committee** – To discuss concerns which are within the committee's jurisdiction with respect to formal grievances and resolve the grievances with the administrative officials and reach a negotiated settlement and trainings.
- **Medicine and Therapeutic Committee** – A committee that oversees policies and procedures related to medicines and other health products, together with any drug reactions.



**3. The Board of Management**

|   | <b>Directors</b>                                     | <b>Details</b>   |
|---|--|--|
|    | Dr. Collins Tabu<br>Masters in Medicine<br>& Surgery | Masters in Medicine and Surgery.<br>He is the independent chairman of the Board  |
|    | Mrs Metrine Arabu<br>Diploma in Education            | Diploma in Education.<br>She is the Chairperson of the Quality-of-Care<br>Committee<br>(Board Member)  |
|   | Mr Nicodemus Munjaru                                 | He is the chairperson of the Audit Committee (Board<br>Member)   |
|   | Dr. Simon Kisaka<br>Masters in Family Medicine       | Masters in Medicine and Surgery (Family Medicine)<br>He is the secretary of the Hospital Board, executive<br>member of the Board and also the CEO of the<br>Hospital |
|  | Dr. Jane Khasoa                                      | He is the member of the board and finance committee<br>chair   |

- **Emergency Response Committee** - A committee that will analyse any emergency initiatives and evaluate effectiveness of emergency preparedness and response

- **Sexual and Gender Based Violence Committee** – the committee that addresses problems of sexual and gender-based violence within the community. Such cases are attended to at no cost in the hospital.

**(f) Entity Headquarters**

Webuye County Hospital  
P.O. Box 25 - 50205  
Webuye Town  
WEBUYE, KENYA

**(g) Entity Contacts**

Telephone: +254732333682/+254759932327  
E-mail: [webuyedistricthospital@yahoo.com](mailto:webuyedistricthospital@yahoo.com)  
Website: [www.go.ke](http://www.go.ke)

**(h) Entity Bankers**

Kenya Commercial Bank

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

County Attorney  
County Government of Bungoma  
P.O. Box 437  
Bungoma, Kenya

**(k) County Attorney**

P.o. Box. 427  
Bungoma, Kenya



**WEBUYE COUNTY HOSPITAL (COUNTY GOVERNMENT OF BUNGOMA)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

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**Name: Dr. Simon Kisaka**  
**Medical superintendent**



### 7. Statement of Performance Against Predetermined Objectives

Webuye County Hospital has 6 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY2022- FY2023. These strategic pillars/ themes/ issues are as follows:

Pillar 1: Eliminate communicable condition

Pillar 2: Health Service delivery

Pillar 3: Health information

Pillar 4: Health Financial

Pillar 5: Health product and Technology

Pillar 6: Leadership and governance

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

| <b>Strategic Pillar/Theme/Issues</b> | <b>Objective</b>   | <b>Key Performance Indicators</b>   | <b>Activities</b>                                     | <b>Achievements</b>   |
|--------------------------------------|--|---|---|---|
| Eliminate communicable condition     | To prevention communicable condition                               | No of patient screened all in-patient and out-patient.                      | Routine screening                                     | Elimination of mother to child transmission<br>Screening of (WRA) for cervical cancer |
| Health service delivery              | To improve general service availability.                           | Number of outpatients visits per 1000 population.                           | -Renovation of the hospital.                          | Quality service delivery to our clients   |
| Health information.                  | To access capacity for analysis, synthesis and validation of data. | Availability of all MOH reporting tools and ensures registers are in place. | County government to provide up to date registers and | Timely planning and budgeting of the hospital requirements.                           |



## **6. The Medical superintendent Statement**

I am pleased to present the hospital annual report. The report highlights the hospital operational and financial performance as well as strategic direction.

### **Operational performance**

The hospital is a high volume level IV facility.it has all specialized services for level IV facility. The staffs ensure that our customer receive safe, timely equitable and patient centred services

In the year 2022/23, the hospital attended to 216,862 patients.

### **Financial review**

In order to meet the cost of operation and maintenance, the hospitals rely on monthly-generated revenue, largest component being cost-sharing revenue. During the year under review, the hospital generated 217 million as compared to various years, which was a positive increase.

### **Acknowledgement**

The two hundred thousands of patients served are a living testament to the care, love and support offered everyday by outstanding commitment of our staffs.

We are grateful to our stakeholders and sponsors of kindness, compassion, support offered to Webuye County Hospital.

I will highlight some of the activities done he period under review;

- Purchase of a dental chair
- Purchase of double cabin utility vehicle
- Construction of store for files
- Putting cabros in the front and mortuary parking.
- Purchased linen for the wards
- Purchased uniform for staffs
- Renovation of Amenity toilets and bathrooms
- Extension of laboratory at NHIF building
- Renovation of ENT department
- Drilling of borehole
- Extension mortuary
- Commemorated various world health days e.g. sickle cell, cervical cancer
- Purchase medical equipment e.g. patient monitor, suction machines, oxygen monitor

### **Challenges:**

- The hospital has over 30 acres of land which still has large space of expansion although not yet acquired title deed
- Staff shortage both technical and non-technical staff
- The hospital land is not fully faced
- The hospital also lacks major department like ICU, Renal unit, Orthopaedic unit, Mental unit and CT scan

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

It is my pleasure to present the hospital 2022/23 Annual Finance Statement. The Board of management is proud of achievements realized by hospital this period towards world class patient centred specialized care. I am particularly impressed by staff's passionate attitude in serving clients.

During the period under review, the hospital accomplished the following; purchase a new double cabin utility vehicle, constructed a store for files, cabros paved walk ways and parking lot etc.

The evaluation of 2022/23 work plan shows that the hospital exhibited continuous improvement of performance over the years. I'm also happy to state that this management achieved most of the annual performance targets.

### **Challenges**

Despite the above achievements the hospital has the challenges which includes; stalled renal/ICU building, limited bed capacity, sewer line construction, shortage of staffs and delay in paying contractual staffs.

In response to this, the board remain focused in providing resources and partnering with the executive, other arms of government and partners to ensure the above challenges are addressed.

### **Acknowledgement**

On behalf of the board, I would like to thank all the stake holders for the support they continue to accord this hospital without which our achievement would not have been realised. As we move into the new financial year, I would like to express my gratitude to Webuye hospital staffs, specialized team leaders and the board who takes such pride in their work.

Thank you

**Name: Dr. Collins Tabu**

sign 

**Chairperson**

**Board of Management**



## **8. Corporate Governance Statement**

There is usually a general meeting every quarter and each of the sub committees also sit once per quarter. The meetings are attended by all members.

### **SUB COMMITTEES.**

- Finance sub committee
- Quality of Health care services sub-committee.
- Audit sub-committee.

The roles and functions of the hospital management board are clarified in the guidelines written in the ministry of medical services. Process of appointment, induction, training and conflict of interest succession plan and governance audit are handled at the county level.

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

### **i) Environmental performance**

The hospital provides a good working environment for both the patients and the workforce. The infection prevention committee which is charged with the role of ensuring safe working environment, there is a clear policy on waste segregation and disposal both for drugs, non-pharms human waste and bodies. The committee meets regularly to discuss and implement its findings.

### **(ii) Employee welfare**

The employees are mainly hired and posted by the county public service board. The hospital management role is to raise concern on shortages and needs. It engages casual employees through a competitive process and puts into consideration gender ratio. The hospital management encourages and supports its staff members to train and capacity build in various courses. The facility observes the policy on safety and compliance with occupational safety and Health act of 2007(OSHA).

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

### **(iii) Market place practices-**

The organisation should outline its efforts to:

**WEBUYE COUNTY HOSPITAL( COUNTY GOVERNMENT OF BUNGOMA)**  
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|                               |   |  |   |   |
|-------------------------------|---|--|---|---|
|                               |   |  | reporting tools.  |   |
| Health financing.             | -To raise sufficient funds for the hospital from internal and external sources.<br>-To improve financial risk protection.   | -number of patients served.<br>-patients registered/capitated by NHIF in the hospital.<br>-availability of essential goods and services.   | -planning for anticipated health needs.<br>-budgeting and sourcing for finances.                          | Facilitation of essential services in the hospital. |
| Health product and Technology | To ensure availability of essential drugs   | Average availability selected essential medicines per month  | -Timely ordering of drugs<br>-Monthly physical stock taking   | Physical stocks done for the period                 |
| Leadership and governance     | -To improve accountability to service providers in terms of service delivery.<br>-Financial management and maintenance of infrastructure.<br>-To carry out biannual hospital inventory status.<br>-To measure patients satisfaction | -Number of HMT meeting held<br>-Number of HMC meeting held<br>-number of financial reports prepared<br>-number of monthly report submitted<br>-availability of updated hospital inventory<br>-number of client exits surveys conducted | -Quarterly HMC meetings<br>-Monthly HMT meetings<br>-Quarterly supportive supervision and review meetings | 12 HMT meetings conducted.                          |

**a) Responsible competition practice.**

The hospital management has adopted an anti-corruption crusade which involves fair competition and respects its competitors. The hospital offers quality health care services in collaboration with its partners.

**b) Responsible Supply chain and supplier relations**

Webuye county hospital offers fair competition to all its suppliers. It practices fairness by honouring contracts but a time there is delay in payment due to delayed Linda Mama and NHIF Funds.

**c) Responsible marketing and advertisement**

As a government hospital and as per ethical guidelines we don't advertise health services.

**d) Product stewardship**

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

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

The hospital provides subsidized cost services to its clients to prevent catastrophic events. Guiding and counselling of patients is also done and HIV/TB screening services.



## 9. Management Discussion and Analysis

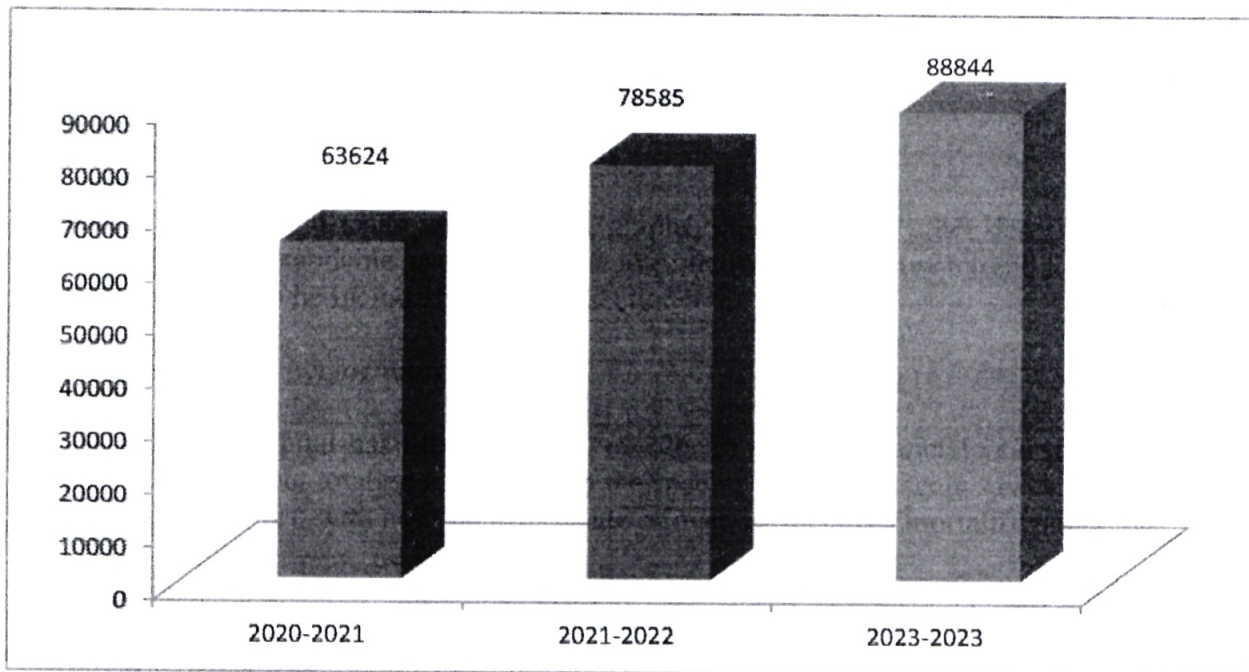
The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible. The information should show a trend for the last three years. Some of the details to be included under this section are;

### Clinical/operational performance

Webuye County Hospital has a bed capacity of 226. In the last financial year, patient attended to both inpatient and outpatient totalled to 216,862. In the special clinics averagely saw 173,217 patients, average length of stay is 4 days; with bed occupancy rate of over 100% plus a mortality rate of 6%.

### OUT PATIENT ATTENDANCE

From the figure above shows the trend of patient attendance for a period of 3 years

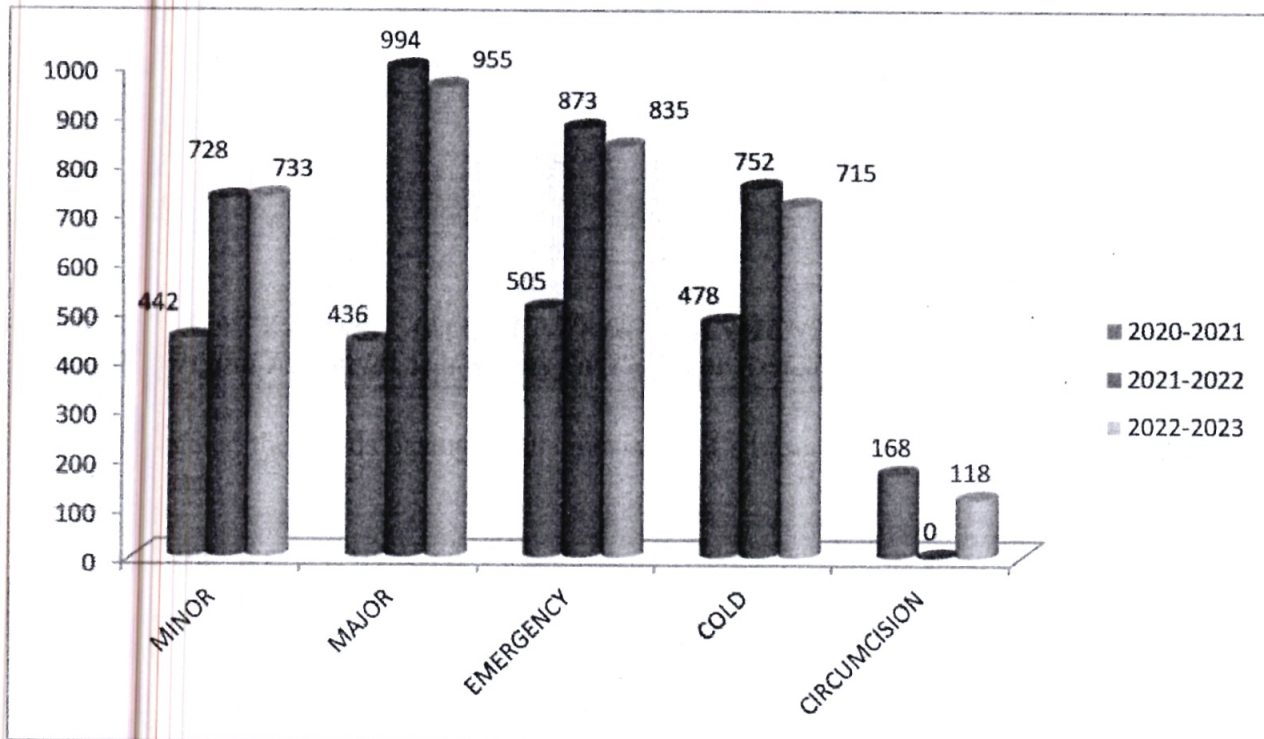


The Figure above Shows the Total outpatient Attendance in the 3 years period as from the trend in 2020/2021 the number was low with 28% patient attendance due to Covid-19 then it increased in 2021/22 to 34% patients and 2022/2023 patient attendance increased to 38%

has not segregated the wards basing on diagnosis but it's based on gender and age. In addition deliveries are also reflected

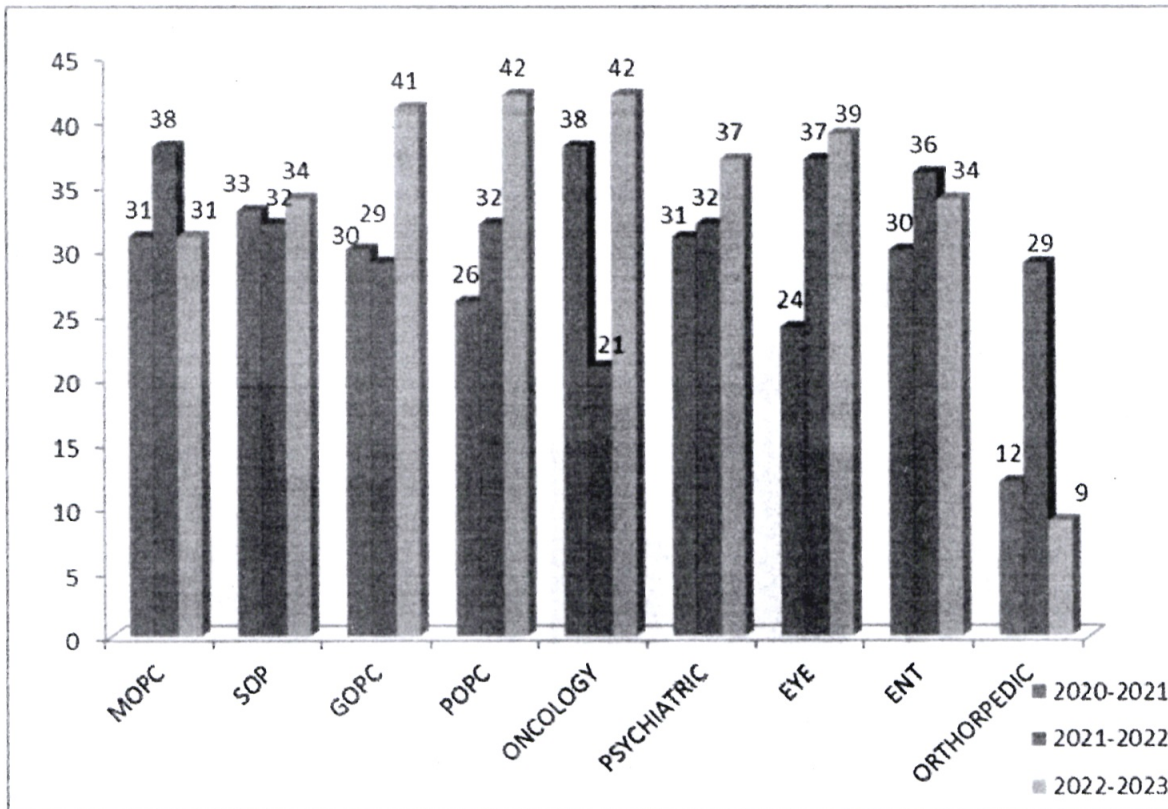
**Operations summary for three years**

The facility has two theatres that offer operation (maternity and main theatre) that offers Obs & Gynae surgery, orthopaedic surgery and general surgery which is categorised as minor, major, emergency, cold/elective as show from the figure below

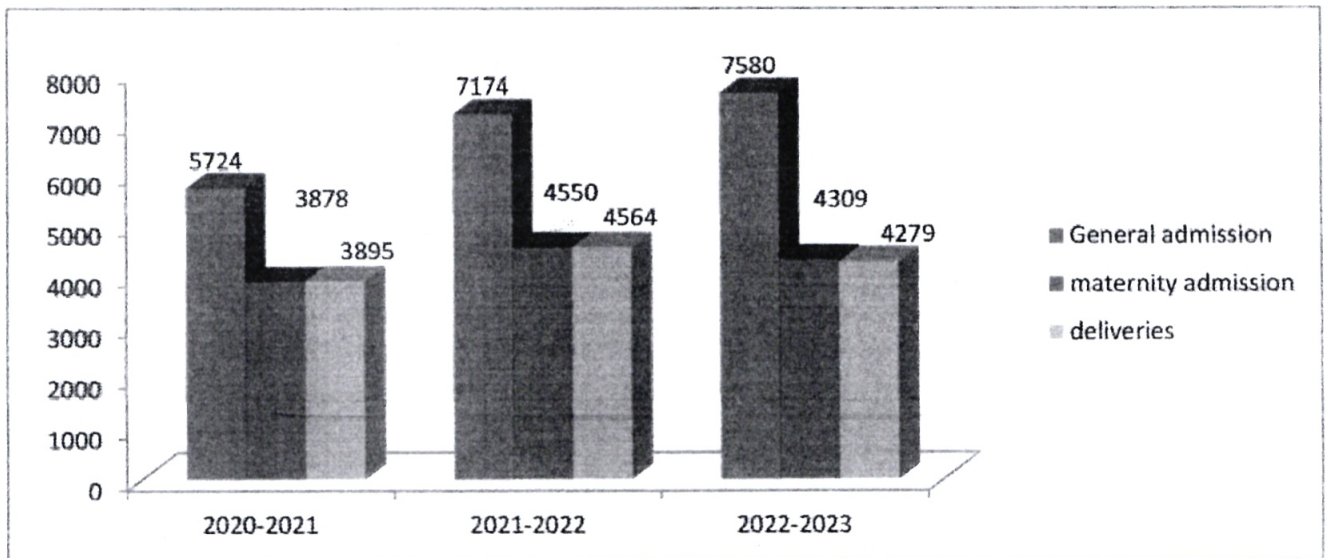




**SPECIAL CLINIC % ATTENDANCE**



**In-patient summary for three years**



From the graph above shows the general inpatient attendance in 2020/2021 we had lowest admission of 5724 patients and the highest was in 2022/2023 with 7580 patients while maternity admission the lowest was 2020-2021 with patient turnout of 3878 and highest in 2021-2022, 4550 patients however the facility



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(CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

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

In the year ended 30 June 2023, the hospital had projected revenues of Kshs.232, 861,542 of which a total of kshs. 217,000,000 were collected at 99% revenue collection. The county Government paid for the casual salaries for the Hospital an amount of kshs 25m, thus revenue in kind from the county Government.

The total expenditure budget for the financial year was Kshs.217, 000,000 and total actual expenditure amounted to Kshs.199, 640,000 representing 92% budget absorption. The Webuye County Hospital prudently utilises funds on, Payment of supplies on commodities and goods, Payment of utilities, Infrastructural improvement and renovations & Purchase of Medical equipment's and maintenance.

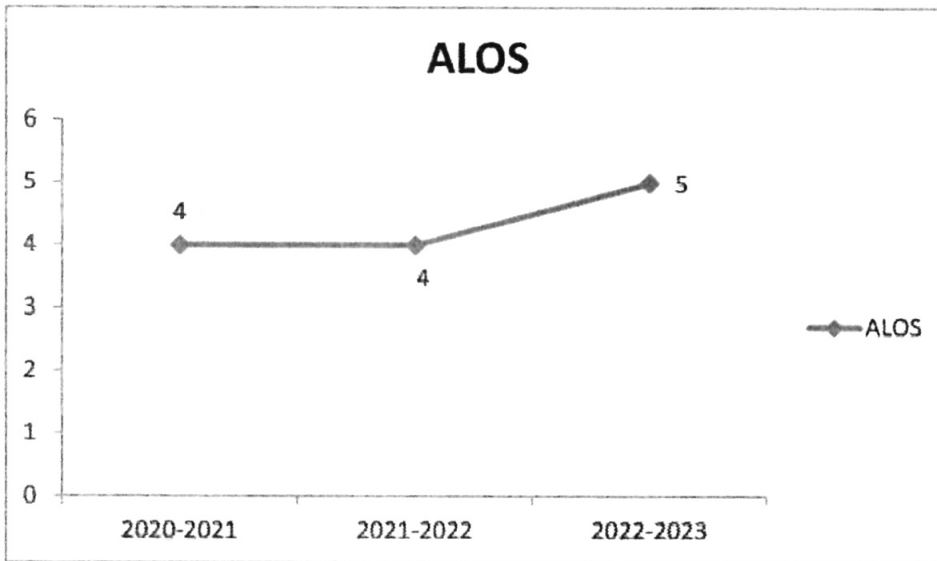


**Dr. Kisaka Simon.**

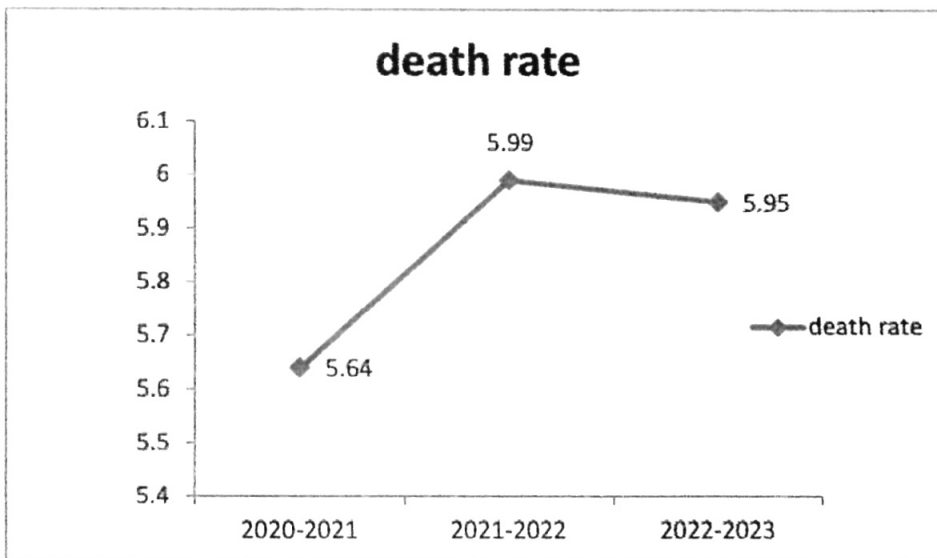
**Medical Superintendent Webuye Hospital**



**Average length of stay**



From the graph above the period of stay per patient is averagely 4 days



From the above figure the average death rate is 6%

**Financing of the Webuye County Hospital.**

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act



## **11. Statement of Board of Management's Responsibilities**

Section 164 of the Public Finance Management Act, 2012 Bungoma County Health services Act NO.5 of 2017 requires the Board of Management to prepare financial statements in respect of that entity, 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 Webuye level 4 hospital for that 2022/2023. The Board of Management is also required to ensure that the entity 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 Webuye county hospital

The Board of Management is responsible for the preparation and presentation of the Webuye county hospital financial statements, which give a true and fair view of the state of affairs of the Webuye county hospital for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes:


- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity.
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the Webuye county hospital.
- (v) Selecting and applying appropriate accounting policies,
- (vi) Making accounting estimates that are reasonable in the circumstances


The Board of Management accepts responsibility for the Webuye hospital level 4 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 entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the Webuye county hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entities, which have been relied upon in the preparation of the Webuye hospital 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 Webuye county hospital 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 29<sup>TH</sup> SEPTEMBER 2023 and signed on its behalf by:

  
.....  
**Name: Dr Tabu Collins**  
**Board Chair**

  
.....  
**Name: Dr Kisaka Simon**  
**Accounting Officer**





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

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

### **Principal activities**

The principle activity/mission/mandate of Webuye hospital is to offer an efficient and quality healthcare services that accessible, equitable, affordable, productive and globally competitive for all.

### **Results**

The results of the entity for the year ended 30<sup>th</sup> June are set out on page 1-31

### **Board of Management**

The members of the Board who served during the year are shown on (page vi). During the year no board member retired/ resigned and members was appointed with effect from 1<sup>st</sup> on November 2019

### **Auditors**

The Auditor General is responsible for the statutory audit of the Webuye level 4 hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 were nominated by the Auditor General to carry out the audit of the entity for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



**DR.SIMON KISAKA**  
**SECRETARY OF THE BOARD**



- frequent supervision on waste management
- continuous on job training on waste disposal

**c) Employee welfare**

The employees are mainly hired and posted by the county public service board. The hospital management role is to raise concern on shortages and needs. It engages casual employees through a competitive process and puts into consideration gender ratio. The hospital management encourages and supports its staff members to train and capacity build in various courses. The facility observes the policy on safety and compliance with occupational and safety act of 2007(OSHA).

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

**d) Market place practices-**

The organisation should outline its efforts to:

**e) Responsible competition practice.**

The hospital management has adopted an anti-corruption crusade which involves fair competition and respects its competitors. The hospital offers quality health care services in collaboration with its partners.

**f) Responsible Supply chain and supplier relations**

Webuye county hospital offers fair competition to all its suppliers. It practices fairness by honouring contracts but a time there is delay in payment due to delayed LINDA MAMA AND NHIF FUNDS.

**g) Responsible marketing and advertisement**

As a government hospital and as per ethical guidelines we don't advertise health services.

**h) Product stewardship**

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

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

- i. World sickle cell day that was celebrated in this facility, where children were screened. Those found positive were put on medication to prolong their lifespan.

## **12. Environmental And Sustainability Reporting**

### **a) Sustainability strategy and profile**

#### **1. Revenue Sources**

Webuye County Hospital revenue source includes:

- FFS- Facility fee service
  - Linda mama program... both Inpatient and Outpatient
  - NHIF ... both Inpatient and Outpatient
  - AON- Insurance for teachers both Inpatient and Outpatient
2. Utilisation of Funds etc. -100%

Webuye County Hospital prudently utilises funds on;

- Payment of supplies on commodities and goods
- Payment of utilities
- Infrastructural improvement and renovations
- Purchase of Medical equipment's and maintenance

### **b) Environmental performance**

#### **(a) policies from public health and sanitation include**

- Infection prevention
- Waste segregation
- Expired during disposal
- Idol asserts disposal

However from the above the following successes have been realised in the hospital

- adequate supply of bin liners in the facility
- proper waste segregation
- proper waste disposal and adherence to IPC
- functional burning chamber for sharps and infectious wastes

In addition there have been also efforts to manage biodiversity and reduce environments impact of the organisations products which include:

- sensitization of staff on infection prevention across all cadres
- community sensitization on biosafety



**13. Report of the Independent Auditor (*Webuye County Hospital*)**

- ii. World hearing day was also celebrated in the facility where the facility did free screening for ear and nose, those who were sick were put on free medication.
- iii. Community outreaches where the Hospital staffs goes back to the community to give free vaccination and immunization to the children, they also do guiding and counselling and free education on matters concerning health.
- iv. Free screening for TB/HIV



# 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 WEBUYE LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 – COUNTY GOVERNMENT OF BUNGOMA**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Webuye Level 4 Hospital – County Government of Bungoma set out on pages 1 to 59, which comprise of the

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*Report of the Auditor-General on Webuye Level 4 Hospital for the year ended 30 June, 2023 – County Government of Bungoma*



statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 Webuye Level 4 Hospital – County Government of Bungoma as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012, the Health Act, 2017 and the Bungoma County Health Services Act, 2019.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Financial Statements**

The financial statements presented for audit were inaccurate in the following areas;

- i. Information under management discussion analysis indicates that the Hospital projected revenues of Kshs.232,861,542 and collected a total amount of Kshs.217,000,000. However, the statement of comparison of budget and actual amounts reflects revenue budget amount of Kshs.274,419,105 and actual revenue collection amount of Kshs.274,419,105 resulting in unexplained variances of Kshs.41,557,563 and Kshs.57,419,105 respectively. In addition, management discussion analysis indicates that the Hospital had an expenditure budget of Kshs.217,000,000 and a total actual expenditure of Kshs.199,640,000. However, the statement of comparison of budget and actual amounts reflects a budget amount of Kshs.249,778,324 and actual expenditure of Kshs.237,449,174 resulting in unexplained variances of Kshs.32,778,324 and Kshs.37,809,174, respectively.
- ii. The statement of financial performance reflects comparative amount of Kshs.94,213,411 in respect of medical service income which differs with the previous year's financial statements amounts of Kshs.83,180,821 resulting in unexplained variances of Kshs.11,032,590.
- iii. The statement of financial position reflects net assets and liabilities balance of Kshs.37,967,824 which differ with the recomputed balance of Kshs.28,364,858 resulting in unreconciled variance of Kshs.9,602,966.
- iv. The actual amounts of Kshs.274,419,105 and Kshs.237,449,174 reflected in the statement of comparison of budget and actual amounts in respect of revenue differ with the amounts of Kshs.232,039,027 and Kshs.242,556,633 in



the statement of financial performance resulting in unexplained variance of Kshs.42,380,078 and Kshs.5,107,459 respectively.

- v. Page 35 of the financial statements reflects an amount of Kshs.8,912,450 which was not analyzed or explained.

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

## **2. Unsupported Revenue Balances**

The statement of financial performance reflects an amount of Kshs.193,734,396 in respect of rendering of services – medical service income which, as disclosed in Note 8 to the financial statements, includes amounts of Kshs.13,246,872 and Kshs.5,120,761 in respect of non-pharmaceuticals and accident and emergency services, respectively. However, the supporting ledger and schedules were not availed for verification. Further, review of the revenue supporting schedules indicated that an amount of Kshs.16,632,814 was deducted from rendering of service - medical service income. The statement of financial performance also reflects the same amount in respect of medical services contracts gains/losses leading to understatement of reported revenue.

In the circumstances, the accuracy and completeness of rendering of services – medical service income amount of Kshs.193,734,396 could not be confirmed.

## **3. Unsupported Expenses**

The statement of financial performance reflects an amount of Kshs.242,556,633 in respect of total expenses which, as disclosed in Notes 11, 14, 16 and 17 to the financial statements, is made up of clinical costs, board of management expenses, repairs and maintenance and general expenses but whose supporting ledgers and schedules were not provided for review.

In the circumstances, the accuracy and completeness of expenses of Kshs.242,556,633 could not be confirmed.

## **4. Anomalies in the Cash and Cash Equivalents Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.4,832,395 which, as disclosed in Note 19 to the financial statements, includes a balance of Kshs.233,436 in respect of the Hospital's Safaricom Pay Bill account. However, the Pay Bill's statements and certificate of balance from the service provider were not provided for review. Further, review of the cash book revealed that the opening balance for the year under review was Kshs.8,864,194 which differs with the previous year's cash book's closing balance of Kshs.8,721,155 resulting in unreconciled variance of Kshs.143,038.

In the circumstances, the accuracy, existence and completeness of cash and cash equivalents balance of Kshs.4,832,395 could not be confirmed.



## **5. Unsupported Receivables Balance**

The statement of financial position reflects a balance of Kshs.8,912,450 in respect of receivables from exchange transactions as disclosed in Note 20 to the financial statements. However, the balance has not been supported with a detailed ledger and ageing analysis. Further, review of the National Health Insurance Fund's financial statements and supporting records revealed that the Fund owes the Hospital an amount of Kshs.42,333,109. However, this amount has not been recognized in the financial statements.

In the circumstances, the accuracy and completeness of receivable balance of Kshs.8,912,450 could not be confirmed.

## **6. Unsupported Inventory Balance**

The statement of financial position reflects a balance of Kshs.2,397,197 in respect of inventories as disclosed in Note 21 to the financial statements. However, Management did not provide signed stock take reports or board of survey report and other verified stock sheets to support the balance.

In the circumstances, the accuracy and completeness of the reported inventories balance of Kshs.2,397,197 could not be confirmed.

## **7. Anomalies in the Property, Plant and Equipment Balance**

The statement of financial position reflects a balance of Kshs.21,825,782 in respect of property, plant and equipment as disclosed in Note 22 to the financial statements. However, physical verification conducted in the month of April, 2024 revealed that the facility had other assets which included land and buildings, specialized and non-specialized medical equipment, furniture and fittings and ambulances of undetermined value which had been captured in the fixed assets register but not recognized in the financial statements. Further, the fixed assets register did not indicate the assets' historical costs, depreciation charges, accumulated depreciation, net book values, useful lives and disposal dates. In addition, available information confirmed that the Hospital occupies thirty-three (33) acres of land and has seven (7) motor vehicles. However, the land title deed and vehicle logbooks were not provided for review.

In the circumstances, the completeness, accuracy and ownership of the property, plant and equipment balance of Kshs.21,825,782 and motor vehicles of undetermined value could not be confirmed.

## **8. Undisclosed Payables**

The statement of financial position reflects a balance of Kshs.4,458,162 in respect of trade and other payables as disclosed in Note 25 to the financial statements. However, the balance excluded Kshs.1,835,926 payable to Kenya Medical Supplies Agency (KEMSA).

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.4,458,162 could not be confirmed.



The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Webuye 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 judgment, 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. Late Submission of Financial Statements**

The financial statements for the year ended 30 June, 2023 were submitted to the Office of the Auditor-General on 02 October, 2023, two (2) days after the statutory deadline of 30 September, 2023. This is contrary to Section 149(2)(k) of the Public Finance Management Act, 2012 which requires an Accounting Officer, in respect of the entity concerned, to not later than three months after the end of each financial year, prepare a financial statements for that financial year and submit them to the Auditor-General for audit, with a copy to the County Treasury.

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

#### **2. Lack of Quarterly Revenue Reports**

The statement of financial performance reflects Kshs.193,734,396 in relation to the rendering of services - medical income as disclosed in Note 8 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County Treasury with a copy to the Auditor-General as per the requirement of Regulations 64. (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

### 3. Non-Compliance with Laws on Ethnic Composition

Review of the staff establishment revealed that, out of one hundred and thirty one (131) staff, one hundred and twenty (120), representing 92% were from the same ethnic community, hence exceeding the threshold required by Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

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

### 4. Non-Serviced Medical Equipment

Physical verification and inspection to confirm the status of the Medical Equipment Services as well as its operationalization revealed that the contracts between the maintenance service providers and the Ministry of Health had lapsed leaving some equipment not serviced and defective as indicated below;

| Equipment             | No. of Units | Status  |
|-----------------------|--------------|---|
| CR                    | 1            | Functional but not serviced since 2019. Further, the processor has not functioned since March, 2024                           |
| C ARM                 | 1            | Faulty for over one year due to lack of spare part (power software) for over two years  |
| DIGITAL GENERAL X-RAY | 1            | Faulty since January, 2024, due to lack of service. The room AC not working.  |
| DIGITAL MOBILE X-RAY  | 1            | Faulty since November, 2021   |
| ULTRASOUND            | 1            | Functional but not serviced for over a year and the room was leaking and was without AC thus the equipment tended to overheat |

In the circumstances, value for money from the Medical Equipment Services could not be confirmed.

### 5. Non-Compliance with the Kenya Quality Health Model Guidelines

#### 5.1 Inadequate Staffing

Review of records provided revealed that the Hospital had deficit in staff as tabulated below:



| S/No. | Category          | Recommended by the Kenya Quality Model for Health | In-Post | Deficit | % Deficit/ Surplus |
|-------|-------------------|---|---------|---------|--------------------|
| 1.    | Medical Officers  | 16  | 14      | 2       | 13                 |
| 2.    | Anesthesiologists | 2   | 1       | 1       | 50                 |
| 3.    | Surgeons          | 2   | 1       | 1       | 50                 |
| 4.    | Gynaecologists    | 2   | 0       | 2       | 100                |
| 5.    | Paediatrics       | 2   | 1       | 1       | 50                 |
| 6.    | Radiologists      | 2   | 1       | 1       | 50                 |

On aggregate, the Hospital had a staff deficit of fifty (50) or 8% of the required personnel towards achieving the quality health model guidelines in terms of staffing.

In the circumstances, Management did not comply with the health policy guidelines stipulated in the Kenya Quality Health Model.

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### Basis for Conclusion

#### 1. Poor Management of Pharmaceuticals and Non-Pharmaceuticals Items

Review of management of pharmaceutical and non-pharmaceutical commodities at the Hospital revealed that stock cards used in issuance of drugs to various departments in the Hospital did not indicate the batch number and the expiry dates of the drugs. Further, 95,820 units of medicines of undetermined value were found to have expired and had not been disposed as at 30 June, 2023 (at the time of audit inspection).

In the circumstances, it was not possible to establish whether the issuance of drugs was on a First Expiry First Out (FEFO) basis.



## **2. Ineffective Internal Audit and Audit Committee Function**

Review of the Hospital's governance system revealed that it relied on the Internal Audit Unit of the County Executive and did not directly report to the audit committee of the facility but to the audit committee of the county government. Further, although the internal audit department carried out audits in the year under review, it did not submit any audit report on the operations of the Hospital to the Management. This is contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to establish an effective Audit Committee.

In the circumstances, the Hospital could not benefit from the independent assurance over its financial reporting and risk management processes.

## **3. Lack of Policy Documents**

During the financial year under review, the Hospital did not have a risk management strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. Consequently, Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure. Further, it was noted that Management lacked a disaster recovery plan/business continuity plan and therefore crucial information may never be recovered in the event of a disaster.

In addition, the Hospital was operating without an approved waiver policy to show proper guidelines and procedures on waiver and therefore the effectiveness and sufficiency of the controls could not be confirmed.

In the circumstances, the Hospital may not achieve its desired objectives where crucial policy documents are non-existent.

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 control, 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 activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

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

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



occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

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

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



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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**28 June, 2024**

**WEBUYE COUNTY HOSPITAL BUNGOMA COUNTY GOVERNMENT**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

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

| Description                                      | Notes | 2022/2023<br>Kshs   | 2021/22<br>Kshs    |
|--|-------|---------------------|--------------------|
| <b>Revenue from non-exchange transactions</b>    |       |                     |                    |
| In-kind contributions from the County Government | 1     | 32,418,947          | 31,951,847         |
| Public contributions and donations               | 2     | 5,158,374           | 548,500            |
|  |       | <b>37,577,321</b>   | <b>32,500,347</b>  |
| <b>Revenue from exchange transactions</b>        |       |                     |                    |
| Rendering of services- Medical Service Income    | 3     | 193,734,396         | 165,943,119        |
| Other income ( <i>specify</i> )                  | 4     | 727,310             | 716,710            |
|  |       | <b>194,461,706</b>  | <b>166,659,829</b> |
| <b>Total revenue</b>                             |       | <b>232,039,027</b>  | <b>199,160,175</b> |
| <b>Expenses</b>                                  |       |                     |                    |
| Medical/Clinical costs                           | 5     | 138,386,780.00      | 99,823,365.75      |
| Employee costs                                   | 6     | 32,886,296.00       | 25,167,411.53      |
| Board of Management Expenses                     | 7     | 1,816,700.00        | 2,391,500.00       |
| Depreciation and amortization expense            | 8     | 1,383,875.35        |                    |
| Repairs and maintenance                          | 9     | 22,944,690.50       | 17,081,757.00      |
| General expenses                                 | 10    | 45,138,291.00       | 34,215,480.00      |
| <b>Total expenses</b>                            |       | <b>242,556,633</b>  | <b>178,679,514</b> |
| <b>Other gains/(losses)</b>                      |       |                     |                    |
| Medical services contracts Gains/Losses          | 11    | (16,632,814)        | 4,301,128          |
| <b>Total other gains/(losses)</b>                |       | <b>(16,632,814)</b> | <b>4,301,128</b>   |
| <b>Net Surplus for the year</b>                  |       | <b>6,115,208</b>    | <b>16,179,533</b>  |

**WEBUYE COUNTY HOSPITAL BUNGOMA COUNTY GOVERNMENT**  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023***

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Chairman  
Board of Management



Head of Finance  
ICPAK No:





**WEBUYE COUNTY HOSPITAL BUNGOMA COUNTY GOVERNMENT**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

**15. Statement of Financial Position As At 30<sup>th</sup> June 2023**

| Description                             | Notes | 2022/2023         | 2021/22           |
|---|-------|-------------------|-------------------|
|   |       | Kshs              | Kshs              |
| <b>Assets</b>                           |       |                   |                   |
| <b>Current assets</b>                   |       |                   |                   |
| Cash and cash equivalents               | 12    | 4,832,395         | 8,978,232         |
| Receivables from exchange transactions  | 13    | 8,912,450         | 2,378,870         |
| Inventories                             | 14    | 2,397,197         | -                 |
| <b>Total Current Assets</b>             |       | <b>16,142,042</b> | <b>11,357,102</b> |
| <b>Non-current assets</b>               |       |                   |                   |
| Property, plant, and equipment          | 15    | 21,825,782        | 7,418,240         |
| <b>Total Non-current Assets</b>         |       | <b>21,825,782</b> | <b>7,418,240</b>  |
| <b>Total assets</b>                     |       | <b>37,967,824</b> | <b>18,775,342</b> |
| <b>Liabilities</b>                      |       |                   |                   |
| <b>Current liabilities</b>              |       |                   |                   |
| Trade and other payables                | 16    | 4,458,162         | 983,854           |
| <b>Total Liabilities</b>                |       | <b>4,458,162</b>  | <b>983,854</b>    |
| <b>Net assets</b>                       |       |                   |                   |
| Accumulated surplus/Deficit             |       | 23,906,696        | 17,791,488        |
|   |       | <b>23,906,696</b> | <b>17,791,488</b> |
| <b>Total Net Assets and Liabilities</b> |       | <b>37,967,824</b> | <b>18,775,342</b> |

The Hospital's financial statements were approved by the Board on 25/4/24 and signed on its behalf by:

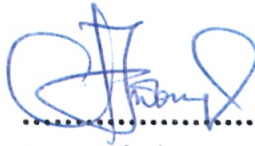


**WEBUYE COUNTY HOSPITAL BUNGOMA COUNTY GOVERNMENT**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

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



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

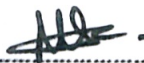


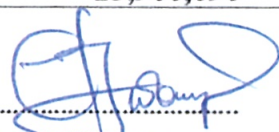
.....  
**Medical Superintendent**



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

| <b>17.</b>                     | <b>Accumulated surplus/Deficit</b> | <b>Total</b>      |
|--------------------------------|------------------------------------|-------------------|
| <b>At July 1, 2021</b>         | <b>1,611,955</b>                   | <b>1,611,955</b>  |
| Revaluation gain               | -                                  | -                 |
| Surplus/(deficit) for the year | 16,179,533                         | 16,179,533        |
| Capital/Development grants     | -                                  | -                 |
| <b>At June 30, 2022</b>        | <b>17,791,488</b>                  | <b>17,791,488</b> |
| <b>At July 1, 2022</b>         | <b>17,791,488</b>                  | <b>17,791,488</b> |
| Revaluation gain               | -                                  | -                 |
| Surplus/(deficit) for the year | 6,115,208                          | 6,115,208         |
| Capital/Development grants     | -                                  | -                 |
| <b>At June 30, 2023</b>        | <b>23,906,696</b>                  | <b>23,906,696</b> |

  
 .....  
 Chairman  
 Board of Management

  
 .....  
 Head of Finance  
 ICPAK No:





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



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Chairman  
Board of Management



.....  
Head of Finance  
ICPAK No:



**WEBUYE COUNTY HOSPITAL BUNGOMA COUNTY GOVERNMENT**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

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

| <b>Description</b>  |             | <b>2022/2023</b>      | <b>2021/22</b>     |
|---|-------------|-----------------------|--------------------|
|   | <b>Note</b> | <b>Kshs</b>           | <b>Kshs</b>        |
| <b>Cash flows from operating activities</b>                 |             |                       |                    |
| <b>Receipts</b>   |             |                       |                    |
| Public contributions and donations                          |             | -                     | 548,500            |
| Rendering of services- Medical Service Income               |             | 216,463,140.20        | 159,263,121        |
| Other receipts( <i>specify</i> )                            |             | 777,616.80            | 716,710            |
| <b>Total Receipts</b>                                       |             | <b>217,240,757.00</b> | <b>160,528,331</b> |
| <b>Payments</b>   |             |                       |                    |
| Medical/Clinical costs                                      |             | 135,677,659.00        | 93,038,931         |
| Board of Management Expenses                                |             | 1,816,700.00          | 2,391,500          |
| Repairs and maintenance                                     |             | 22,944,690.50         | 17,081,757         |
| General expenses  |             | 45,156,577.00         | 33,231,176         |
| <b>Total Payments</b>                                       |             | <b>205,595,626.50</b> | <b>145,743,364</b> |
| <b>Net cash flows from operating activities</b>             | <b>17</b>   | <b>11,645,130.50</b>  | <b>14,784,966</b>  |
| <b>Cash flows from investing activities</b>                 |             |                       |                    |
| Purchase of property, plant, equipment, & intangible assets |             | (15,791,417.25)       | (7,418,240)        |
| <b>Net cash flows used in investing activities</b>          |             |                       | <b>-</b>           |
| <b>Cash flows from financing activities</b>                 |             |                       |                    |
| <b>Net cash flows used in financing activities</b>          |             |                       |                    |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |             | <b>(4,146,286.75)</b> | <b>7,366,727</b>   |
| Cash and cash equivalents at 1 July                         |             | 8,978,682.00          | 1,611,955          |
| <b>Cash and cash equivalents at 30 June.</b>                |             | <b>4,832,395.25</b>   | <b>8,978,682</b>   |

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19. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2023

| Description                                     | Original budget    | Adjustments       | Final budget       | Actual on comparable basis | Performance difference | % of utilisation |
|---|--------------------|-------------------|--------------------|----------------------------|------------------------|------------------|
|   | a                  | b                 | c=(a+b)            | d                          | e=(c-d)                | f=d/c%           |
|   | Kshs               | Kshs              | Kshs               | Kshs                       | Kshs                   |                  |
| <b>Revenue</b>                                  |                    |                   |                    |                            |                        |                  |
| n-kind contributions from the County Government | 33,985,122         |                   | 33,985,122         | 33,985,122                 | -                      | 100              |
| Public contributions and donations              | 7,572,441          |                   | 7,572,441          | 7,572,441                  | -                      | 100              |
| Rendering of services- Medical Service Income   | 232,861,542        |                   | 232,861,542        | 232,861,542                | -                      | 100              |
| Other receipts ( <i>specify</i> )               |                    |                   | -                  | -                          | -                      |                  |
| <b>Total income</b>                             | <b>274,419,105</b> |                   | <b>274,419,105</b> | <b>274,419,105</b>         | -                      | 100              |
| <b>Expenses</b>                                 |                    |                   |                    |                            |                        |                  |
| Medical/Clinical costs                          | 138,038,416        | 12,329,150        | 150,367,566        | 138,038,416                | (12,329,150)           | 92               |
| Employee costs                                  | 32,886,296         |                   | 32,886,296         | 32,886,296                 | -                      | 100              |
| Repairs and maintenance                         | 21,999,119         |                   | 21,999,119.00      | 21,999,119                 | (1)                    | 100              |
| General expenses                                | 44,525,343.00      |                   | 44,525,343         | 44,525,343                 | -                      | 100              |
| <b>Total Expenditure</b>                        | <b>237,449,174</b> |                   | <b>249,778,324</b> | <b>237,449,174</b>         |                        |                  |
| <b>Surplus for the period</b>                   | <b>36,969,931</b>  | <b>12,329,150</b> | <b>24,640,781</b>  | <b>36,969,931</b>          |                        |                  |
| Capital expenditure                             |                    |                   | .....              |                            |                        |                  |





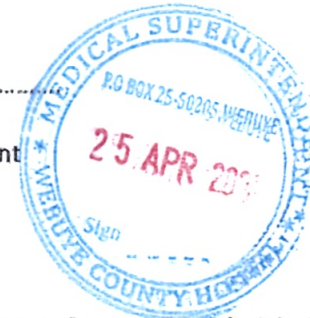
Director  
Director of Management



Head of Finance  
ICPAK No:



Medical Superintendent



**REVENUE:** We received NHIF reimbursement almost at the end of financial year. Most of our revenue was also received in kind hence increase in our income.

**EXPENDITURE:** Our expenditure surpassed our budget allocation because of increase of inflation rate that the market is experiencing hence the increasing general expenses and repair costs.





## **20. Notes to the Financial Statements**

### **1. General Information**

Webuye Hospital is a level (4) hospital established under gazette notice number 786 of February, 2020 with the following mandates: The Hospital is domiciled in Bungoma County under the Health Department and it has a bed capacity of 226, with six wards, 2 operating theatres and it offer inpatient and outpatient service and have the following specialist services from Kakamega, Trans-Nzoia, Busia and sub-counties within Bungoma County. It offers services general surgery, orthopaedic surgery, burns management, New born services, oncology, palliative care, maternity services among others.

### **2. Statement Of Compliance And Basis Of Preparation**

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

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

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

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.





*Notes to the Financial Statements (Continued)*

**i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

|   |  |
|---|--|
| <p><b>IPSAS 41: Financial Instruments</b></p> | <p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> |
| <p><b>IPSAS 42: Social</b></p>                | <p><b>Applicable: 1<sup>st</sup> January 2023</b></p>  |

*Webuye County Hospital (Bungoma County Government)*  
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|  |  |
|--|--|
| Benefits   | <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>   |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | <p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |
| Other improvements to  | <i>Applicable 1<sup>st</sup> January 2023</i>  |



|   |  |
|---|--|
| <p>IPSAS</p>  | <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i><br/>Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits</i><br/>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b><br/>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>  |
| <p>IPSAS 43</p>   | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| <p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p> | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>  |

|  |  |
|--|--|
|  |  |
|--|--|

**ii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in the year 2022/2023

**4. Summary Of Significant Accounting Policies**

**a. Revenue recognition**

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

**Transfers from other Government entities**

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

**Revenue from exchange transactions**

**Rendering of services**

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

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

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery



of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b. Budget information**

Board approved the original budget for FY 2022-2023 on August 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of 4 on the FY 2021-2023 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**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 *three* 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.

*Notes to the Financial Statements (Continued)*

**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.

**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.

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

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.

**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

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

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.

**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.

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

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

### **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

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

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.

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.

**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

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

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.

**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

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

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.

**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 imprest 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, 2023

**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

*Notes to the Financial Statements (Continued)*

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)

**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:

- (a) The condition of the asset based on the assessment of experts employed by the Entity
- (b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- (c) The nature of the processes in which the asset is deployed
- (d) Availability of funding to replace the asset
- (e) 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.

Notes to Financial Statements Continued

6. In Kind Contributions from The County Government

| Description  | 2022/2023         | 2021/22           |
|--|-------------------|-------------------|
|  | Kshs              | Kshs              |
| Salaries and wages   | 29,393,702.00     | 25,167,412        |
| Pharmaceutical and Non-Pharmaceutical Supplies   | 562,150.00        | 2,531,415         |
| Medical supplies-Drawings Rights   | 2,463,095.00      | 4,253,020         |
| Utility bills  |                   |                   |
| <b>Total grants in kind</b>  | <b>32,418,947</b> | <b>31,951,847</b> |
| <i>(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)</i> |                   |                   |



**7. Public Contributions and Donations**

| Description  | 2022/2023        | 2021/22        |
|--|------------------|----------------|
|  | Kshs             | Kshs           |
| Donations from other international organisations and individuals |                  | 548,500        |
| kemsa  | 3077300.9        |                |
| Other donations - GLOBAL FUND                                    | 2,081,073        |                |
| <b>Total donations and sponsorships</b>                          | <b>5,158,374</b> | <b>548,500</b> |

*(Provide brief explanation for this revenue)*

Notes to Financial Statements Continued

8. Rendering of Services-Medical Service Income

| 9. Description                   | 2022/2023  | 2021/22    |
|----------------------------------|------------|------------|
|                                  | Kshs       | Kshs       |
| Pharmaceuticals                  | 7,098,822  | 8,548,868  |
| Non-Pharmaceuticals              | 13,246,872 | 10,239,542 |
| Laboratory                       | 12,096,035 | 10,326,454 |
| Radiology                        | 7,832,054  | 7,815,249  |
| Orthopedic and Trauma Technology | 813,828    | 1,201,306  |
| Theatre                          | 2,267,441  | 1,730,415  |
| Accident and Emergency Service   | 5,120,761  | 2,706,156  |
| Ear Nose and Throat service      | 225,730    | 250,170    |
| Nutrition service                | 106,290    | 192,744    |
| Dental services                  | 1,085,960  | 1,092,370  |
| Paediatrics services             | 2,169,833  |            |
| Farewell home services           | 7,501,600  | 6,526,030  |
| Medical examination              | 252,080    | 793,800    |

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|   |                    |                    |
|---|--------------------|--------------------|
| Physiotherapy   | 793,765            | 986,127            |
| Occupational therapy  | 45,310             | 86,600             |
| Eye department  | 336,410            | 397,557            |
| Records department  | 2,100,816          | 2,397,712          |
| Search fee  | 19,000             | 8,000              |
| Special clinics   | 413,730            | 440,930            |
| Transport/Ambulance   | 1,364,500          | 1,409,180          |
| Other medical services income(waivers & exemptions)                           | (16,632,814)       | 14,580,497         |
| Other medical services income(nhif)   | 145,476,373        | 94,213,411         |
| <b>Total revenue from the rendering of services</b>                           | <b>193,734,396</b> | <b>165,943,119</b> |
| <i>(other medical services fee relates to other charges not listed above)</i> |                    |                    |
|   | 8,912,450.00       |                    |



Notes to the Financial Statements (Continued)

10. Miscellaneous Income

| Description   | 2022/2023      | 2021/22        |
|---|----------------|----------------|
|   | Kshs           | Kshs           |
| Insurance recoveries(NHIF)  |                |                |
| Income from sale of tender  |                | 24,000         |
| Land lease  | 48,000         | 72,000         |
| Waste disposal  | 29,300         | 2,200          |
| Attachment fee  | 696,022        | 598,400        |
| Sale of goods (water, publications, containers,tent activation etc)   | 4,295          | 20,110         |
| <b>Total other income</b>   | <b>777,617</b> | <b>716,710</b> |
| <i>(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).</i> |                |                |

Notes to the Financial Statements (Continued)

11. Medical/ Clinical Costs

| 12. Description   | 2022/2023          | 2021/22           |
|---|--------------------|-------------------|
|   | Kshs               | Kshs              |
| Laboratory chemicals and reagents   | 14,709,095         | 12,649,023        |
| Food and Ration   | 41,062,885         | 21,916,556        |
| Uniform, clothing, and linen  | 3,313,084          | 2,077,268         |
| Dressing and Non-Pharmaceuticals  | 39,540,685         | 32,038,484        |
| Pharmaceutical supplies   | 24,672,978         | 19,664,218        |
| Health information stationery   | 3,380,740          | 2,557,612         |
| Sanitary and cleansing Materials  | 3,653,117          | 2,958,312         |
| Purchase of Medical gases   | 1,773,873          |                   |
| X-Ray/Radiology supplies  | 6,280,323          | 5,947,128         |
| Other medical related clinical costs (medical gases)  |                    | 14,765            |
| <b>Total medical/ clinical costs</b>  | <b>138,386,780</b> | <b>99,823,366</b> |
| <i>(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)</i> |                    |                   |

**13. Employee Costs**

| <b>Description</b>              | <b>2022/2023</b>  | <b>2021/22</b>    |
|---------------------------------|-------------------|-------------------|
|                                 | <b>Kshs</b>       | <b>Kshs</b>       |
| Salaries, wages, and allowances | 32,399,772.00     | 25,167,412        |
| employees dues                  | 486,524.00        |                   |
| <b>Employee costs</b>           | <b>32,886,296</b> | <b>25,167,412</b> |

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



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

**14. Board of Management Expenses**

| <b>Description</b> | <b>2022/2023</b>    | <b>2021/22</b>   |
|--------------------|---------------------|------------------|
|                    | <b>Kshs</b>         | <b>Kshs</b>      |
| Sitting allowance  | 1,816,700.00        | 2,391,500        |
| <b>Total</b>       | <b>1,816,700.00</b> | <b>2,391,500</b> |

**15. Depreciation and Amortization Expense**

| <b>Description</b>                         | <b>2021/22</b>   | <b>2020/21</b> |
|--|------------------|----------------|
|  | <b>Kshs</b>      | <b>Kshs</b>    |
| Property, plant and equipment              | 1,383,875        |                |
| <b>Total depreciation and amortization</b> | <b>1,383,875</b> | <b>-</b>       |

**16. Repairs And Maintenance**

| <b>Description</b>     | <b>2022/2023</b> | <b>2021/22</b> |
|------------------------|------------------|----------------|
|                        | <b>Kshs</b>      | <b>Kshs</b>    |
| Property- Buildings    | 16,219,603       | 7,037,444      |
| Medical equipment      |                  | 1,078,316      |
| Furniture and fittings |                  |                |

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|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
|                                      |                   | 1,668,664         |
| Computers and accessories            | 3,980,907         | 3,342,166         |
| Motor vehicle expenses               | 1,812,607         | 2,703,507         |
| Maintenance of civil works           | 931,574           | 1,251,660         |
| <b>Total repairs and maintenance</b> | <b>22,944,691</b> | <b>17,081,757</b> |

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

**17. General Expenses**

| <b>Description</b>                  | <b>2022/2023</b> | <b>2021/22</b> |
|-------------------------------------|------------------|----------------|
|                                     | <b>Kshs</b>      | <b>Kshs</b>    |
| Advertising and publicity expenses  | 40,000           | 439,400        |
| Catering expenses                   | 700,336          | 904,870        |
| Insecticides and rodenticides       |                  | 795,000        |
| Contracted services                 | 4,878,000        | 4,393,880      |
| Electricity expenses                | 9,316,756        | 7,771,666      |
| Travel and accommodation allowance  | 13,000,586       | 9,234,025      |
| Legal expenses                      |                  | 82,000         |
| Courier and postal services         | 38,350           | 13,010         |
| Printing and stationery             | 3,318,822        | 2,602,362      |
| Water and sewerage costs            | 4,332,382        | 1,632,542      |
| Telephone and mobile phone services | 693,000          | 632,000        |
| Internet expenses                   |                  |                |



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|                                |                   |                   |
|--------------------------------|-------------------|-------------------|
|                                | 24,000            |                   |
| Staff training and development | 921,288           | 144,760           |
| Refined fuel& Other lubricants | 7,832,671         | 5,505,049         |
| Bank charges                   | 42,100            | 64,917            |
| <b>Total General Expenses</b>  | <b>45,138,291</b> | <b>34,215,481</b> |

Notes to the Financial Statements (Continued)

18. Medical Services Contracts Gains /Losses

| Description            | 2022/2023         | 2021/22          |
|------------------------|-------------------|------------------|
|                        | Kshs              | Kshs             |
| Waivers and Exemptions | 16,632,814.00     | 4,301,128        |
| <b>Total Gain/Loss</b> | <b>16,632,814</b> | <b>4,301,128</b> |

19. Cash And Cash Equivalent

| Description                            | 2022/2023        | 2021/22          |
|--|------------------|------------------|
|  | Kshs             | Kshs             |
| Current accounts                       | 4,598,959        | 8,721,156        |
| Others( <i>specify</i> )- Mobile money | 233,436          | 257,076          |
| <b>Total cash and cash equivalents</b> | <b>4,832,395</b> | <b>8,978,232</b> |

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

Notes to the Financial Statements (Continued)

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

| Description                       |                | 2022/2023           | 2021/22             |
|-----------------------------------|----------------|---------------------|---------------------|
| Financial institution             | Account number | Kshs                | Kshs                |
| <b>a) Current account</b>         |                |                     |                     |
| Kenya Commercial bank             | 1107110793     | 4,598,959.25        | 8,721,156.00        |
| <b>Sub- total</b>                 |                | <b>4,598,959.25</b> | <b>8,721,156.00</b> |
| <b>d) Others(specify)</b>         |                |                     |                     |
| cash in hand                      |                |                     |                     |
| Mobile money- Mpesa, Airtel money |                | 233,436.00          | 257,076.00          |
| <b>Sub- total</b>                 |                | <b>233,436.00</b>   | <b>257,076.00</b>   |
| <b>Grand total</b>                |                | <b>4,832,395.25</b> | <b>8,978,232.00</b> |

20. Receivables From Exchange Transactions

| Description   | 2022/2023        | 2021/22          |
|---|------------------|------------------|
|   | Kshs             | Kshs             |
| Medical services receivables                                  | 8,912,450        | 2,378,870        |
| <b>Total receivables</b>                                      | <b>8,912,450</b> | <b>2,378,870</b> |
| <b>Analysis of Receivables from Non-Exchange Transactions</b> |                  |                  |



21. Inventories

| Description                   | 2022/23<br>Kshs  | 2021/22<br>Kshs |
|-------------------------------|------------------|-----------------|
| Non - Pharmaceutical supplies | 1,570,207        |                 |
| Food supplies                 | 826,990          |                 |
| <b>Total</b>                  | <b>2,397,197</b> | <b>-</b>        |

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*Notes to the Financial Statements (Continued)*

**22. Property, Plant and Equipment**

| 23. Description<br>24.              | Land | Buildings and Civil works | Motor vehicles   | Furniture,<br>fittings,<br>and<br>office<br>equipment | ICT Equipment    | Plant and<br>medical<br>equipment | Capital<br>Work in progress | Total             |
|-------------------------------------|------|---------------------------|------------------|---|------------------|-----------------------------------|-----------------------------|-------------------|
|                                     | Shs  |                           | Shs              | Shs   | Shs              | Shs                               | Shs                         | Shs               |
| <b>Cost</b>                         |      |                           |                  |   |                  |                                   |                             |                   |
| At 1 July 2021                      |      |                           |                  |   |                  |                                   |                             | -                 |
| Additions                           |      | 6,668,440                 |                  |   | 749,800          |                                   |                             | 7,418,240         |
| Disposals                           |      |                           |                  |   |                  |                                   |                             | -                 |
| Transfers/adjustments               |      |                           |                  |   |                  |                                   |                             | -                 |
| <b>At 30<sup>th</sup> June 2022</b> |      | <b>6,668,440</b>          | <b>-</b>         | <b>-</b>  | <b>749,800</b>   | <b>-</b>                          | <b>-</b>                    | <b>7,418,240</b>  |
| At 1 <sup>st</sup> July 2022        |      | 6,668,440                 | -                | -   | 749,800          |                                   |                             | 7,418,240         |
| Additions                           |      | 9,586,330                 | 5,544,800        |   | 660,287.00       |                                   |                             | 15,791,417        |
| Disposals                           |      |                           |                  |   |                  |                                   |                             | -                 |
| Transfer/adjustments                |      |                           |                  |   |                  |                                   |                             | -                 |
| <b>At 30<sup>th</sup> June 2023</b> |      | <b>16,254,770</b>         | <b>5,544,800</b> | <b>-</b>  | <b>1,410,087</b> | <b>-</b>                          | <b>-</b>                    | <b>23,209,657</b> |
| <b>Depreciation and impairment</b>  |      |                           |                  |   |                  |                                   |                             | <b>-</b>          |
| At 1 July 2021                      |      | 2.5%                      | 10.0%            | 12.5%   | 30.0%            | 2.5%                              | 2.5%                        | 1                 |
| Depreciation for the year           |      | 406,369                   | 554,480          | -   | 423,026          | -                                 | -                           | 1,383,875         |
|                                     |      |                           |                  |   |                  |                                   |                             |                   |
| <b>Net book values</b>              |      |                           |                  |   |                  |                                   |                             | <b>-</b>          |
| At 30 <sup>th</sup> June 2022       |      | 6,668,440                 | -                | -   | 749,800          | -                                 | -                           | 7,418,240         |
| At 30 <sup>th</sup> June 2023       |      | 15,848,401                | 4,990,320        | -   | 987,061          | -                                 | -                           | 21,825,782        |

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

**25. Trade and other Payables**

| <b>Description</b>                    | <b>2022/2023</b> | <b>2021/22</b>   |
|---------------------------------------|------------------|------------------|
|                                       | <b>Kshs</b>      | <b>Kshs</b>      |
| Trade payables                        | 965,568          | 983,854.00       |
| Employee dues                         | 3,492,594        | 983,854          |
| <b>Total trade and other payables</b> | <b>4,458,162</b> | <b>3,474,308</b> |



**BANK RECONCILIATION**



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|   |              |                  |                                   |             |  |  |                   |            |  |
|---|--------------|------------------|-----------------------------------|-------------|--|--|-------------------|------------|--|
| Cash Book with the Bank Statement and that the above                              |              |                  |                                   |             |  |  |                   |            |  |
| Reconciliation is correct.  |              |                  |                                   |             |  |  |                   |            |  |
|   | Signature    |                  |                                   | Designation |  |  | Date              |            |  |
| 1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES) |              |                  |                                   |             |  |  |                   |            |  |
| CHEQUE  |              | Date             | PAYEE                             |             |  |  | AMOUNT            |            |  |
| <b>No.</b>  |              |                  |                                   |             |  |  | <b>Sh</b>         | <b>Cts</b> |  |
|   | <b>11800</b> | <b>19.6.2023</b> | <b>COMMISSIONER OF INCOME</b>     |             |  |  | <b>52,729.00</b>  | -          |  |
|   | <b>11801</b> | <b>19.6.2023</b> | <b>COMMISSIONER OF VAT</b>        |             |  |  | <b>30,304.00</b>  | -          |  |
|   | <b>11815</b> | <b>27.6.2023</b> | <b>NONSUCH PRINTERS</b>           |             |  |  | <b>235,500.00</b> | -          |  |
|   | <b>11823</b> | <b>27.6.2023</b> | <b>CENTRE FOR MATERNAL HEALTH</b> |             |  |  | <b>12,400.00</b>  | -          |  |
|   | <b>11830</b> | <b>27.6.2023</b> | <b>SAFARICOM PLC</b>              |             |  |  | <b>13,998.00</b>  | -          |  |
|   | <b>11833</b> | <b>27.6.2023</b> | <b>ESHBUT SUPPLIES</b>            |             |  |  | <b>34,437.00</b>  | -          |  |
|   | <b>11936</b> | <b>27.6.2023</b> | <b>DENTMED ICS LTD</b>            |             |  |  | <b>355,256.00</b> | -          |  |
|   | <b>11837</b> | <b>27.6.2023</b> | <b>ESHBUT SUPPLIES</b>            |             |  |  | <b>390,988.00</b> | -          |  |
|   | <b>11838</b> | <b>27.6.2023</b> | <b>EYAT ROYAL PHARM</b>           |             |  |  | <b>824,600.00</b> | -          |  |
|   | <b>11839</b> | <b>27.6.2023</b> | <b>PENTAGON MEDICAL</b>           |             |  |  | <b>400,000.00</b> | -          |  |
|   | <b>11840</b> | <b>27.6.2023</b> | <b>KASOK VENTURES</b>             |             |  |  | <b>875,450.00</b> | -          |  |
|   | <b>11842</b> | <b>27.6.2023</b> | <b>ELEMSO ENTERPRISES</b>         |             |  |  | <b>98,948.00</b>  | -          |  |
|   | <b>11843</b> | <b>27.6.2023</b> | <b>BUNGOMA QUEENS</b>             |             |  |  | <b>360,000.00</b> | -          |  |
|   | <b>11850</b> | <b>27.6.2023</b> | <b>MKASI SUPPLIES</b>             |             |  |  | <b>417,100.00</b> | -          |  |



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|  |           |                                  |  |  |  |  |  |                     |          |
|--|-----------|----------------------------------|--|--|--|--|--|---------------------|----------|
| 11851  | 27.6.2023 | HIGHRIDGE<br>PHARMACEUTICALS LTD |  |  |  |  |  | 121,750.00          | -        |
| 11852  | 27.6.2023 | MICROBIOLOGY EA LTD              |  |  |  |  |  | 105,300.00          | -        |
| 11853  | 27.6.2023 | MICROBIOLOGY EA LTD              |  |  |  |  |  | 160,000.00          | -        |
| 11854  | 27.6.2023 | CHEM-LABS LTD                    |  |  |  |  |  | 136,637.00          |          |
| 11855  | 27.6.2023 | CHEM-LABS                        |  |  |  |  |  | 100,000.00          |          |
| 11857  | 27.6.2023 | IMAGINE POC                      |  |  |  |  |  | 82,000.00           |          |
| 11858  | 27.6.2023 | KAPSOKWONY GEN                   |  |  |  |  |  | 25,000.00           |          |
| 11864  | 27.6.2023 | LONDIANI ELECTRICALS             |  |  |  |  |  | 67,860.00           |          |
| 11866  | 27.6.2023 | CHIKHABE BUSINESS                |  |  |  |  |  | 92,600.00           |          |
| 11873  | 27.6.2023 | ANDREW WEKESA                    |  |  |  |  |  | 514,000.00          |          |
| 11874  | 27.6.2023 | CORPULS MEDICAL                  |  |  |  |  |  | 65,000.00           |          |
| 11875  | 27.6.2023 | KEY HEAL CHEMIST                 |  |  |  |  |  | 386,500.00          |          |
|  |           | <b>SUB-TOTAL</b>                 |  |  |  |  |  | <b>5,958,357.00</b> | <b>-</b> |
| 4. RECEIPTS IN CASH BOOK NOT YET RECORDED<br>IN BANK STATEMENT |           |                                  |  |  |  |  |  |                     |          |
| DETAILS  |           |                                  |  |  |  |  |  |                     |          |
|  |           |                                  |  |  |  |  |  |                     |          |
|  |           |                                  |  |  |  |  |  |                     |          |
| 30.06.2023   | Revenue   |                                  |  |  |  |  |  | 234,412.00          |          |



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|  | 2022/2023    | 2021/2022      |
|--|--------------|----------------|
|  | DR           | CR             |
| cash & cash equivalents                        |              |                |
| Balance Carried Down                           |              |                |
| Kenya commercial bank                          | 4,598,959.25 |                |
| Mpesa  | 233,436.00   |                |
| Accumulated Surplus                            |              | 1,779,488.15   |
| Salaries and wages                             |              | (3,006,070.00) |
| Pharmaceutical and Non-Pharmaceutical Supplies |              | 562,150.00     |
| Medical supplies-Drawings Rights               |              | 1,023,200.00   |
| Utility bills                                  |              |                |
| Other donations - GLOBAL FUND                  |              | 7,572,441      |
| Pharmaceuticals                                |              | 7,098,822      |
| Non-Pharmaceuticals                            |              | 13,246,872     |
| Laboratory                                     |              | 12,096,035     |
| Radiology                                      |              | 7,832,054      |
| Orthopedic and Trauma Technology               |              | 813,828        |
| Theatre  |              | 2,267,441      |
| Accident and Emergency Service                 |              | 5,120,761      |
| Anesthesia Service                             |              |                |
| Ear Nose and Throat service                    |              | 225,730        |
| Nutrition service                              |              | 106,290        |
| Cancer centre service                          |              |                |
| Receipts & Revenues                            |              |                |



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|                        |   |            |             |  |  |
|------------------------|---|------------|-------------|--|--|
|                        | Dental services   |            | 1,085,960   |  |  |
|                        | Reproductive health   |            |             |  |  |
|                        | Paediatrics services  |            | 2,169,833   |  |  |
|                        | Farewell home services  |            | 7,501,600   |  |  |
|                        | Medical examination   |            | 252,080     |  |  |
|                        | Physiotherapy   |            | 793,765     |  |  |
|                        | Occupational therapy  |            | 45,310      |  |  |
|                        | Eye department  |            | 336,410     |  |  |
|                        | Records department  |            | 2,100,816   |  |  |
|                        | Search fee  |            | 19,000      |  |  |
|                        | Special clinics   |            | 413,730     |  |  |
|                        | Transport/Ambulance   |            | 1,364,500   |  |  |
|                        | Other medical services income(waivers & exemptions)                 |            | 16,632,814  |  |  |
|                        | Other medical services income(nhif)                                 |            | 158,105,883 |  |  |
|                        | Insurance recoveries(NHIF)  |            |             |  |  |
|                        | Income from sale of tender  |            |             |  |  |
|                        | Land lease  |            | 48,000      |  |  |
|                        | Waste disposal  |            | 29,300      |  |  |
|                        | Attachment fee  |            | 696,022     |  |  |
|                        | Services concession income  |            |             |  |  |
|                        | Sale of goods (water, publications, containers,tent activation etc) |            | 4,295       |  |  |
| Payment & Expenditures | Laboratory chemicals and reagents                                   | 14,709,095 |             |  |  |
|                        | Public health activities  |            |             |  |  |
|                        | Food and Ration   | 41,062,885 |             |  |  |
|                        | Uniform, clothing, and linen  | 3,313,084  |             |  |  |
|                        | Dressing and Non-Pharmaceuticals                                    | 39,540,685 |             |  |  |
|                        | Pharmaceutical supplies   | 28,724,451 |             |  |  |
|                        | Health information stationery                                       | 3,380,740  |             |  |  |
|                        | Reproductive health materials                                       |            |             |  |  |
|                        | Sanitary and cleansing Materials                                    | 3,653,117  |             |  |  |

**Webuye County Hospital (Bungoma County Government)**  
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|   |               |  |  |  |
|---|---------------|--|--|--|
| Purchase of Medical gases                           | 1,773,873     |  |  |  |
| X-Ray/Radiology supplies                            | 6,280,323     |  |  |  |
| Other medical related clinical costs(medical gases) |               |  |  |  |
| Salaries, wages, and allowances                     | 32,399,772.00 |  |  |  |
| employees dues                                      | 486,524.00    |  |  |  |
| Sitting allowance                                   | 1,816,700.00  |  |  |  |
| Property- Buildings                                 | 16,219,603    |  |  |  |
| Medical equipment                                   |               |  |  |  |
| Office equipment                                    |               |  |  |  |
| Furniture and fittings                              |               |  |  |  |
| Computers and accessories                           | 3,980,907     |  |  |  |
| Motor vehicle expenses                              | 1,812,607     |  |  |  |
| Maintenance of civil works                          | 931,574       |  |  |  |
| Advertising and publicity expenses                  | 40,000        |  |  |  |
| Catering expenses                                   | 700,336       |  |  |  |
| Waste management expenses                           |               |  |  |  |
| Insecticides and rodenticides                       |               |  |  |  |
| Audit fees  |               |  |  |  |
| Conferences and delegations                         |               |  |  |  |
| Consultancy fees                                    |               |  |  |  |
| Contracted services                                 | 4,878,000     |  |  |  |
| Electricity expenses                                | 9,316,756     |  |  |  |
| Insurance   |               |  |  |  |
| Research and development expenses                   |               |  |  |  |
| Travel and accommodation allowance                  | 13,000,586    |  |  |  |
| Legal expenses                                      |               |  |  |  |
| Licenses and permits                                |               |  |  |  |
| Courier and postal services                         | 38,350        |  |  |  |
| Printing and stationery                             | 3,318,822     |  |  |  |
| Hire charges  |               |  |  |  |
| Rent expenses                                       |               |  |  |  |



**Webuye County Hospital (Bungoma County Government)**  
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|                        |  |                       |                       |  |  |
|------------------------|--|-----------------------|-----------------------|--|--|
|                        | Water and sewerage costs   | 4,332,382             |                       |  |  |
|                        | Skills development levies  |                       |                       |  |  |
|                        | Telephone and mobile phone services                                    | 693,000               |                       |  |  |
|                        | Internet expenses  | 24,000                |                       |  |  |
|                        | Staff training and development   | 921,288               |                       |  |  |
|                        | Subscriptions to professional bodies                                   |                       |                       |  |  |
|                        | Subscriptions to newspapers periodical, magazines, and gazette notices |                       |                       |  |  |
|                        | Library books/Materials  |                       |                       |  |  |
|                        | Refined fuel & Other lubricants  | 7,832,671             |                       |  |  |
|                        | Bank charges   | 42,100                |                       |  |  |
|                        |  |                       |                       |  |  |
|                        | <b>Payables</b>  |                       |                       |  |  |
|                        | Trade payables   |                       | 965,568               |  |  |
|                        | Employee dues  |                       | 3,492,594             |  |  |
|                        |  |                       |                       |  |  |
|                        | <b>Receivables</b>   |                       |                       |  |  |
|                        | Medical services receivables   | 8,912,450             |                       |  |  |
|                        | Non - Pharmaceutical supplies  | 1570207               |                       |  |  |
|                        |  |                       |                       |  |  |
| Payables & Receivables | Food supplies  | 826990                |                       |  |  |
|                        |  |                       |                       |  |  |
| <b>Assets</b>          | <b>Buildong</b>  | <b>xx</b>             |                       |  |  |
| <b>Depreciation</b>    | <b>Accumulated</b>   |                       | <b>1383875</b>        |  |  |
|                        | <b>Deprection for the year</b>   | <b>1383875</b>        |                       |  |  |
|                        |  |                       |                       |  |  |
|                        |  | <b>262,750,147.75</b> | <b>270,192,397.15</b> |  |  |
|                        |  |                       |                       |  |  |
|                        |  |                       | <b>7,442,249.40</b>   |  |  |



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

**26. 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.

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

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

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

**(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.

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.

**Foreign currency sensitivity analysis**

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

**Interest rate risk**

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

**Management of interest rate risk**

To manage the interest rate risk, management has 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.

**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.



