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THE AUDITOR-GENERAL

ON

BARINGO COUNTY REFERRAL HOSPITAL

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

COUNTY GOVERNMENT OF BARINGO

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30954 - 00100, NAIROBI
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BARINGO COUNTY REFERRAL HOSPITAL

(Baringo County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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I. Key Hospital Information and Management

(a) Background information

Baringo County Referral Hospital is a level 5 hospital established under gazette notice number GK-004476 and is domiciled in Baringo County under the Department of Health Services. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to offer quality medical and rehabilitative services.

The Vision: An attractive, competitive and rapidly improving Teaching and Referral Hospital.

The Mission: To provide quality medical and rehabilitative services to the citizens in an affordable and accessible way.

Strategic objectives:

- (a) Improved Service delivery in medical and rehabilitative services.
- (b) Management of communicable diseases.
- (c) Halt and reverse the burden of Non-communicable conditions.
- (d) Management of injuries including cases of violence.
- (e) Strengthen collaboration with health-related sectors.

(c) Key Management

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

- County Department of Health Services.
- Board of Management that provides governance to the Hospital.
- The Accounting Officer is The Chief officer of the Department of Health.
- The Medical Superintendent oversees both technical and administrative functions of the Hospital on a daily basis.
- The Hospital Management Team consists of the Medical superintendent, Health Administrative officer, The Nursing officer in-charge and heads of sections.
- Sectional heads and other staff in the Hospital form various committees that provide technical support and advice to the Medical Superintendent.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Gerishom Abakalwa and Dr. Charles Maswai
2.	Head of finance/Health Administration	Michael Rotich
3.	Head of supply chain	Solomon Chepchieng.
4.	Head of Nursing	Rosina Kiptarus
5.	Head of Biomedical Engineering	Samwel Chesire

Other members of the Hospital Management team include:

- (a) Head of Medical Laboratory technology, Micah Chebon.
- (b) Head of Pharmacy, Dr. Joseph Chebon.
- (c) Head of Health records and information, Rose Limo.
- (d) Head of Radiology, Chirchir
- (e) Head of Human Resource, Irene Kampala.
- (f) Head of Hospital Sanitation, Alex Ayabei.
- (g) Head of Occupational Therapy, Bernard Chirchir.
- (h) Head of Medical Social Work, Edwin Rono.

(e) Fiduciary Oversight Arrangements

The Hospital has active technical committees that serve advisory roles to the Hospital management as follow:

- Anti-corruption and Security Committee.
- Training and Continuous Medical Education committee.
- Disciplinary Committee.
- Staff Welfare Committee.
- Executive Expenditure Committee.
- Infection Prevention Committee.
- Procurement and Tendering Committee.
- Medicine and Therapeutic Committee.
- Catering Committee.
- Emergency response and Out patient management.
- Housing Committee.
- Blood Transfusion Committee.
- Theatre users committee.
- Medical Board Committee.
- Waiver Committee.
- Quality Improvement Committee.
- County Assembly
- Parliamentary committees
- The Senate.

(f) Hospital Headquarters

P.O. Box 393 - 30400
Kabarnet Hotel Building.
Off Kabartonjo Road.
Kabarnet, KENYA

(g) Hospital Contacts

Telephone: (+254) 704375327
E-mail: bcrh@baringo.go.ke
Website: www.baringo.go.ke

(h) Hospital Bankers

The Hospital bank Accounts are at the Kenya Commercial Bank - Kabarnet branch.

1. Cost Sharing Account: 1103761587
2. Recurrent Account: 1103764578

(i) Independent Auditors

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





(j) Principal Legal Adviser

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





(k) County Attorney

Baringo County Attorney
P.O. Box. 53 - 30400
Kabarnet, Kenya







II. The Board of Management

Ref	Directors	Details
1.	 Dr. Peter Cherutich,	M.B.Ch.B, MPH, PHD, MBS, OGW. Board Chairman and Infrastructure Committee independent
2.	 CPA Isaac Kurui	Isaac Kurui; CPA, B Com Hons. Finance Committee independent
3.	Prof. Gladys Mengich	10 years work experience, Service delivery committee independent
4.	 Dr. Dinah Chelagat.	PhD, MPH, MA, BA, KRM, KRN 15 years work experience, Finance committee independent
5.	 Dr. Gerishom M. Abakalwa;	Medical Superintendent M.B.Ch.B, Leadership of health organizations (LEHHO), 17 years in Health care management.

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6.	 Patrick Terer.	Masters Degree. Health Administrative Officer He is not a member of ICS as required under the Mwongozo code in addition to their other details. Finance Committee independent
7.	 Donald Sokoti	Masters Degree, 8 years work Experience in Infrastructure Committee independent
8.	 Bishop Julius Chepsat	Christ Dominion Church bishop for 40 years Service delivery Committee independent
9.	 Mr. Geoffrey Kimaiyo;	Sub County Administrator, Baringo Central. Infrastructure Committee independent

III. Key Management Team

Ref	Management	Details
1.	 Dr. Gerishom M. Abakalwa	Medical Superintendent
2.	 Patrick Terer	Health Administrative Officer
3.	 Rosina Kiptarus	Nursing Officer In-Charge BSc. Nursing
4.	Solomon Chepcheng	Head of Procurement
5.	 Samwel Chesire	Head of Biomedical Engineering. Dip. Biomedical Engineering
6.	 Nancy Lolmodoni.	Head of Infection Prevention. PRN, Health Promotion
7.	 CPA, Thomas Chesaro	Hospital Accountant

IV. Chairman's Statement

Baringo County Referral Hospital had a successful Financial year 2021/2022 which coincided with recovery from the ravages of the Covid 19 pandemic.

Permanent staff establishment was 286, with gap margin of 378 because the near ideal workforce with skill mix was 656. The figure 656 was based on the workload as indicator for staffing need (WISN) report of 2016. In line with the standards of a Level 5 Hospital, the ideal workforce is 1150. To mitigate the staffing gaps, the board authorised the recruitment and retention of various cadres of staff on contractual terms. There was the challenge of shift from permanent to casual staff, which was caused by retirement and attrition, with minimal employment.

Quality of medical care was a major priority to the Board of management as it was a right the Hospital was under obligation to deliver to the citizens. Diagnostic services such as Laboratory and Radiology were major determinants of client satisfaction and required a lot of strengthening, particularly CT Scan and Haematology services. Baringo County was lucky to have 12 specialist doctors in-post. This was a major boost to service delivery because of the boost to quality of care.

The Hospital did not have an annual budget supported by the exchequer for sustaining services during the year. Medical care financing was mainly generated by the Hospital itself leading to quarterly implementation planning and budgeting. Resources were always scarce for debt management and improvement of services. Austerity measures put in place included transition from cash to cashless payment. There was need to install electronic methods that link services to revenue collection for efficiency of financial management. M-pesa mode of payment was introduced and that led to near 100% banking.

There was a 5-storey Surgical block under construction, meant to house theatres, surgical wards, pharmacy store as well as other services. There was slow progress in the construction of the block which would alleviate space issues in the Hospital. It was hoped for that the completion of the block would proceed the next financial year.

The Health information system of the Hospital required improvement as Funsoft used for in-patient services was insufficient. Many challenges were still experienced as fear of pilferage and other forms of malpractice was significant. The electronic medical records (EMR) system was being introduced to improve out-patient services information.

Hospital management team, the Board of management and partners of health-related and health functions need to work in concordance and unified resource pooling and management for the growth of the Hospital.

V. Report of The Chief Executive Officer

Baringo County Referral Hospital is the current name of the former Kabarnet District Hospital following change in Government structure after Devolution, following the Constitution of Kenya 2010. The Hospital is located in the North Rift Valley of Kenya, 140 Km northwards from Nakuru and 95 Km Eastwards from Eldoret. The Hospital sits on approximately 50 acres of land which includes the KMTC Kabarnet campus. The Hospital was developed from a Dispensary which was launched in 1929.

In 1931 it became a Health Centre and in 1935 it was upgraded to a Sub-District Hospital which had 2 wards with a total bed capacity of 20.

In 1940 it became a District Hospital with a bed capacity of 40. A major expansion of the Hospital begun in 1972.

Currently the Hospital is registered as 100 bed, but its capacity is 160, as follows:

1. Ward 1.....22.
2. Ward 2.....26.
3. Ward 3.....29.
4. Ward 4.....24.
5. Ward 5.....17.
6. OPD.....4.
7. Maternity.....32.
8. ICU.....6.

The Hospital has a workforce of 375, of which 145 is contracted staff. This is far below the norms and standards but the staff is self-motivated and dedicated to service. The specialists include a General physician, Family physician, General surgeon, Orthopaedic surgeon, ENT surgeon, Psychiatrist, Pathologist, Obstetrician and gynaecologists, Radiologist and Critical care specialist.

The average workload of the Hospital is 5851 out patients per month and 754 in-patients. There are 262 deliveries per month. Other services offered include consultant clinics of 10 specialities, renal dialysis, emergency medical services, intensive care, maternal and child health care services, and general medical services. All this is under a catchment of 500,000 population and 100,00 Households.

Apart from the Hospital management team, there are 14 active committees. Main stakeholders include the KMTC Kabarnet and Eldoret, Kabarak University, USAID Tujenge Jamii, AMPATH-MTRH Eldoret, local CSO, CBOs and state agencies within the County.

The main challenges the Hospital faces include staff shortage, outdated equipment, poor maintenance of equipment, medical waste segregation equipment and waste disposal. There has not been a formal employment of staff for a long time, leading to an ageing health workforce. The result is a shift from permanent staff to contracted skilled workforce, some on casual terms. The Incinerator is old and requires constant repairs and the Hospital lagoon is insufficient to meet the needs of all the infrastructural development leading to serious environmental concerns. The CT Scan machine was undergoing repair at huge costs which was attributed to poor maintenance and unstable power supply to the Hospital.

Future development of the Hospital include investment in a modern gate and Perimeter wall to control Human traffic. Other investments include expansion of the parking area, completion of the surgical block, upgrade of power supply, expansion of water supply, expansion of CCTV coverage for surveillance, equipment of various service delivery sections and improvement of rehabilitative services

VI. Statement Of Performance Against Predetermined Objectives

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

Baringo County Referral Hospital has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021/ 2022. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: Improved Service Delivery in Medical and Rehabilitative services

Pillar/theme/issue 2: Management of Communicable Diseases

Pillar/theme/issue 3: Halting and Reversing the burden of Non-communicable conditions

Pillar/theme/issue 4: Management of Injuries including cases of violence

Pillar/theme/issue 5: Strengthening collaboration with health-related sectors

The hospital develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2021/2022 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Improved Service Delivery in Medical and Rehabilitative services.	To improve Quality Service delivery in Medical and Rehabilitative services.	<ul style="list-style-type: none"> - Number of Out-patient clients. - Number of In-patient clients. - Number of deliveries. - Number of cases assessed for disability. 	<ul style="list-style-type: none"> . Treatment of major ailments. . Specialist clinics. . Assessment of clients for disability. . Surgery . Diagnostic services 	<ul style="list-style-type: none"> - Reduced average length of stay. - Improved access to specialised services. - Improved quality of care.

<p>Pillar/ theme/ issue 2: Management of Communicable Diseases</p>	<p>To improve management of communicable diseases</p>	<ul style="list-style-type: none"> - Percentage fully immunized children. - Number of cases cured for PTB. - Number of cases enrolled to care and treatment of HIV. - Number treated for Malaria. 	<ul style="list-style-type: none"> . Vaccination of under 5s and teen girls. . Case management for malaria and TB. . Antiretroviral therapy. 	<ul style="list-style-type: none"> - Improved immunization coverage. - Increased cure rate for TB. - Prevention of mother to child transmission of HIV near 100%. - New technologies for diagnosis in the laboratory and Radiology.
<p>Pillar 3: Halting and Reversing the burden of Non-communicable conditions</p>	<p>To halt and reverse the burden of Non-communicable conditions</p>	<ul style="list-style-type: none"> - Number of Diabetes case. - Number of cases of Hypertension. - Number of cases treated for mental health. 	<ul style="list-style-type: none"> - Screening for diabetes, hypertension and cancer. - Specialist clinics. - Mental health at the workplace. - Timely referral. 	<ul style="list-style-type: none"> - Weekly specialist clinics done. - Reduced Referral. - Improved collaboration with health-related entities.

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		<ul style="list-style-type: none"> - Number of cases treated for cancer. 		<ul style="list-style-type: none"> - Early detection of conditions.
Pillar 4: Management of Injuries including cases of violence	To decrease the burden of injury due to Violence	<ul style="list-style-type: none"> - Number of GBV cases investigated. - Number of cases treated for accident. 	<ul style="list-style-type: none"> - Health promotion materials. - Mental Health. - Youth-friendly services. - Management of injuries. 	<ul style="list-style-type: none"> - Increased awareness on SGBV. - Management of depressive illnesses. - Improved Diagnostic support to facilitate prosecution.
Pillar 5: Strengthening collaboration with health-related sectors	To strengthen collaboration with health-related sectors	<ul style="list-style-type: none"> - List of stakeholders - List of members of the Board. - Sector working group report. 	<ul style="list-style-type: none"> - Stakeholder forums. - Board meeting. - Hospital management meeting. - Committee meetings. - Planning and budgeting. 	<ul style="list-style-type: none"> - Improved stakeholder coordination. - Quarterly board meeting held. - Quarterly HMT meeting held. - Monthly EEC meeting held.

The various sections of the performance contract were cascaded down from the Director of Medical Services to the Medical Superintendent and subsequently to the health management team (HMT) and to the heads of sections in the Hospital.

The performance above was based on targets that were hospital-specific. Other entities in the Department of health services set theirs depending on their ability and relevance in implementation.

HMT members also set targets selective to their functions, but aligned to the Hospital strategies.

Monitoring of performance was done through constant collaboration, supervision, mentorship and periodic evaluation.

Good achievements led to commendation by the HMT to the various sections, to encourage further efforts and focus. Sub-optimal performance by some sections was taken up by the HMT for focused supervision and support.

VII. Corporate Governance Statement

The county Government has initiated reforms to improve service delivery at various levels within its health sector. Part of these reforms targets health facilities as key players in health care service delivery. In a bid to ensure quality health care, the Ministry of Health seeks to strengthen the capacity of health facilities to deliver affordable and sustainable health services. It seeks to strengthen management and governance systems at facility level/tiers to enhance Health Facility planning and implementation of core activities. It also aims at building the capacity of all health facilities, to independently plan and manage operations with support from the county level. This has been made possible by establishment of the Hospital management boards.

The Hospital management boards. are charged with the responsibility of providing leadership and overall coordination of the operations at the health facility. In addition to this role, the HMB play a critical role in overseeing the implementation and monitoring of the Facility improvement fund by ensuring improved planning, budgeting and financial reporting at hospital levels. To effectively carryout this critical role, there is need to enhance the leadership and governance capacity of the all the HMB through training and development of governance tools that will allow for smooth operations of the Boards.

The HMB will work as the link between the said facilities and the community it serves. It will have the ultimate authority and responsibility for patient care and the overall quality of services in the health facility. To fulfil this responsibility, the HMB has the obligation to demonstrate leadership in determining priorities for the health facility that are consistent with the available resources. The HMB shares this leadership responsibility with the Hospital Management Team and both should aim at improving the health status of the community.

The structure and composition of the HMB and the guidelines and procedures it follows to ensure the orderly conduct of its business are critical in ensuring that the hospital serves the community satisfactorily. The composition of the HMB is of great importance and members have been selected carefully. Members have been selected on the basis of ability to serve the health facility and community effectively, with representation that ensures wide stakeholder participation in decision making. The participation of community in the HMB is vital to represent the community in decisions regarding the collection and use of funds and in monitoring the provision and quality of services. The HMB and CHMT is expected to provide necessary checks and balances for the use of all resources available to the health facilities.

The HMB will establish a focus for institutional responsibility and ensure that management responsibility is brought down to the local level where local issues are more clearly understood. The HMB will make decisions that will improve the health facility, ensure continuity while keeping in line with ministry of health and county/National Government policy. It will be accountable for the health facility organization and everything that goes on inside it.

The HMB is not expected to perform the actual day-to-day work of the hospital but should see to it that such work is done by delegating tasks and authority to the HMT. The HMT is responsible and accountable to the HMB for its decisions and actions.

The HMB held four meetings during this reporting period. This conforms to the requirement of holding at least one quarterly meeting. Attendance to the meeting was by all Board members.

Membership

The membership of the HMB has been defined through Legal Notice No. 155 of October 2009. The Notice defines the membership as follows:

- a) There shall be at least seven (7) and not more than nine (9) members of the Board appointed by the County Executive Member (CEC) Health.
- b) A member of the Board, a part from the ex-officio, shall hold office for a period of three (3) years and shall be eligible for appointment for one (1) further term.
- c) A person shall not be appointed as a member of the Board unless that person holds at least O-level certificate of education or its equivalent.
- d) To the extent feasible, Board members should reside or work in Health facility catchment service area.

1.1.1. Composition

The total membership of the Board shall be at least seven and not more than nine members and shall consist of:

- a) a Chairperson nominated by members of the Board from among themselves and appointed by CEC of health
- b) the area sub-county Administrator representative duly nominated by him/her in writing
- c) the person in charge of the health facilities, who shall be the secretary

- d) the person in charge of a County/sub county administrator, or its equivalent
- e) the following persons, who shall be residents of the area of jurisdiction, appointed by the county Executive Board member
 - i. one person who shall have knowledge and experience in finance and administration matters
 - ii. one person nominated by women groups;
 - iii. one person nominated by the Faith Based Organizations
 - iv. not more than two persons nominated by recognized Community Based Development Organizations of whom one shall be a woman.

Officers of the HMB

- a) Officers of the Board shall consist of the Chairperson, Vice Chairperson and Secretary.
- b) A chairman nominated by members of the Committee from among themselves shall be appointed by the County Executive committee member
- c) The secretary to the Board shall be the Health Facility-in-charge.
- d) The Board shall appoint, from among its members, the Vice-Chairperson

Functions of the BOARD Officers

- a) Responsibilities of the chairperson
 - i. Setting meeting schedules and overseeing preparation of meeting materials
 - ii. Presiding over Board meetings
 - iii. Overseeing all committees
 - iv. Maintaining Board policy and other resource manuals
 - v. Ensuring effective recruitment, orientation, and development of Board members
 - vi. Providing for regular Board and individual members self-evaluation
 - vii. Planning for leadership succession
- b) Responsibility of the Vice Chairperson
 - i. Assumes chairperson's role if he/she is unavailable or unable to serve
- c) Responsibilities of the Secretary

- i. Keeps accurate records of Board meetings, attendance, decisions, long range plans and goals, and policies.
- ii. Communicates key policy decisions to the hospital teams

Remuneration of HFMC Members

The HFMC should convene once per quarter in each Financial Year (four full committee meetings a year). The county executive member of finance with consultation with the executive member responsible for health shall give a guidelines on remuneration from time to time.

The remuneration shall only refer to the four scheduled meetings in the Financial Year.

At the moment remuneration a Level 5 Hospital is as follows for:

Allowance	Position	Amount
Sitting Allowance	Chairperson	7,500
	Members	5,000
Lunch	All	1,000
Transport :Reimbursement on production of receipts for Public Service vehicles or AA rates not exceeding Ksh 5,000		

Termination of membership

A member shall vacate his/her position on the committee in the following circumstances:

- a) If a member is absent without apology and reasonable explanation from three (3) consecutive meetings of the committee.
- b) If, in the case of a member of a non-governmental organization, the member ceases to hold the office by virtue of which his nomination was made.
- c) If a member is convicted of a criminal offence.
- d) If a member ceases to reside or practice in the area of health facility jurisdiction.
- e) If a member voluntarily resigns from the committee.
- f) If a member is deceased.
- g) If the CEC responsible for health, in his/her discretion, rescinds the appointment of a member to the committee.

VIII. Management Discussion and Analysis

Operational and Financial Performance:

The hospital made a budget of Ksh 67,461,966 which was implemented through revenue generation and AIEs requisition from the County Treasury. The funds were to be used for the sourcing of goods and services for the hospital service delivery and operations. The expenditures Medical/Clinical Costs Ksh 38,428,622, Employees expenses Ksh 11,927,669, Maintenance and Repairs Ksh 2,281,853, general Office Expenses 12,890,029. During the same period under review the hospital made waivers amounting to Ksh 1,105,389. The Total expenses were Kshs 67,460,962 leaving a surplus of Ksh 1,004 as at 30th June, 2022.

Key projects for investment and ongoing:

The Hospital was in the process of repairing the CT Scan and upgrading the power supply to match the current and future investment.

A 4-wing, 5-storey building is under construction so that there would be adequate room for theatres, wards, ICU, emergency etc, leaving the current Hospital to run out-patient services and clinics.

Training of health workers needs to be a continuous process as Health care is quite dynamic. There needs to be budgetary allocation for on-job and in-service training of health workers.

Compliance with statutory requirements:

The Hospital is registered by the Kenya Medical Practitioners and Dentists Council. The licence is renewed annually, as a Hospital, teaching/training centre and Internship centre.

The Hospital Management Team members are registered and their licences from various regulatory bodies displayed at their offices.

All staff contribute to various unions and retirement plans. Part of their salaries is deducted and channelled towards health insurance.

Major Risks facing Baringo County Referral:

Unstable electricity with the risk of damage to equipment. The power supply to the hospital was graded to cover the facility after 1972 and currently there was more expansion of facilities, installation of new equipment and upgrade of equipment which is way beyond the capacity transformer available and even the generator.

Referral for specialised diagnostic services such as CT Scan, EEG, ECG and MRI leading to financial loss to the hospital in terms of cost and also reputation of the hospital.

Pending Water bills are a major concern for the water consumed from the municipal piped supplies. The Hospital borehole has alleviated the burden by accounting for 80% of water consumed, and reducing current and future bills. There is need to assess the stream that runs at the Hospital for the possibility of harnessing water from it for use in the Hospital.

Management of Hospital waste is a major concern, as there is poor segregation of waste in coloured bins, the incinerator is broken down and the lagoon sedimentation pools are insufficient. The result is emission of dangerous smoke in the Hospital, exposure to infectious material and there's contamination of the river water by the effluent from the lagoon pools.

There is an ageing workforce that is poorly replaced because there was no hiring following retirement or attrition. This could lead to sub-optimal performance and challenges associated with electronic processes, such as transmission of information.

Clinical/operational performance

- Bed capacity of the hospital was 160.
- Overall patient attendance during the year was that 71, 835 out-patients and 6983 In-patients were attended to.
- Accident and Emergency attendance was prompt and minimised loss of life due to accidents.
- Specialised clinic attendance was 40,513 across all specialities.
- Average length of stay for in patient was improved from 6 days to 5 during the reporting period.
- Bed occupancy rate was 72.3% on average.
- Mortality rate for Baringo County Referral Hospital was 4.8%.
- Surgical theatre utilisation (number of operations over a period of time) was 1308.
- Sponsorships were implemented by the Hospital to enable staff to attend professional conferences. Partnerships with development partners led to technical support in various thematic areas leading to stronger service delivery strategies. There was concern that many organizations were in transition to end their programs leaving the Hospital to navigate the journey to self-reliance.

Financial performance that includes

Health care financial flow takes the following method:

- (a) Source: Any source of financing including Government, Development partners, NGOs, and Households (out-of-pocket). The sources provide finance directly to the Hospital or to Government agencies then finally to the Hospital. The exchequer finance to the County Revenue Account which is subsequently shared between County Government departments is an example. Households that pay cash for services are a direct source.
- (b) Agents: These are usually firms or organization that act on behalf of the source of finance, whose main function is administrative. During administration of the funds, these organisations lead to filtration of finances. A good example is NHIF, which administers National Government finances on its behalf, doing rational disbursement to Hospitals.
- (c) Providers: These are Health care service providers, whose role is to absorb the funds and convert it to functions. Finances are used for preventive health services, curative and rehabilitative services, administrative and support services. Hospitals mainly provide curative, rehabilitative and administrative and support services. Curative services include medical, surgical, emergency, critical care, out-patient services, etc. Examples of Providers include Hospitals, Health centres, Dispensaries, medical camps and Clinics.
- (d) Functions: which are the products of the service providers. These are what the providers produce in terms of health care services, which are referred to as health functions. Others are Health-related functions. Some Hospitals offer specific functions, such as Spinal Injury hospital, Mental Hospitals etc.

Providers like Baringo County Referral Hospital receive financing from Government, NHIF, Private insurance, and from direct payment out-of-pocket. The Hospital converts the finances into drugs, surgery, maternal care, new borne care, child health etc. Government funds and collections were received quarterly from County Treasury for production of the functions. 100% of funds are utilised per tranche before the next. Expenditure of the finances is subject to audit.

Signed:
Dr. Gerishom M. Abakalwa; Medical Superintendent.

IX. Environmental And Sustainability Reporting

Baringo County Referral Hospital exists to transform lives through provision of medical services to return the citizens to productive life. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering medical and rehabilitative services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Hospital endeavours to offer services to the citizens in line with the service charter, the provider's rights and the patients' rights. It is also understood that access to health care is a human rights issue constitutionally. On the other hand, the patient has the obligation to provide accurate information, cooperation and meeting the cost of services.

Sources of health care financing include:

- Out-of-pocket fees, where households are charged directly.
- National Hospital Insurance Fund, a national resource pooling.
- Private Insurance firms, with schemes covering their clientele.
- Programmatic support, from implementing partners, mainly NGO.
- The Government, both County and National.

The Hospital collects these funds in order to convert them to functions which are the Curative and Rehabilitative services. There's continuous improvement in quality of care in order to attract the clientele and good linkage with the community.

The major risks to sustained services include administration of waiver, exemptions and inability to pay by indigent households. The waiver system is exposed to political instruction and some households exploit this route to dodge payment of hospital fees. Exemptions include prisoners, under 5s etc. Prisoners obtain treatment, age assessment, and other services without paying any fees. There are cases where accident victims are treated as emergency cases and stabilised. Those who get admitted may pay hospital fees upon discharge or may even be waived. Those who stabilise and go home usually don't pay. This puts a strain the resources of the Hospital as it provides services using drugs, non-pharmaceuticals and other consumables.

By and large the Hospital has since achieved 100% banking by shifting from cash payment to M-pesa only payment. This has reduced the burden of dealing with cash, which was susceptible to spillage.

The Hospital has drafted a Board paper towards compensation for loss to the Hospital through waivers and exemptions, for the County assembly to debate and legislate.

The Hospital has converted the approved waivers into Hospital debt so that the client would remain obligated to the Hospital fee.

There has been a proposal to have a framework where emergency funds under national disaster management funds from office of the Deputy Governor could be used to service this loss.

ii) Environmental performance

The facility mission on waste management is to discover how the environment affects people in order to promote healthier lives. It is, therefore, a core value of the facility to preserve and protect the environment.

Through implementation of this policy, the hospital waste management committee will serve as a leader by advancing environmental stewardship within our own programs and the community, therefore the committee will ensure that;

- Continually improve our environmental performance.
- Comply with all applicable environmental, health, and safety laws, regulations, and other requirements.
- Implement effective pollution prevention and waste minimization programs to reduce, reuse, and recycle materials.
- Ensure that energy and water are used responsibly and conserved through innovative practices and procedures.
- Provide all facility staff with the knowledge and tools needed to meet the goals of this policy and to actively participate in efforts to prevent negative environmental impacts.
- Measure progress toward our environmental goals.

This policy will serve as the framework for setting and reviewing the facility environmental goals, objectives, and targets.

Efforts to manage Biodiversity, Waste management and Reduce environmental impact at the facility.

- A. **Compliance with Environmental Requirements** – The facility will comply with all applicable, environmental laws, regulations and other environmental requirements.
- B. **Healthy Built Environment** – It will promote public health, workforce wellness, and quality of work-life by integrating the development of buildings and grounds with the natural environment and by promoting indoor environmental quality.
- C. **Pollution Prevention** – It will minimize solid waste generation and the potential release of pollutants into the environment first through source reduction, secondarily through reuse and recycling, and finally through treatment and disposal.

- D. **Minimize Hazardous Waste and Toxic Materials** – It will minimize the generation of hazardous wastes. The facility will maintain policies and processes for the safe and efficient use, tracking, storage and disposal of hazardous and toxic materials.
- E. **Conservation of Energy, Water and Other Resources** – It will reduce resource consumption by eliminating wasteful practices and promoting efficient use, and by evaluating and implementing feasible and practical conservation measures in existing buildings, renovations, and new construction.
- F. **Green Technology** – It will recognize the significant impacts of computing, communication, refrigeration and other technologies on human health and the environment. The institute will actively promote the efficient and sustainable use of technology.
- G. **Environmental Education and Awareness** – It will provide ongoing education for all employees, patients and visitors concerning the importance of environmental responsibility in all facility operations. Further, the facility will share relevant and accurate information on its environmental performance with the public.

Successes

1. Formation of active infection prevention committee
2. Compliance with NEMA regulations
3. Continuous use of hospital assessment tool by Infection Prevention Committee

Shortcomings

1. Liquid waste management system has been overwhelmed due high population
2. The capacity of the incinerator to incinerate waste is minimal

iii) Employee welfare

The guiding principles in hiring of health workers include equal opportunity for all, openness, consideration for diversity, gender and persons with disability. Affirmative action is also applied to include persons from marginalized or minority groups. Special groups are accorded 30% opportunity as provided for in the Constitution.

All work places have a clear line of communication based on the organogram for the respective functional organization. Every staff has the right to answer to one line of supervision.

The number of staff recruited is determined by need in order to optimise the human resource. Rationalism is also applied in the distribution of health workers depending on need, level of service delivery and the skill.

Baringo County referral improves the skill of its workforce by approving study leave. There is a training committee that carries out this role at Hospital level. There is also approval for short courses including management and leadership at the Kenya School of Government. Doctors are the most

likely to upgrade their skills where Medical Officers study at Postgraduate level to become specialists. There is a Training Policy of 2016 which allows up to 20% of any cadre in the County or particular cadre in a large Hospital could be allowed study leave.

Performance management takes the form of Performance Appraisal and Performance Contract. All permanent staff underwent annual performance appraisal, where the staff set targets related to their functions. Performance review was done quarterly and at the end of the year a report done following the aggregated score. Performance appraisal was done by way of negotiation on the targets set, between staff and the respective supervisor.

Performance Contract was signed by top level managers, on behalf of the Hospital in line with the Contract signed by the Director of Medical Services, and cascaded accordingly. The Performance indicators are uniform for all departments but The Hospital customised the document to sign on commitments applicable to the functions of the Hospital.

Both Performance Appraisal and Performance Contract were tools used to encourage and monitor performance. Performance Contract scores between different Departments of the County Government were compared and the well performing Departments commended.

There was a plan to recognize the staff that performed well, and even the staff nominated by the Hospital management for Commendation.

Other methods applied in improving and managing careers include provision of career development (learning opportunities), determining career goals and modalities of achieving them, coaching and mentorship, networking and benchmarking as well as leadership, where staff is enabled to achieve the best from their potential.

For the safety of health workers, the Hospital provided safety to health workers, including security and freedom of association by joining SACCOs, welfare groups, etc.

Infection Prevention methods were applied in the Hospital as a way to eliminate or reduce hazards in addition to provision of personal protective equipment. Mental health at the workplace was strengthened through training of health workers.

12 staff in the Hospital was trained in Emergency Medical Care and is functional as initial response unit during emergencies.

There was provision for compensation to officers in the event of injury or death during their term of service, but fortunately we did not have a case of injury at work. Deaths that happened were notified and appropriate Human Resource actions taken.

More Safety applications applied in the Baringo County Referral Hospital included a designated fire assembly point, Clearly marked Emergency Exits, etc.

iv) Market place practices-

The hospital outlines its efforts to:

a) Responsible competition practice.

The hospital ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.

b) Responsible Supply chain and supplier relations

The hospital maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

The hospital maintains the highest ethical marketing practices.

d) Product stewardship

The hospital outlines its efforts to safeguard consumer rights and interests.

v) Corporate Social Responsibility / Community Engagements

The Baringo County Referral was sensitive to the needs of the community in which it is situated and the need for visibility and meaningful collaboration. There were activities carried out as giving back to the society and as such encouraging a positive relationship.

Wellness clinics were organised during International Women's day, World AIDS day, World TB day, World Malaria day etc. During these events Health promotional information is passed to the populace.

Free camps were held for screening for diabetes and hypertension around the township. During this time, Health education and referral was also done.

There was also road trips and marches around to sensitize the community on the need to take the Covid 19 vaccine.

Mothers who delivered in the Hospital were provided with utility packs, which were gift hampers referred to as Mama Packs. This was done in partnership with The M-pesa Foundation of Safaricom.

X. Report of The Board of Management

The Board of Management of the Baringo County Referral Hospital held quarterly meeting for approval of the Quarterly Implementation Plans (QIPs) of the Hospital.

Principal activities

The principal activities of the hospital are aligned with the objectives of the Curative and Rehabilitative program of the Health Services function, which include diagnosis and treatment of illness as well as promotion of life for those living with disability.

The Hospital Management Team coordinated the daily running of the Hospital and sat quarterly to review technical performance, plan for the next quarter and made budget proposals.

The Executive Expenditure Committee (EEC) reviewed the proposals and did the final expenditure plans, before requesting the Board for approval and subsequently the Authority to Incur Expenditure obtained from Treasury.

The board reviewed the HMT and EEC proposals and issued approvals by signing on the minutes of the EEC. The Board also reviewed financial as well as expenditure reports from the accounting section of the Hospital.

Results

The results of the hospital for the year ended June 30, 2022 are set out on page xiii – xv.

Board Of Management

There was a Board of Management whose term expired in July 2022 after serving for 3 years. After that a new Board was in place and even the Medical Superintendent and Health Administrative Officer were also relatively new having been posted in February and June respectively. The Board whose term expired in July included the following:

- (1) Dr Philip Cheptinga.....Chairman
- (2) Bishop Daniel Chemon...Member.
- (3) Mrs. Costa Kandie.....Member.
- (4) Mr. Peter Chepkonga.....Member.
- (5) Mrs. Leah Kimaru.....Member.
- (6) Mr. Peter Kipyagon.....Member.

- (7) Mr. Wilfre Tomno.....Member.
- (8) Dr. Charles Maswai.....Secretary.
- (9) Mr. Michael Rotich.....Member.

The Board that took over on 1st July 2022 consists of the following:

- (a) Dr. Peter Cherutich.....Chairman.
- (b) Prof. Gladys Mengich.....Member.
- (c) Bishop Julius Chepsat.....Member.
- (d) Donald Sokoti.....Member.
- (e) Dr. Dinah Chelagat.....Member.
- (f) Dr. Gerishom Abakalwa.....Member.
- (g) Patrick Terer.....Member.
- (h) CPA Isaac Kurui.....Member.
- (i) Wesley T. Mengich.....Member.

Auditors

The Auditor General is responsible for the statutory audit of the hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2022.

By Order of the Board



Dr. Gerishom M. Abakalwa
The Secretary Of The Board

XI. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 and the gazette notice number GK-004476 requires the Board of Management to prepare financial statements in respect of the hospital, which gave a true and fair view of the state of affairs of the hospital at the end of the financial year and the operating results of the hospital for the year under review. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for the safeguard of the assets of the hospital.

The Board of Management is responsible for the preparation and presentation of the hospital’s financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the gazette notice number GK-004476. The Board members are of the opinion that the hospital’s financial statements give a true and fair view of the state of hospital’s transactions during the financial year ended June 30, 2022, and of the hospital’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital’s financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the 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

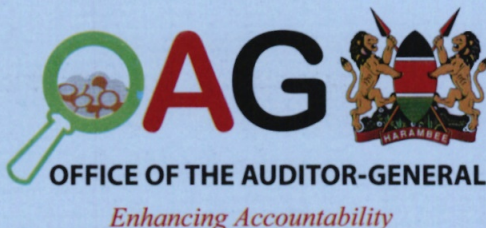
The Hospital’s financial statements were approved by the Board on 27/06/2022 and signed on its behalf by:

.....
Name: Dr. Peter Cherutich
Chairperson
Board of Management

.....
Name: Dr. Gerishom M. Abakalwa
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF BARINGO

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 Baringo County Referral Hospital - County Government of Baringo set out on pages 32 to 64, which comprise of

Report of the Auditor-General on Baringo County Referral Hospital for the year ended 30 June, 2022 - County Government of Baringo

the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Baringo County Referral Hospital - County Government of Baringo as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, the County Governments Act, 2012, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in the Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.651,280,000 as disclosed in Note 16 to the financial statements. However, the balance was not supported with a valuation report, ledgers or any other basis of arriving at the balances.

In the circumstances, the accuracy, completeness, presentation and disclosure of property, plant and equipment balance of Kshs.651,280,000 could not be confirmed.

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

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. Irregular Engagement of Casual Workers

Review of records revealed that the Hospital engaged skilled and semi-skilled casual workers for more than three (3) months where some of the staff have served the Hospital for a period of ten (10) years. This was contrary to Section 37(3) of the Employment Act, 2007 on conversion of casual employment to term contract which states that an employee whose contract of service has been converted in accordance with subsection (1) and who works for two months or more from the date of employment as a casual employee shall be entitled to such terms and conditions of service as he would have been entitled to under this Act had he not initially been employed as a casual employee.

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

2. Failure to Comply with Law on Ethnicity

Review of human resource records revealed that out of the four hundred and ninety-one (491) employees in the Hospital, four hundred and forty-one (441) were from the dominant ethnic community in the County which translates to 89% of the total number of staff. This was contrary to Section 7(2) of National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from same ethnic community.

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

3. Non-Compliance with Requirements in Universal Health Coverage

Review of Hospital records and interviews revealed that the Hospital had twenty-four (24) medical officers against the required fifty (50), three (3) gynaecologists against the required four (4), two (2) radiologists against the required four (4), one (1) paediatrician against the required four (4), one hundred and fifty-two (152) Kenya Registered Community Health nurses against the required two hundred and fifty (250). The Hospital did not have anaesthesiologists against the required two (2). Further, the Hospital had two (2) operating theatres against the required seven (7) and lacked six (6) high dependency unit beds, chemotherapy services, radiotherapy services and a high-grade incinerator required for level 5 Hospital. In addition, the Hospital had a bed capacity of one hundred and sixty (160) against the required five hundred (500). These deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing the highest attainable standard of health, the right to health care services, including reproductive health care as required by Article 43(1)(a) of the Constitution of Kenya, 2010.

In the circumstances, the Sustainable Development Goal number 3.8 whose target is to achieve universal health coverage, access to quality essential health care services and access to safe, effective, quality and affordable essential medicines and vaccines for all may not be achieved.

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. Expired Drugs

Review of management of pharmaceutical supplies at the Hospital revealed that fifty-nine (59) units of various drugs of undetermined value had expired. Further, the stock cards used to issue drugs to various departments in the Hospital did not show the batch number and the expiry dates of the drugs. It was therefore difficult to use the principle of First Expiry First Out (FEFO) method of issuing drugs at the Hospital.

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

2. Stock Out of Essential Medical Supplies

Review of stock cards for controlling stores at the Hospital revealed that the Hospital experienced various stock outs of medical supplies for drugs for an average period of 90 to 1095 days.

In the circumstances, the effectiveness of internal controls on management of stocks for essential drugs could not be confirmed.

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 control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain its services, disclosing, as applicable, matters related to the 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 money is 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls may not prevent or detect misstatements and instances of noncompliance. 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

09 July, 2024

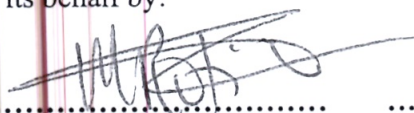
**Baringo County Referral Hospital (Baringo County Government
Annual Report and Financial Statements for The Year Ended 30th June 2022**


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

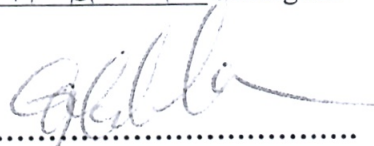
Description	Notes	2021/22	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	53,803,411	-
Grants from donors and development partners	7	200,000	-
		54,003,411	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	24,636,093	-
Revenue from exchange transactions		24,636,093	-
Total revenue		78,639,504	-
Expenses			
Medical/Clinical costs	9	37,081,926	-
Employee costs	10	12,845,769	-
Board of Management Expenses	11	827,400	-
Repairs and maintenance	13	3,438,968	-
General expenses	14	13,421,444	-
Total expenses		67,615,507	-
Net Surplus/Deficit for the year	19	11,023,997	-

The notes set out on pages 25 to 42 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 27/06/2024 and signed on its behalf by:


.....
Dr. Peter Cherutich
Chairman - Board of Management


.....
Thomas Chesaro
Head of Finance ICPAK No: 15566


.....
Dr. Gerishom Abakalwa
Medical Superintendent

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

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	28,395,811	-
Total Current Assets		28,395,811	-
Non-current assets			
Property, plant, and equipment	16	651,280,000	-
Intangible assets	17	2,040,000	-
Total Non-current Assets		653,320,000	-
Total assets		681,715,811	-
Liabilities			
Current liabilities			
Trade and other payables	18	23,930,900	-
Total Current Liabilities		23,930,900	-
Non-current liabilities			
Total Non-current liabilities		-	-
Total Liabilities		(23,930,900)	-
Net assets		657,784,911	
Revaluation reserve		-	-
Accumulated surplus/Deficit	19	11,023,997	-
Capital Fund		646,760,914	-
Total Net Assets and Liabilities		657,784,911	-

The notes set out on pages 25 to 42 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 27/06/2024 and signed on its behalf by:

.....
Dr. Peter Cherutich
Chairman - Board of
Management

.....
Thomas Chesaro
Head of Finance ICPAK No:
15566

.....
Dr. Gerishom Abakalwa
Medical Superintendent

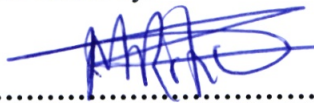
Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	-	-	-
At July 1, 2021	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	11,023,997	-	11,023,997
Capital/Development grants	-	646,760,914	-	646,760,914
At June 30, 2022	-	657,784,911	-	657,784,911

The notes set out on pages 25 to 42 form an integral part of the Annual Financial Statements.


The Hospital's financial statements were approved by the Board on 27/06/2022 and signed on its behalf by:



Dr. Peter Cherutich
Chairman - Board of Management



Thomas Chesaro
Head of Finance ICPAK No: 15566





Dr. Gerishom Abakalwa
Medical Superintendent

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

Description		2021/22	2020/21
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	53,803,411	
Grants from donors and development partners	7	200,000	-
Rendering of services- Medical Service Income	8	24,636,093	-
Total Receipts		78,639,504	-
Payments			
Medical/Clinical costs	9	37,081,926	-
Employee costs	10	12,845,769	-
Board of Management Expenses	11	827,400	-
Repairs and maintenance	13	3,438,968	-
General expenses	14	13,421,444	-
Total Payments		67,615,507	-
Net cash flows from operating activities	19	11,023,997	-
Cash flows from investing activities			
Net increase/(decrease) in cash and cash equivalents		11,023,997	(-)
Cash and cash equivalents at 1 st July, 2021	15	17,371,814	-
Cash and cash equivalents at 30th June, 2022	15	28,395,811	-

The notes set out on pages 25 to 42 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 27/06/2024 and signed on its behalf by:


.....
Dr. Peter Cherutich
Chairman - Board of
Management


.....
Thomas Chesaro
Head of Finance ICPAK
No: 15566


.....
Dr. Gerishom Abakalwa
Medical Superintendent

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

Description	Original budget	Adjustment s	Final budget	Actual on comparable basis	Perform ance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	53,803,411		53,803,411	53,803,411		100%
Grants from donors and development partners	0	200,000	200,000	200,000	-	100%
Rendering of services- Medical Service Income	24,636,093	-	24,636,093	24,636,093	-	100%
Total income	78,439,504	200,000	78,639,504	78,639,504	-	100%
Expenses						
Medical/Clinical costs	36,881,926	200,000	37,081,926	37,081,926	-	100%
Employee costs	12,845,769	-	12,845,769	12,845,769	-	100%
Board of Management Expenses	827,400	-	827,400	827,400	-	100%
Repairs and maintenance	3,438,968	-	3,438,968	3,438,968	-	100%
General expenses	13,421,444	-	13,421,444	13,421,444	-	100%
Surplus for the period	10,823,997	200,000	11,023,997	11,023,997	-	100%
Capital expenditure						

The notes set out on pages 25 to 42 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 27/06/2024 and signed on its behalf by:

.....
Dr. Peter Cherutich Chairman -
Board of Management

.....
Thomas Chesaro
Head of Finance ICPAK No:
15566

.....
Dr. Gerishom Abakalwa
Medical Superintendent

XVIII. Notes To the Financial Statements

1. General Information

Baringo County Referral Hospital is established by and derives its authority and accountability from established under gazette notice number GK-004476 and Public Financial Management Act. The hospital is wholly owned by the Government of Kenya and is domiciled in Kenya. The hospital's principal activity is to offer quality medical and rehabilitative services.

2. Statement Of Compliance And Basis Of Preparation

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

The financial statements have been prepared in accordance with the PFM Act, and gazette notice number GK-004476, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

Notes to the Financial Statements (Continued)

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

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

Baringo County Referral Hospital (Baringo County Government)
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Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the Hospital's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</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 Hospital.</p>

Baringo County Referral Hospital (Baringo County Government)
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Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</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 hospital did not early – adopt any new or amended standards in the year 2021/2022

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Notes to the Financial Statements (Continued)

Revenue from exchange transactions

Rendering of services

The hospital 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 hospital.

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 hospital's right to receive payments is established.

Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021/2022 was approved by Board on 30th June, 2021. 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 hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of Ksh 1,305,389 on the FY 2021/2022 budget following the Board's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Hospital. 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 Hospital 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 Hospital 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 Hospital. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

Notes to the Financial Statements (Continued)

h) Research and development costs

The Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Hospital 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 Hospital determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Notes to the Financial Statements (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Hospital 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 Hospital assesses at each reporting date whether there is objective evidence that a financial asset or an hospital of financial assets is impaired. A financial asset or an hospital 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 hospital of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an hospital 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 Hospital determines the classification of its financial liabilities at initial recognition.

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

Notes to the Financial Statements (Continued)

Loans and borrowing

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

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

i) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

j) Provisions

Provisions are recognized when the Hospital has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Hospital expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

Notes to the Financial Statements (Continued)

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

Contingent liabilities

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

l) Changes in accounting policies and estimates

The Hospital 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 Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an hospital pays fixed contributions into a separate hospital (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Notes to the Financial Statements (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

The Hospital regards a related party as a person or an hospital with the ability to exert control individually or jointly, or to exercise significant influence over the Hospital, 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 Hospital 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 Hospital recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Notes to the Financial Statements (Continued)

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Hospital'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 Hospital 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 Hospital. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Notes to the Financial Statements (Continued)

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Hospital.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

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

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

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

Notes to the Financial Statements (Continued)

6. Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
			KShs	KShs	KShs
Baringo County Government	53,803,411	-	-	53,803,411	-
Total	53,803,411	-	-	53,803,411	-

7. Grants From Donors and Development Partners

Description	2021/2022	2020/2021
	KShs	KShs
Other grants - Safaricom	200,000	200,000
Total grants from development partners	200,000	200,000

8. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals	5,582,138.50	-
Non-Pharmaceuticals	865,090	-
Laboratory	2,542,942	-
Radiology	4,654,060.20	-
Orthopaedic and Trauma Technology	537,430	-
Theatre	817,244	-
Accident and Emergency Service (ICU & Casualty)	111,950	-
Outpatient Services	247,900	-
Inpatient Services	3,792,558	-
Ear Nose and Throat service	13,200	-
Eye	362,150	-
Nutrition service	1,200	-
Records	1,341,870	-
Dental services	382,000.40	-
Renal Services	21,500	-
Reproductive health	62,300	-

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Transport Services	526,710	
Farewell home services	1,572,561	-
Public Health / Medical Legal/ Permits/ Certificates	95,900	
Other medical services income - Waivers	1,105,389	
Total revenue from the rendering of services	24,636,093.10	-

9. Medical/ Clinical Costs

Description	2021/22	2020/21
	KShs	KShs
Laboratory chemicals and reagents	3,538,179	-
Public health activities	130,000	-
Food and Ration	8,877,917	-
Uniform, clothing, and linen	100,000	-
Dressing and Non-Pharmaceuticals	6,235,600	-
Pharmaceutical supplies	10,190,889	-
Health information stationery (Repatriation/Referrals)	1,522,000	-
Sanitary and cleansing Materials	700,000	-
Purchase of Medical gases	1,636,462	-
X-Ray/Radiology supplies	2,479,270	-
Other medical related clinical costs (Waivers and Exemptions)	1,671,609	-
Total medical/ clinical costs	37,081,926	-

10. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	12,845,769	-
Employee costs	12,845,769	-

11. Board of Management Expenses

Description	2021/22	2020/21
	KShs	KShs
Sitting allowance	173,000	-
Travel and accommodation allowance	654,400	-
Total	827,400	-

12. Depreciation And Amortization Expense

Description	2021/22	2020/21
	KShs	KShs
Property, plant and equipment	78,800,000	-
Intangible assets	680,000	-
Investment property carried at cost	-	-
Total depreciation and amortization	79,480,000	-

13. Repairs And Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	931,800	-
Medical equipment	694,355	-
Computers and accessories	248,600	-
Motor vehicle expenses	1,564,213	-
Total repairs and maintenance	3,438,968	-

14. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Catering expenses	473,500	-
Bank charges	182,610	-
Electricity expenses	4,662,200	-
Travel and accommodation allowance	704,900	-
Courier and postal services	9,450	-
Printing and stationery	1,081,180	-
Hire charges – Fuel Lubricants	4,949,974	-
Water and sewerage costs	7,950	-
Telephone and mobile phone services	167,000	-
Internet expenses	10,000	-
Staff training and development	1,172,680	-
Total General Expenses	13,421,444	-

15. Cash And Cash Equivalents

Description	2021/22	2020/21
	KShs	KShs
Current accounts	28,395,811	-
Total cash and cash equivalents	28,395,811	-

15 (a) Detailed Analysis of Cash and Cash Equivalents

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank - FIF Imprest Account	1149215399	1,004	-
Kenya Commercial bank - Revenue Account	1149507659	23,110,807	
Central Bank of Kenya – HIF SPA	1000540621	5,284,000	-
Grand total		28,395,811	-

Notes to the Financial Statements (Continued)

16. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost	'000'	'000'	'000'	'000'	'000'	'000'	'000'	'000'
At 1 July 2020	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th June 2021	-	-	-	-	-	-	-	-
At 1 st July 2021	282,000	210,000	20,000	36,000	-	-	128,000	676,000
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments		-		-			-	-
At 30th June 2022	282,000	210,000	20,000	36,000	-	-	128,000	676,000
Depreciation and impairment								
At 1 July 2020	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
At 30 June 2021								

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At July 2021	-	-	-	-	-	-	-	-
Depreciation at 4% & 20%	-	(8,400)	(4,000)	(7,200)	-	-	(5,120)	(24,720)
Disposals	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Transfer/adjustment		-	-	-	-	-	(-)	(-)
At 30th June 2022	282,000	201,600	16,000	28,800	-	-	122,880	651,280
Net book values								
At 30 th June 2021	282,000	210,000	20,000	36,000	-	-	128,000	676,000
At 30 th June 2022	282,000	201,600	16,000	28,800	-	-	122,880	651,280

Notes to the Financial Statements (Continued)

17. Intangible Assets-Software

Description	2021/22	2020/21
	KShs	KShs
Cost		
At beginning of the year	2,700,000	-
Additions	-	-
Additions–Internal development	20,000	-
Disposal	(-)	(-)
At end of the year	2,720,000	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period 25%	(680,000)	-
Impairment loss	-	-
At end of the year	(680,000)	-
NBV	2,040,000	-

18. Trade And Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	23,930,900	-
Total trade and other payables	23,930,900	-

19. Cash Generated from Operations

	2021/22	2020/21
	KShs	KShs
Surplus for the year before tax	11,023,997	
Adjusted for:		
Depreciation	(25,400,000)	-
Non-cash grants received	(-)	(-)
Working Capital adjustments		
Increase in payables	23,930,900	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	9,554,897	-

Notes to the Financial Statements (Continued)

20. Financial Risk Management

The hospital's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital'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 hospital 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 hospital's financial risk management objectives and policies are detailed below:

(i) Credit risk

The hospital 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 hospital'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 hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Bank balances	17,371,814	-	-	-
Total	17,371,814	-	-	-
At 30 June 2022				
Bank balances	28,395,811	-	-	-
Total	28,395,811	-	-	-

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 hospital has recognised in the financial statements is considered adequate to cover

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any potentially irrecoverable amounts. The hospital has significant concentration of credit risk on amounts due from medical services.

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	
	Kshs	Kshs	Kshs	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade payables	-	23,930,900	-	23,930,900
Total	-	23,930,900	-	23,930,900

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the hospital 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 hospital'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.

Notes to the Financial Statements (Continued)

The hospital'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 hospital's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	28,395,811	-	28,395,811
Liabilities			
Trade and other payables	23,930,900	-	23,930,900
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

Foreign currency sensitivity analysis

The following table demonstrates the effect on the hospital'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 hospital's financial condition may be adversely affected as a result of changes in interest rate levels. The hospital's interest rate risk arises from bank deposits. This exposes the hospital to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the hospital'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 hospital 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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

iv) Capital Risk Management

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

21. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

Notes to the Financial Statements (Continued)

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

22. Events After The Reporting Period

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

23. Ultimate And Holding Hospital

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

24. Currency

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

XIX. Appendices

Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

The hospital had not submitted its financial report earlier; and so, there were no issues which necessitating resolutions.

Dr, Gerishom Abakalwa

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Accounting Officer
 MEDICAL SUPERINTENDENT

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APPENDIX II: Projects Implemented by The Hospital
Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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APPENDIX IV: Inter-Hospital Confirmation Letter



The wishes to confirm the amounts disbursed to you as at 30th June, 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Baringo County Referral Hospital as at 30th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary hospital] (KShs) as at 30 th June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	20/08/2021	5,000			5,000	5,000	
	21/08/2021	3,000			3,000	3,000	
	16/09/2021	25,405,590			25,405,590	25,405,590	
	26/11/2021	250,000			250,000	250,000	
	01/01/2022	4,254,700			4,254,700	4,254,700	
	10/02/2022	5,186,553			5,186,553	5,186,553	
	02/03/2022	9,463,057			9,463,057	9,463,057	
	11/05/2022	9,235,511			9,235,511	9,235,511	
Total		53,803,411			53,803,411	53,803,411	

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

Head of Accountants department of beneficiary hospital:

Name THOMAS CHESARO Sign [Signature] Date 27/06/2024