45

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

OAG/KC/ LONGISA/CRL4H/2022/2023(22) **04 September, 2024**

Mr. Isaac K. Kitur
Clerk to the Bomet County Assembly
P.O. Box 590-20400
BOMET

(1) DC 1/9/24

Dear Sir

REPORT OF THE AUDITOR-GENERAL ON LONGISA COUNTY REFERRAL LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 – COUNTY GOVERNMENT OF BOMET

I transmit the report of the Auditor-General on the examination and audit of Longisa County Referral Level 4 Hospital for the year ended 30 June, 2023 in accordance with the provisions of Article 229(7) of the Constitution of Kenya for the necessary action as required by Article 229(8) of the Constitution.

Yours sincerely,

Stanley Mwangi
For: AUDITOR-GENERAL

BOMET COUNTY ASSEMBLY
RECEIVED
06 SEP 2024
P. O. Box 590-20400
BOMET

(2) Table Office
Please prepare this document for tabling. 10/09/2024

BOMET COUNTY ASSEMBLY
REGISTRY OFFICE
06 SEP 2024
P.O. Box 590 - 20400, BOMET

Copy to: **Dr. Chris Kiptoo, CBS**
Principal Secretary
The National Treasury
P.O. Box 30007-00100
NAIROBI

Mr. Jeremiah Nyegenye, CBS
Clerk to the Senate
P. O. Box 41842-00100
NAIROBI

Prof. Hilary Barchok, PHD
The Governor of Bomet County
P. O. Box 19 – 20400
BOMET

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

LONGISA COUNTY REFERRAL LEVEL 4 HOSPITAL

FOR THE YEAR ENDED 30 JUNE, 2023

COUNTY GOVERNMENT OF BOMET

Tabled on 11/09/2024
at 2:30 p.m.

LONGISA COUNTY REFERRAL LEVEL 4 HOSPITAL
(BOMET COUNTY GOVERMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

2. Key Entity Information and Management

(a) Background information

Longisa County Referral Hospital is a level (4) hospital established under gazette notice number 1 of 20th February 2015 and is domiciled in Bomet County under the Public Health Department. The hospital is governed by department of medical service county government of Bomet.

(b) Principal Activities

The principal activity of the Longisa county referral hospital is to provide health care services to the residents and non-residents of Bomet County.
The vision of the hospital is to be an efficient and high quality health care system that is accessible, equitable and affordable for every Kenyan.
The mission is to promote and participate in provision of integrated and high quality, preventive, curative and rehabilitative health care services to all Kenyans.
The rights of our patients are;
Right to access health care
Right to receive emergency treatment
Right to refuse treatment
Right to information
Right to complain
Right to privacy and confidentiality
Right to personal/own opinion and to be heard
Right to participate in the planning and management of health care services

The patient's obligations
Seek treatment promptly
Comply with treatment and medical instruction
Enquire about related cost of treatment or rehabilitation and agree on mode of payment

(c) Key Management

The hospital's management is under the following key organs:
- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Health Management Committee

(d) Fiduciary Management

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

P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box. 19-20400
Bomet, Kenya

4. Hospital Administrator Report

Longisa County Referral Hospital serves as the main referral facility in Bomet County.
It is a level 4 hospital with significant impact in provision of curative health services as well as Rehabilitation and preventive health.

It is staffed with staff employed by the County Government of Bomet, the National Government and support from Walter Reed Program in the HIV clinics. Despite the recruitment made by the county during this financial year Staff shortage in the facility is still persisting.

The hospital receives a monthly AIE from the department of Health Services at the County.
This amount though inadequate has enabled the hospital carry out its operations. There exists however, need to continuously review upwards this amount due to the prevailing economic situation and constant increase in the clients visiting the hospital.

Commodity Security during the year has been fairly good. The county government of Bomet through department of medical services made orders of non-pharmaceuticals and pharmaceuticals to Kenya Medical Supplies Agency. This has enabled the facility operate with relative security regarding availability of pharmaceuticals and non-pharmaceutical products

Technology deployment in hospital management information system, health records and general hospital Management has improved patient care and security of patients' data.

Service delivery has been on an upward trend especially with regard to clinical services and clinical outcomes with additions of new lab services being made available. Client satisfaction levels have equally improved though there is room for expansion.

Infrastructure.
The institution still need an upgrade in some of the critical infrastructure especially with regard to waste management. The wards are generally inadequate especially as concerns the reproductive health. Power supply remains constant and secures though addition of green energy as regards solar needs to be explored.

5. Report of The Medical Superintendent

The general outlay of the Hospital with regard to the performance of the financial year 2022/23 has been a generally good Despite few challenges arising from ever changing working environment.

Human resource. The capacity of departments has improved with training of highly trained human resource for health. Opening of new service delivery points as well as improvements on the existing services has been the hallmark of success. The challenge of staff retention still ensues. Staff attrition due to natural causes as well as retirement has hampered adequacy. There is need for concerted efforts in ensuring that this critical element remains adequately resourced.

Financial. The hospital receives an AIE from the department of health which aid hospital operations. This amount though now increased with the expansion of the hospital is not adequate to fully cater for operations with episodes of stock outs of commodities experienced.

The county through department of health services in conjunction with department of ICT deployed a hospital medical information system to run the clinical as well as administrative functions. It has had a positive impact on care as well as custody of medical records. The HMIS however, will need adjustments to conform to the Ministry of Health reporting tools for data management.

LONGISA COUNTY HOSPITAL
MEDICAL SUPERINTENDENT
12 JUL 2024
P. O. Box 34-20402 LONGISA.

....

Name Dr Chemayor Andrew

Secretary to hospital management team

7. Corporate Governance Statement

The Hospital serving as a level 4 hospital in Bomet under the department of health is to be managed by the Hospital Management Team led by the Medical Superintendent. The overall management will be under the Hospital Management Board as nominated by the CECM Health as guided by the Health Facilities Management policy.

The hospital is yet to be declared as an entity as contemplated in PFM Act section 5 and section 109 subsection 2b however, the hospital has been operating under the framework of hospital management board and health facility management committee policy 2022

8. Management Discussion and Analysis

Longisa county referral hospital is the only referral hospital in Bomet County the hospital. It has a bed capacity of 240 distributed as follows.

- General wards –male and female
- Reproductive health with Maternity, postnatal, labour, and high risk wards and new-born unit
- Paediatrics ward
- Critical care with High dependency unit and renal unit
- Eye Hospital

The hospital offers both inpatient and outpatients services, besides other special clinics which are run by different specialised teams which include;

- Medical outpatient clinic
- Gynaecology outpatient clinic
- Paediatric outpatient clinic
- Orthopaedic clinic
- Dermatology clinic
- Ophthalmology
- Oncology
- Urology
- Surgical outpatient clinic
- Diabetic/family medicine

There has been increase in the patient attendance being referral from all over the county and the neighbouring counties including; Kericho, Kisii, Narok counties.

The accident and emergency department operates 24/7 hr services and has a support from the county ambulance services.it has a minor theatre for minor surgeries, it has an x ray which needs services but there is a portable x ray to serve emergencies.it is a critical point because the hospital is situated along Kaplong –Narok –Nairobi highway

The operating theatre is busy throughout the week, the hospital also has a main theatre, maternity theatre and a minor theatre in casualty the surgeries include: general surgeries, orthopaedic, dental ophthalmology, gynaecology, urology, oncology -biopsy

HDU	77	63
POST CS	755	324
TOTAL	13,676	13,961

Special clinics

	2020/2021	2021/2022	2022/2023	total
MOPC	721	812	769	2,058
GOPC	409	678	712	2,302
POPC	528	362	542	1,470
ORTHOPAEDIC	755	764	465	1,984
DERMATOLOGY	0	62	111	173
ONCOLOGY	214	413	597	1224
UROLOGY	480	463	190	1133
SOPC	669	904	684	2,257
ENT	0	0	99	99
DM/FAMILY MEDICINE	908	651	499	2,058
TOTAL	3,929	4,345	4,203	12,477

Source of data: DHS AND CARESOFT

Financial performance.

- From the funds that were disbursed to the hospital in form of AIE largest share was spend purchasing pharmaceuticals and non-pharmaceuticals, although the funds were not enough and could not cater all items that were required, the hospital expenditure committee had to prioritize based on the most necessary items.

LONGISA COUNTY HOSPITAL
MEDICAL SUPERINTENDENT
12 JUL 2024
P.O. Box 34-20402 LONGISA

....

Name Dr Chengor Andrew

Secretary to the Board

Waste disposal.

All the wastes generated within the hospital are all taken to hospital disposal point safely by trained cleaners.

ii) Employee welfare

Hiring process for health care workers is done by the county government of Bomet through public service board except for casual works which are hired by hospital board on a three months' basis. The hiring of casuals takes into account the gender rule of two third. Training and skill improvements is done by the county department of medicals services

Market place practices-

***a)* Fair competition practice.**

Longisa hospital has ensured responsible competition practice by carrying out its purchases in accordance with the Procurement laws and regulations to enhance an open and competitive process for procurement of goods and services.

***b)* Good supplier relations**

Longisa hospital has maintained enhances supply chain and supplier relations by ensuring compliances to the law and regulations governing procurement, sustainable and transparent sourcing evaluations and developing sustainable procurement practices to future proof the organisation against scarcity of supplies

***c)* Responsible marketing and advertisement**

The county department of medical services has been sponsoring doctors to visit vernacular station to teach the public on preventive measures to take so as to avoid contracting diseases; they have also been offering training on training to the local residents on ways of responding to outbreaks and promoting health seeking behaviour

***d)* Product stewardship**

The Hospital commodity security team and health products and technologies is to utilize evidence based medicine to procure medicines and operationalize medicines and therapeutics committee and infection prevention committees to guide its operations. The hospital health care workers are much aware on the need to keep the patient information confidential.

10. Report of hospital Management team.

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

Principal activities

The principal activities of the entity are provision of healthcare within the space provided by law.

Results

The results of the entity for the year ended June 30 are set out on page 1to 10

Board of Management

The members of the Board who served during the year are shown on page VIII. During the year 2022/2023 the term of the Board expired and awaits reappointment.

Auditors

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

By Order of the Board

LONGISA COUNTY HOSPITAL
MEDICAL SUPERINTENDENT
12 JUL 2024
P.O. Box 34-20402 LONGISA

....

Name Dr. Cheruiyot Andrew

Secretary to hospital management

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON LONGISA COUNTY REFERRAL LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF BOMET

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 the 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 Longisa County Referral Level 4 Hospital set out on pages 1 to 17, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and

4. Variances in Receivables from Exchange Transactions

The statement of financial position does not reflect any balance in respect of receivables from exchange transactions. Management explained that the responsibility for collection and accounting of revenue lies with the revenue section of the County Government of Bomet. However, the National Health Insurance Fund (NHIF) records indicate a balance of Kshs.35,899,147 was owing to the Hospital resulting in an unexplained variance of Kshs.35,899,147.

In the circumstances, the accuracy and completeness of the Nil balance of receivables from exchange transactions could not be confirmed.

5. Non- disclosure of Property, Plant and Equipment

The statement of financial position reflects Nil balance in relation to property, plant and equipment. However, review of the Hospital's records and physical verification revealed that various assets including land, buildings, motor vehicles, furniture, computers and equipment were being used by the Hospital but were not disclosed in the financial statements.

Further, the ownership documents for the land on which the Hospital has been built, were not provided for audit. Management explained that the records of assets are maintained at the County Government Headquarters but no evidence was provided for audit verification.

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

6. Non-Disclosure of Employee Costs Paid by the County Government

The statement of financial performance reflects employee costs amounting to Kshs.5,957,400 which as disclosed in Note 18.4 to the financial statements relates to payments to casuals and contractual staff.

Available records indicate that the Hospital received services from one hundred seventy-seven (177) medical staff employed and paid by the County Government. However, the expenditure related to the employees was not disclosed in the financial statements and the respective payroll was not provided for audit verification.

In the circumstances, the accuracy and completeness of employee costs of Kshs.5,957,400 could not be confirmed.

7. Variances in Trade and Other Payables

The statement of financial position reflects the trade and other payables balance of Kshs.25,930,498 as disclosed in Note 18.10 to the financial statements. The balance does not include the amount owed to Kenya Medical Supplies Authority (KEMSA) whereas the KEMSA records reflect an amount of Kshs.12,445,993 as being owed by the Hospital resulting to an unexplained variance of Kshs.12,445,993.
In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.25,930,498 could not be confirmed.

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

2. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital records and interviews on verification of services offered, equipment used and medical specialists in the hospital at the time of audit revealed that the Hospital did not meet the requirements of the Kenya Quality Model for Health Policy Guidelines. The Hospital operated with only one hundred and seventy seven (177) staff deficits by five (6) staff requirements or 27% of the authorized establishment in four (4) categories of medical staff. Further, the Hospital had an excess of eighty-two (82) staff or 104% of the of the authorized establishment for three (3) categories of medical staff.

The details are as shown in the table below:

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage In Place %
Medical Officers	16	14	2	12
Anesthesiologists	2	0	2	100
General Surgeons	2	1	1	50
Radiologists	2	1	1	50
Sub-Total 1	**22**	**16**	**6**	**27**
Gynecologists	2	3	(1)	150
Pediatrics	2	3	(1)	50
Kenya Registered Community Health Nurses	75	155	(80)	107
Sub-Total 2	**79**	**161**	**(82)**	**104**
Grand Total	**101**	**177**	**(76)**	**175**

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage In Place %
Beds	150	240	(90)	60 above the requirements
Resuscitaire (2 in Labour and 1 in Theatre)	3	2	1	33
New Born Unit Incubators	5	5	0	-
New Born Unit Cots	5	5	0	-

5. Failure to Dispose Unserviceable Assets

The statement of financial position reflects a Nil balance in respect of property, plant and equipment. However, an audit inspection revealed that there were unserviceable assets which had not been disposed of and the same remain unutilized and continue to deteriorate. This was contrary to Section 164(1) of the Public Procurement and Asset Disposal Act, 2015 which states that the employee in charge of unserviceable, obsolescent, obsolete or surplus assets shall bring the matter to the attention of the Disposal Committee through the Head of the Procurement Function.

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

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, 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 governance were not effective.

Basis for Conclusion

1. Lack of an Internal Audit Function

During the year under review, Management did not have an internal audit function and no risk assessment was performed. Further, no internal audit reports in relation to the Hospital were provided for audit verification. This was contrary to Section 155(1)(a) of Public Finance Management Act, 2012 which provides that a County Government entity shall ensure that it complies with this Act and - has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the effectiveness of internal controls and risk management could not be confirmed.

2. Lack of Policies and Manuals

During the year under review, Management had not established key policies and manuals guidelines/documents for Human Resource Policy and Procedures Manual, Finance and Accounting Manual, Assets Management Policy, Transport Management Policy, Risk or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit

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

Description	Note	2022/23	2021/22
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	18.2	110,702,000	96,725,000
		110,702,000	**96,725,000**
Total revenue		**110,702,000**	**96,725,000**
Expenses			
Medical/Clinical costs	18.3	82,495,345	79,659,011
Employee costs	18.4	5,957,400	3,981,400
Board of Management Expenses	18.5	-	130,000
Repairs and maintenance	18.6	6,678,018	7,444,994
General expenses	18.7	16,369,281	11,751,915
Total expenses		**111,500,044**	**102,965,320**
Net Surplus / (Deficit) for the year		**(798,044)**	**(6,239,320)**

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

....	....	....
Chairman	**Name** Robert Rono	**Name**
Bimos Gryai **Board of Management**	**Head of Finance**	**Medical Superintendent**
	ICPAK No: 22744	

LONGISA COUNTY HOSPITAL MEDICAL SUPERINTENDENT 12 JUL 2024 P.O. Box 34-20402 LONGISA

14. Statement of Financial Position as at 30th June 2023

Description	Note	2022/23	2021/22
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	18.8	34,946	832,900
Inventories	18.9	25,097,508	5,093,185
Total Current Assets		**25,132,454**	**5,926,175**
Total Non-current Assets		-	-
Total assets		**25,132,454**	**5,926,175**
Liabilities			
Current liabilities			
Trade and other payables	18.10	25,930,498	12,165,495
Total Current Liabilities		**25,930,498**	**12,165,495**
Non-current liabilities			
Total Non-current liabilities		-	-
Total Liabilities		**25,930,498**	**12,165,495**
Net assets			
Accumulated surplus/Deficit		(7,037,364)	(6,239,320)
Total Net Assets and Liabilities		**25,132,454**	**5,926,175**

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

....	....	....
Chairman	**Head of Finance** Robert Rono	**Name** Dr Andrew
Board of Management	**ICPAK No:** 22744	**Medical Superintendent**

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

Description	Note	2022/23	2021/22
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	18.2	110,702,000	96,725,000
Total Receipts		**110,702,000**	**96,725,000**
Payments			
Medical/Clinical costs	18.3	82,495,345	79,656,011
Employee costs	18.4	5,957,400	3,981,400
Board of Management Expenses	18.5	-	130,000
Repairs and maintenance	18.6	6,678,018	7,444,994
Grants and subsidies		-	-
General expenses	18.7	16,369,281	11,751,915
Total Payments		**111,500,044**	**102,964,321**
Net cash flows from operating activities		**(798,044)**	**(6,239,321)**
Cash flows from investing activities			
Net cash flows used in financing activities		**(-)**	**(-)**
Net increase/(decrease) in cash and cash equivalents		**(798,044)**	**(6,239,321)**
Cash and cash equivalents as at 1 July	18.8	832,990	7,072,311
Cash and cash equivalents as at 30 June	18.8	**34,946**	**832,990**

18. Notes to the Financial Statements

18.1 a. General Information

Longisa county referral hospital is established by gazette notice and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of health care services.

18.1 b. 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 actuarial 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 Longisa county hospital accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, i The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency Longisa county hospital The financial statements have been prepared in accordance with the PFM Act, and and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

18.1 e. Related parties

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

18.1 f. 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.

Notes to Financial Statements Continued

18.2 Transfers from the County Government

Description	2022/23	2021/22
	KShs	KShs
Unconditional grants		
Operational grant	110,702,000	96,725,000
Total government grants and subsidies	**110,702,000**	**96,725,000**

18.2 b . Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Total grant income during the year	Comparative Period
		KShs	KShs
Bomet County Government	110,702,000	110,702,000	96,725,000
Total	**110,702,000**	-	**96,725,000**

Notes to the Financial Statements (Continued)

18.5 Board of Management Expenses

Description	2022/23	2021/22
	Kshs	Kshs
Sitting allowance	-	130,000
Total	**-**	**130,000**

18.6 Repairs and Maintenance

Description	2022/23	2021/22
	Kshs	Kshs
Property- Buildings	957,300	3,953,060
Medical equipment	4,598,300	1,148,819
Motor vehicle expenses	1,122,418	2,343,115
Total repairs and maintenance	**6,678,018**	**7,444,994**

Notes to the Financial Statements (Continued)

18.8 a. Detailed Analysis of Cash and Cash Equivalents

Description		2022/23	2021/22
Financial institution	Account number	KShs	KShs
a) **Current account**			
National bank		14,946	787,559
Sub- total		**14,946**	**787,559**
cash in hand		20,000	45,400
Sub- total		**20,000**	**45,400**
Grand total		**34,946**	**832,990**

18.9 Inventories

Description	2022/23	2021/22
	KShs	KShs
Pharmaceutical supplies/non pharmaceuticals	25,097,508	3,228,886
Maintenance supplies	-	308,199
Food supplies		166,140
Cleaning materials supplies	-	815,595
General supplies	-	574,365
Total	**25,097,508**	**5,093,185**

18.11 Cash Generated from Operations

Description	2022/23	2021/22
	KShs	KShs
Surplus for the year before tax	(798,044)	
Adjusted for:		
Working Capital adjustments		
Increase in inventory	(20,004,323)	
Increase in payables	13,765,003	
Payments received in advance	6,239,320	
Net cash flow from operating activities	**(798,044)**	