

**INFLUENCE OF FINANCIAL MANAGEMENT CONTROL ON PROVISION OF  
HEALTH CARE SERVICES IN PUBLIC HEALTH INSTITUTIONS,  
IN WEST POKOT COUNTY, KENYA**

**JOHN PKEMOI LOUNON**


**17M03DMME034**

**AN APPLIED RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE  
DEGREE OF MASTER OF ART IN MONITORING AND EVALUATION IN  
THE SCHOOL OF BUSINESS OF AFRICA NAZARENE UNIVERSITY**

**AUGUST, 2020**

**DECLARATION**

I declare that this applied research project is my original work and that it has not been presented for any degree award in any other university.

Signature..... ..... Date.....31/8/2020.....

**John Pkemoi Lounon**

**17M03DMME034**

**SUPERVISOR'S DECLARATION**

This applied research project is submitted for examination with my approval as the university supervisor.

Prof. Charles Rambo... Signed for...



Date.....31/08/2020...

**AFRICA NAZARENE UNIVERSITY,**

**NAIROBI, KENYA**

**DEDICATION**

This research project is dedicated to my loving brothers, my beloved mother and my daughter for their support during my studies at Africa Nazarene University.

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## **ACKNOWLEDGEMENT**

I would like to express my gratitude to my supervisor Professor Charles Rambo, PhD for continues support during the process of writing and preparing this research project as well as giving me new insight into understanding the concepts of this study and constructive critiques which enabled me in my academic journey. I would also like to acknowledge my lecturers for their support during my course work. Further, I would like to acknowledge the contribution of my colleagues, and relatives for providing with the necessary support both in financial and emotional when I needed. I carried out this study not only to be awarded marks but also to increase my knowledge in research. Thanks to all who helped me achieve my studies. May God bless you.

## ABSTRACT

Appropriate management of finance can guarantee that financial priorities are formed in line with the goals and objectives of the organization where spending is controlled and planned in line with priorities. This study sought to determine the influence of financial management controls on provision of health care services in public health institutions, in West Pokot County, Kenya. The study was guided by the following objectives: - to determine the influence of accounting on provision of health care services in Public Health Institutions, to establish the influence of financial audits on provision of health care services in Public Health Institutions, to determine the influence of cash flow analysis on provision of health care services, to assess the influence of financial reporting on provision of health care services in Public Health Institutions and to determine the influence of Ex-post evaluations on provision of health care services in Public Health Institutions in West Pokot County. Budget Theory, Theory of Financial Control and Agency Theory guided the study. This study employed descriptive research design. The target population was made up of finance officers and hospital administrators from 15 health facilities from West Pokot County. The study considered 30 respondents, drawn from the randomly selected 15 health facilities out of 21 health institutions located within West Pokot County made up of Finance Officer and hospital administrators. Primary data was collected using questionnaires; while secondary data was collected through thematic review of literature. Analysis of data was achieved through utilizing of inferential statistics as the main tool for quantitative response analysis. The analysis of data was done using percentages and frequencies. The study noted that the hospital has policy guidelines on patient insurance (for example use and acceptability of patient insurance cover). The study indicated that hospitals operations and projects are currently being financed by donor funding, the study noted that majority of the respondents cited that they strongly agree. This study recommends that Public health institutions in West Pokot County should be more innovative in the areas of donor funding, insurance, entrepreneurial activities, patient user fees, the county government amongst others so that these medical facilities can bear adequate revenues for the running of the public hospitals. Secondly, revenue from user fees does not appear to be reliable source hence public hospitals should basically explore other vital areas such as diversification of revenue and health insurance through other activities of entrepreneurship which are in line with strategic goals and vision of the public hospitals. Finally, the public hospitals should invest in their personnel should favorably remunerate to ensure that their morale and job satisfaction is improved which in the long-run will improve service delivery. The study suggests that a study should be conducted on the effect of internal controls on financial accountability among public hospitals in Kenya. Additionally, the study suggests that a study should be conducted on determinants of uptake of medical insurance covers and finally, a suggestion is made that a study should be carried out on the challenges facing public hospitals on service delivery among urban centers in Kenya.

## DEFINITION OF TERMS

**Accounting** is the process of measuring, recording and reporting in financial terms of the flow of resources in and out of an organization (Numberg & Largay, 1996).

**Balance sheet** is a financial statement that reports a company's assets, liabilities and shareholders' equity. The balance sheet is one of the three (income statement and statement of cash flows being the other two) core financial statements used to evaluate a business.

**Bank reconciliation** is the process of matching the balances in an entity's accounting records for a cash account to the corresponding information on a bank statement.

**Community ownership** is the act or degree of ownership and responsibility taken by the community towards any programs or activities running in the community.

**Evaluation** is analysis of a project for checking whether project is profitable or not before taking project in hand.

**Government policy** is a declaration of a government's political activities, plans and intentions relating to a concrete cause or, at the assumption of office, an entire legislative session.

**Health Policy** refers to decisions, plans, and actions that are undertaken to achieve specific health care goals within a society.

**Internal control policies** Internal control policies and procedures are checks and balances that help protect a company from internal threats, such as theft, embezzlement and mismanagement of funds by employees, suppliers or customers.

**Liquidity** refers to the ease with which an asset, or security, can be converted into ready cash without affecting its market price.

**Return on investment** is a ratio between net profit and cost of investment. A high ROI means the investment's gains compare favorably to its cost

**Risk strategy** provides a structured and coherent approach to identifying, assessing and managing risk. It builds in a process for regularly updating and reviewing the assessment based on new developments or actions taken.

**Solvency** in finance or business, is the degree to which the current assets of an individual or entity exceed the current liabilities of that individual or entity.

**Source of revenue** it refers to the source of income for the hospitals to support their operations

**Trial balance** is a list of all the general ledger accounts (both revenue and capital) contained in the ledger of a business

**Quality Assurance Standards** is a way of preventing mistakes and defects in manufactured products and avoiding problems when delivering products or services to customers; which ISO 9000 defines as "part of quality management focused on providing confidence that quality requirements will be fulfilled".

**Budget** is a tool that depicts the amount an organization expects to spend (expenses) and earn (revenue) over a period of time (Ostman, 2009).

**Cash Flow Analysis** is one of the most important analyses you need to do if you want to know about a company's cash inflow and cash outflow. Pay special attention to these two phrases – “cash inflow” and “cash outflow”. In cash flow statement analysis, these two phrases matter the most (Sharma & Iselin, 2003).

**Capital Funds** refer to the fixed assets of the organization; all movements in fixed assets (purchases, disposals, depreciation, and revaluation among others) are accounted for through this fund (Sharma & Iselin, 2003).

**Ex-post evaluations** it is a systematic and objective assessment of a completed project, programme or policy – in the context of their planning, implementation and obtained results. Its objective is the determination of real effects and justification of intervention in a particular form (Wamai, 2014).

**Financial Audits** is an independent, objective evaluation of an organization's financial reports and financial reporting processes. The primary purpose for financial audits is to give regulators, investors, directors, and managers reasonable assurance that financial statements are accurate and complete (Wood & Frank, 1994).

**Financial Management** Financial management refers to all the activities in an organization concerned with financing, investment and dividend decisions in order to achieve the objectives of the organization (Wood & Frank, 1994).

**Financial Sustainability** is the ability of an organization to secure and manage sufficient resources to enable it to fulfill its mission effectively and consistently over time without excessive dependence on any single funding source (Muleri, 2001).

**Financial Reporting Practices** refer to the principles and practices applied by an entity defining the type, content and frequency of financial reports (Muleri, 2001).

**Healthcare Programmes** is the maintenance or improvement of health via the prevention, diagnosis, and treatment of disease, illness, injury, and other physical and mental impairments in human beings. Health care is delivered by health professionals (providers or practitioners) in allied health fields (Sharma & Iselin, 2003).

**Pooling** is the accumulation and management of revenues in such a way as to ensure that the risk of having to pay for health care is borne by all the members of the pool and not by each contributor individually (Wood & Frank, 1994).

## **LIST OF ABBREVIATIONS AND ACRONYMS**

**CHAK** Christian Health Association of Kenya

<b>CMMB</b>	Catholic Medical Mission Board
<b>CMS</b>	Commercial Market Strategies
<b>GAO</b>	Government Accountability Office
<b>GOK</b>	Government of Kenya
<b>KEPH</b>	Kenya Essential Package for Health
<b>KHPF</b>	Kenya Health Policy Framework
<b>MOH</b>	Ministry of Health
<b>MOMS</b>	Ministry of Medical Services
<b>MOPHS</b>	Ministry of Public Health and Sanitation
<b>NGO</b>	Non Governmental Organization
<b>NHA</b>	National Health Accounts
<b>NHIF</b>	National Health Hospital Insurance Fund
<b>NHSSP</b>	National Health Sector Strategic Plan
<b>ROI</b>	Return on Investment
<b>SAPs</b>	Structural Adjustment Programs
<b>SWAP</b>	Sector Wide Approach Programs
<b>UNICEF</b>	United Nations International Children’s Emergency Fund
<b>USAID</b>	United States of America Agency for International Development
<b>WHO</b>	World Health Organization

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## **CHAPTER ONE: INTRODUCTION AND BACKGROUND OF THE STUDY**

### **1.1 Introduction**

The focus of this study is on determining the influence of financial management controls on provision of health care services in public health institutions in West Pokot County, Kenya. The study was guided by five objectives, namely; influence of accounting on provision of health care services in Public health, influence of financial audits on provision of health care services, influence of cash flow analysis on provision of health care services, influence of financial reporting on provision of health care services and influence of Ex-post evaluations on provision of health care services in public health institutions in West Pokot County. This chapter presents the background to the study, statement of the problem, research purpose, objectives of the study, Research questions, significance of the study, research assumptions, scope of the study, delimitation of the study, limitation of the study and conceptual framework.

### **1.2 Background of the Study**

Outcomes of health are relatively low across the developing countries in the world and deep inequities in persistence on the status of health is a challenge that actually affects majority of the countries. Much of the disease, ill health, premature demise and agony we see on the large scale are actually needless, as affordable and effective interventions are readily available for treatment and prevention. A reality is that the existing intervention power is not equalized by health systems power to provide them to those in dire need, in an amicable way and on a scale which is adequate

### **1.2.1 Provision of Health Care services**

Provision of quality healthcare service is a key concern for most of the developing countries across the world. The main interest of this study was to determine the influence of financial management controls on provision of health care services in public health institutions in West Pokot County, Kenya. The concept of service quality has been the subject of majority of the researchers in their empirical literature over the decades because of the difficulties in both measuring and defining it with no general consensus merging on either (Wisniewski, 2001). Parasuraman et al., (1988) defines service quality as a gap between the expectations and perception of a consumer. In this study the term quality service will refer to good health care service being offered to the community within the area of the study with an aim of ensuring that the health security of the area is maintained.

### **1.2.2 Health Care Finance Management Controls**

Financing of health care refers to a way of resource mobilization in order to address the needs of health care of the groups of population (Mayo, 2007). Services of health are broadly financed via public expenditure or private expenditure as well as external aid. In the year 1970, community based voluntary health insurance attracted attention which is deemed to be considerable (Klaus,2010). In the year 1980 health care financing proliferated on the discussions agenda on policy of health and was a theme which is recurring in the executive meeting board of the 1986World Health Organization and Commonwealth Health Ministers Conference.

In the year 1990 the debates on policy were premised on the charges of the user particularly with the programmes of structural adjustment (McIntyre et al.,2005).

In-order to achieve this, the following objectives informed the study; influence of accounting on provision of health care services in Public health Institution, influence of financial audits on provision of health care services in public health institutions, influence of cash flow analysis on provision of health care services in public health institutions, influence of financial reporting on provision of health care services in public health institutions and to determine the influence of Ex-post evaluations on provision of health care services in public health institutions.

The mandate of financing in health is to make funding to be available and also to set right the incentives of finance for providers to affirm that all the individual do have access to personal health care and public health which is effective. This indicates eliminating and reducing the possibility that a person will be not in a position to pay for such care or will actually be impoverished due to the fact of trying to do so (WHO, 2000). The manner in which health system is financed is a vital population health determinant as well as well-being. This is specifically rational in the countries which are poorer where the spending level is noticeably inadequate to affirm on access equality to the health services need and interventions. In majority of the countries the health care service price still pushes majority of the individuals into destitution. Richer countries government also struggle constantly with the narrative on rising of enough funds to address the ever demand increase on the populations for health services which are of quality (WHO, 2000). Quality service provision has rational impact on satisfaction of customer as well as retention of customers and organization growth (Sharma & Iselin, 2003).

On the other hand, the poor condition of in some public health facilities has led to high labor turnover and low staff morale, leading to poor service delivery and productivity

among the hospital staff, patients care challenges and increase in the costs of operations (Atim, 1998). Such situation makes patients to seek for alternative health care providers which in some cases are very expensive (Wamalwa, 2006). With regard to Africa, Ghana's healthcare sector providers have drawn attention of being cautious over how the customer patient is normally handled. Financing of health care sector is a task which is challenging (Bossert, 1998) specifically within the public sector. Every country requires a system of healthcare which is better and it is vital to recognize that a population which is healthy is disposed better in acquiring the productivity that is required so as to sustain and increase progressive growth of the economy of the country (Global Fund, 2008).

In Germany, there has not been great change in healthcare financing as denoted by German Statutory Health Insurance (national health insurance), Brown and Amelung (2014) perceive the case of Germany as competition manacled, on the other hand (Wamalwa, 2006) counters that the competition regulated is more prescription apt. Equally, the narrative is not the competition nature but why health care policy in Germany reinforces continuously the status quo. Although the reforms recently have introduced elements which are competitive, they should not be actually mistaken as a crusade for the economics of the market within the public health care sector (USAID, 2011). The German guiding principles on national health insurance decentralization, non-state operations and solidarity have not actually changed but are supplemented by a new notion of ideologies. Indeed, analysis of history is important to cross-national health policy on research (Wamai, 2014).

The federal government in Nigeria mandate is basically limited to coordinating the university affairs within the teaching health facilities, Tertiary Health Care (Federal Medical) while the government state manages the various general hospitals (secondary

health care) and the local government concentrates on dispensaries (primary health care) which are regulated by the federal government through the NPHCDA (Musau, 1999). The expenditure total on health care as the percentage of the GDP stands at 4.6 while the federal government percentage on health care expenditure is approximately 1.5% (Musau, 1999).

Historically, the insurance health in Nigeria can be beackon to a number of instances such as free health care financed and provided by all the citizens, health care given by the government through a special scheme of health insurance for the employees of the government as well as private firms which are entering contracts with the private healthcare providers (Mbugua et al., 2007). Notably, there are few individuals who may fall within the 3 instances. In the year 1999, the National Health Insurance Scheme was created by the government, the scheme covers employees of the government as well as informal sector and organized private sector. In legislation, the scheme covers also children, who are under five years, permanently disabled persons as well as prison inmates. In the year 2004, the Obasanjo administration gave powers of legislation to the scheme with amendments which are positive to the 1999 original legislative act (Mbugua Njaramba, Young and Mishali., 2007). Improving the financial performance as well as productivity of health workers to affirm that the health care quality is delivered efficiently persists to be a key problem for the countries in Africa. Personnel for health, making up of non-clinical and clinical staff, are the most important health systems assets (Koivusalo and Ollila, 1996). The health organization performance relies on the skills, individual motivation and knowledge as well. Hence, it is vital for employers to avail working conditions which are suitable to ensure that the employee's performance is in line with the standards desired (Jütting, 2000).

In the new constitution of Kenya promulgated in 2010 the health has been devolved to be managed by the counties while the national government offers oversight and policy making roles. However, despite such milestones the public health sector continues to face a number of financial control and management which has greatly affected the provision of reliable public health care in Kenya. From doctors downing their tools, nurses striking, patients complaining of poor medical services and outpatient raising some pertinent issues, the troubles facing the devolved health sector are far-fetched. Hence the need of this study which sought to determine accounting, cash flow analysis, ex-post evaluations, establish financial audits and assess financial reporting on influence of financial management control on provision of health care services in public health institutions in Kenya with a focus of West Pokot County in the wake of devolution.

One of the densely populated counties in Kenya is West Pokot. One of the largest towns in West Pokot County is Kapenguria. According to 2009 census, the county has approximately a population number of 512,690 and subsequently covers 8,418.2 km<sup>2</sup>. Among the major government projects within West Pokot County is the Kengen's Turkwel Hydro Power Plant. Among the critical factors for obtaining vision 2030 is the health sector which calls for a healthy productive population in order to boost economic growth and progress. Within West Pokot county among the historical marginalization challenges is equitable access to health care and services. Equally, decentralization has been changer even though more resources should be duly allocated to the sector. The county has a number of gaps in a number of blocks within the health system.

Notably, among the key challenges facing the healthcare institutions within the county is shortage of personnel with regard to the care levels under the community health services

under the tier one there has been sixty units within the community dispersed across the sub-counties. Under the second tier (health centers and dispensaries) there are 105 health facilities, ten are health centers and five hospitals of county level under the Tier Four. Previously, there are no facilities of Tier Five but there are attempts by the County government in collaboration with National government and international donors to upgrade the referral county hospital to level five hospitals. Additionally, there are six private clinics as well as mobile clinics under the initiative of Beyond Zero Campaign.

### **1.2.3 Influence of accounting on provision of health care services in public health institution**

Majority of the sub-Saharan African countries are not in position to provide enough coverage of health care services and quality because of dwindling economic factors as well as poor management of financial resources. This has led to majority of countries to actually champion for decentralization as determinant factor for providing health sector reforms with a view of trying to maximize the utilization of the resources available in quality and access improvement of services of health care provided (WHO, 2000). It is prudent to ensure that accounting of these few resources is enhanced to allow proper utilization in sustainable manner in order to provide quality health care. The revenue streams, recording of transactions money in and out shall be well guarded to enhance utilization of the resources.

### **1.2.4 Influence of financial audits on provision of health care services in public health institutions**

Regular account auditing will ensure prudence, probity and sanity in the utilization and financial management (Wamai, 2014). There should be independent and regular examination of the books of accounts by qualified auditors appointed that the statement of

account as captured shows a fair and true-view of all the transactions as during the duration under investigation.

### **1.2.5 Influence of cash flow analysis on provision of health care services in public health institutions**

Blazek (1996) noted that once the capital budgets and annual operations are authorized, they can be converted into cash flow budgets in order to verify the resources availability and to highlight times of lower than the cash flow expected. The process entails making of estimations when year-end collections receivable will happen; calculating the normal lag time between billing and invoicing for pledges or services and the actual cash receipt and charting the expenditure expected of cash according to the due payment month. Then factor within the expected capital expenditures, debt repayment, sales of assets and borrowing among other transactions of financing. Controlling of cash is a vital element in budget management and macroeconomics. Moreover, it must be supplemented by a system which is adequate for commitment management (Foster, 1997).

### **1.2.6 Influence of financial reporting on provision of health care services in public health institutions**

Financial accounting generates actually reports and information communication over expenses and income as well as on their allocation. It is provided by the reports the operations outcome-net income or the net expenditure as well as the liabilities and assets status as cited by (Lewis 2003). Financial reporting is to offer information which is relevant over the transactions effects and among other circumstances/events that change the nature and amount of funds of the organization, how resources of the organization are utilized in creating various services or programs.



### **1.2.7 Influence of Ex-post evaluations on provision of health care services in public health institutions**

An ex-post evaluation occurs after completion of a project or subsequently has been closed (Rosen and Gayer, 2008). It is prevalent that ex-post evaluations are conducted two, three or even five years after a project has been finished. In this study we show the Ex-post evaluation where the role is to make verification of the investment that has contributed to the organization, learning within an organization and facilitation that can be conducted when a particular gap between produced and anticipated benefits are noted.

### **1.3 Statement of the Problem**

In both the developing and developed countries public financial management controls professionals working within the government sector are concerned with financial management improvement and budgeting, providing response to financial reporting changes, securing of proper regulation, institutional strengthening and management and governance improvement as well as corruption and fraud auditing. Health care financial management controls faces some critical challenges. Firstly, people require healthcare when they are not feeling well, in this scenario, their financial budget plans have increased while notably productivity has notably significantly decreased. Secondly, in most countries, Kenya included, healthcare is regarded as a basic human right. In Kenya, that right is constitutionally enshrined in the new constitution. However, provision of healthcare is expensive and most of the governments have strategies on financial health management controls as well as mobilization of resources for healthcare.

West Pokot County has for the last six years been faced with serious health issues following the introduction of decentralization governance in Kenya. The county suffers dearth of

qualified medical experts, qualified health facility administrators as well as competent accountants and auditors. The county has been also in the media over misuse of medical facility funds and resources oblivious of the county investing on the employee's career growth and professionalism with regard to prudent resource management. The General Auditor's report 2018 indicates that the county mismanaged most of its funds allocated for health care improvement within the county. There are no specific studies that have focused on influence of financial management control on provision of health care services in public health institutions in Kenya with a focus of West Pokot County in the era of devolution.

#### **1.4 Purpose of the Study**

The main purpose of this study was to determine the influence of financial management controls on provision of health care services in public health institutions in West Pokot County, Kenya with an aim of making recommendations on improving health security within the region

#### **1.5 Objective of the Study**

The general objective of this study was to determine the influence of financial management controls on provision of health care services in public health institutions in West Pokot County, Kenya.

#### **1.6 Specific Objectives**

This study was guided by the following objectives:

- i. To determine the influence of accounting on provision of health care services in Public health Institution in West Pokot County

- ii. To establish the influence of financial audits on provision of health care services in public health institutions in West Pokot County
- iii. To determine the influence of cash flow analysis on provision of health care services in public health institutions in West Pokot County
- iv. To assess the influence of financial reporting on provision of health care services in public health institutions in West Pokot County
- v. To determine the influence of Ex-post evaluations on provision of health care services in public health institutions in West Pokot County

### **1.7 Research Questions**

The study sought to answer the following research questions:

- i. What is the influence of accounting on provision of health care services in public health institution in West Pokot County?
- ii. How do financial audits influence provision of health care services in public health institution in West Pokot County?
- iii. How does cash flow analysis influence provision of health care services in public health institution in West Pokot County?
- iv. What is the influence of financial reporting on provision of health care services in public health institution in West Pokot County?
- v. To what extent do ex-post evaluations influence provision of health care services in public health institution in West Pokot County?

### **1.8 Significance of the Study**

Previously, public hospitals have been having dense structures of network, organizations and bodies in every economic and social sphere of Kenya and continue to be a key player in delivery of health care service in Kenya. This study sought to form the background of further studies on ways of instituting financial management control for effective management of public health institutions. Agencies of the government may find the findings of the study useful in policy formulation as well as framework for financial regulation of the healthcare industry. Notably, the findings of the study and implementation subsequently may inform public government health centers and private health sector in bettering the manner in which they conduct business with emphasis on financing on health care. The study shall also act as a reference material for future scholars and researchers interested in the field of financial management controls within the devolved governments in Kenya. Additionally, the study will address some of the knowledge gaps in the field of financial management controls and financial governance.

### **1.9 Scope of the Study**

The study was conducted within West Pokot in public health institutions with a key focus on financial management control on provision of health care services in public health institutions. West Pokot was purposively selected for this study since it is among the top ten counties facing serious medical cover challenges and low intake of healthcare services (WHO, 2007). West Pokot County was chosen due to the catchment area having a diverse population made up of urban, rural and peri-urban setting thereby representing the respondents in terms of socio-economic status. The characteristics of the population were appropriate for the study as it reflects the economic and social diversity within the country.

Notably, the area has a shortage of medical facilities which leads to the question on how financial management control can be utilized in improving health care provision within the county. A survey by World Health Organization (2007) cites that there is a poor financial management practice on delivery of vital health services as a result of low levels of literacy and retention of retrogressive medical cultural practices which made West Pokot County as the study's area of interest.

### **1.10 Delimitation of the Study**

This study was delimited to the influence of financial management control on provision of health care services in public health institutions in Kenya. A case of west Pokot County. There are various factors on financial management control that affect the provision of healthcare service and they include components like accounting, financial audits, cash flow analysis, financial reporting and Ex-post evaluations. Other than these key determinants there were other factors such as administration which was not enshrined within this study. This study was restricted to the government health institutions in West Pokot County. The study was restricted to the various staff working within various hospitals of the government in the county and they were selected randomly according to their hospital job description. Since the respondents expressed views which were accepted professionally and showed fear of victimization by the hospital management, this was overcome by the researcher by affirming to them their anonymity and privacy by substitution of names with pseudo; it is believed that obtained information from this sample was generalized reliably to the conditions within all the government health care institutions. The researcher had an advantage in data collection within the area of study since he is familiar with the topography of the area and also a native of the area.

### **1.11 Limitations of the Study**

Kothari (2011) opined that the limitations of the study are those particular elements methodology or design that influenced or impacted the interpretation of study findings. According to General Auditors report in 2018 most of the government health care centers have not been audited on may have a major challenge in the proposed study. This therefore implies that the study relied heavily on financial reports which are relatively limited with regard to financial management controls and this might jeopardize proper data analysis. In order to address this challenge, the study engaged financial management experts to enrich the scope of the study. Specific information at the government public health care institutions was classified since they touch high personality in the country hence demanding for high confidentiality levels. Due to this, the study relied on questionnaires and interviews as well as personal experience. Time constraint and cooperation during data collection was another limitation. Nevertheless, all these challenges were overcome by assuring the respondents that the information given was confidential and their identity was not revealed at any stage. The researcher ensured the respondents that the information given was purely for academic purpose and none was victimized.

### **1.12 Assumptions of the Study**

According to Bechhofer (1996), assumptions refers to the things that to some extent are somehow out of the researcher's control, in the event they disappear it will bring irrelevancy to the study. The basic assumption is that by focusing on West Pokot County, the researcher had adequate sample that enhanced the validity and reliability of the study findings. This was based on the fact that majority of the target population are based within the West Pokot County and also the fact that West Pokot County has under-funded and

poorly resourced medical facilities since the community relies on traditional herbs for treatment.

### **1.13 Theoretical Framework**

Goodman and Waddington (1993) refers to health care financing as term referring to the resources utilized. While most often refers to money, it also entails other resources that are utilized, such as voluntary labour or gifts in kind (supplies and items of equipment). The health care financing issues relates to most aspects of health care provision. While the main concerns are how much is utilized, how it is actually raised, its spending and the person controlling, the effects of these questions goes beyond mere money matters.

The policies on cost-sharing affect utilization of individual health services since price is among the health service utilization determinants. There are basically two approaches on the empirical literature over the study of health care financing management and control as well: unconditional demand analysis and notably conditional health care demand. In the approach of conditional which predominates the literature, demand for health are behavior is actually conditional upon the illness.

Particularly, since curative health care is demanded by the sick, the healthy are assumed not to make demand for medical care. This approach of modeling by ignoring health status endogeneity, has potentials for sample selection bias since the conduct of the non-sick is not actually taken into account when making demand estimation effects of demographic covariates and prices as well. The first analytical integration effort on the health care financing modeling by Dow (1995). A simple dynamic model to formalize the dual effect of user fees on the behavior demand of sick and individual health. He differentiates

between long-run and short-run price shows and effects that the conditional demand specifications allows only political due to its effects of the allocation and distribution of resources as well the harms benefits (Reich, 1993).

In turn, it improves competition among the groups seeking to influence the consequences of distribution- effectively premised on competition for power or resources (Walt and Gilson, 1994). Indeed, the dynamics of class embedded in a change process implying that the poor, as a result of subordinate positions and lacking of voice across various social relations (e.g. ability to make leaders account, labour, political representation, credit as well as land) remains to be actually vulnerable. Their vulnerability makes it actually obvious that the health care provision care to the poor or resource allocations in their favor is likely to be of relatively low priority in the formed agenda by class which is dominant or for the decision making in politics and for the decision making in politics who represent and are actually bounded by dominant class interest as opined by (Doyal and Pennell, 1979; Turshen, 1989).

This study was guided by three theories, namely; budget theory, theory of financial control and agency theory to draw the theoretical underpinnings.

### **1.13.1 Budget Theory**

The proponents of budget theory are Bozeman and Straussman (1982). The theory adopts two dimensions which are normative and descriptive (Rubin, 2007). Participation within public sector activities is captured by descriptive dimension. Theorists highlight on trends, events sequences as well as cases inference. The dimension of normative is more focused on value as opposed towards observation. The theory descriptive part opines that planning



of budget implies at least, to selecting particular levels of service target by activity and as well figuring out beforehand what it may cost in regard to supplies and personnel to realize those particular goals. This theory champions for the departments to make request for what they would like to achieve within a particular task. The perspective of normative of budget theory opines that there should be a significant participation of the public in the process of budgeting and budgets should actually reflect on an individual who is average (Schick, 1973). Additionally, Khan and Hildreth (2002) conducted an examination of the theory of budget within the public sector. Within their critical analysis, it was opined by Schick (1988) that it is not actually necessary absolutely to have a single budgeting theory; however, there should be set of theoretical approaches, each unique and specific to the budgeting problem is envisaging to relatively solving. Within the context of public government hospitals, the process of budgeting entails all the stakeholders particularly, representatives of the government, donors, financiers as well as hospital management. The budget should be commensurate to the needs of the community with regard to health care needs. Equally, there should not be ambitious that some of the residents of West Pokot County saw it as being elusive and in appropriate.

### **1.13.2 Theory of Financial Control**

Ostman (2009) postulated the theory of financial control. The theory regards that roles of an individual both future and present as well, as its reference fundamental point. This theory denotes that possible as well as existing mandates of financial tools for the institutions are very crucial. It states further that, economic calculations, control models , accounting, financial instruments and payments as well as considerations related , both outside and within the organization , should actually be discussed in line with the

definitional characteristics but as well as possible effects. Ostman (2009) noted that creating the relationships among various financial processes and activities from the point of financial control, is basic as well as general.

The theory on organizational financial controls lays a natural emphasis on the firms such as that they are perceived from various areas of latitudes. First, it concerns the functions of human beings of what is achieved through organizations, their output as well as their activities. Secondly, is over the structure of the activities and organization and of transactions that diverse parties have with each other notably. Thirdly, the area covers the systems of control in the sense of procedures recurring and methods which are adopted to relate future and present future mandates to resources internally and externally. The financial control tools aforementioned argued to be vital from personal organizational perspective and also for greater systems of the economy. Fourthly, the final area shows the specific individual organizational process for particular issues. Further, the theory opines that financial control system and structure works together (Ostman, 2009). The financial theory informed the study in that it enhanced understanding of financial controls that is a crucial area in health care financing management.

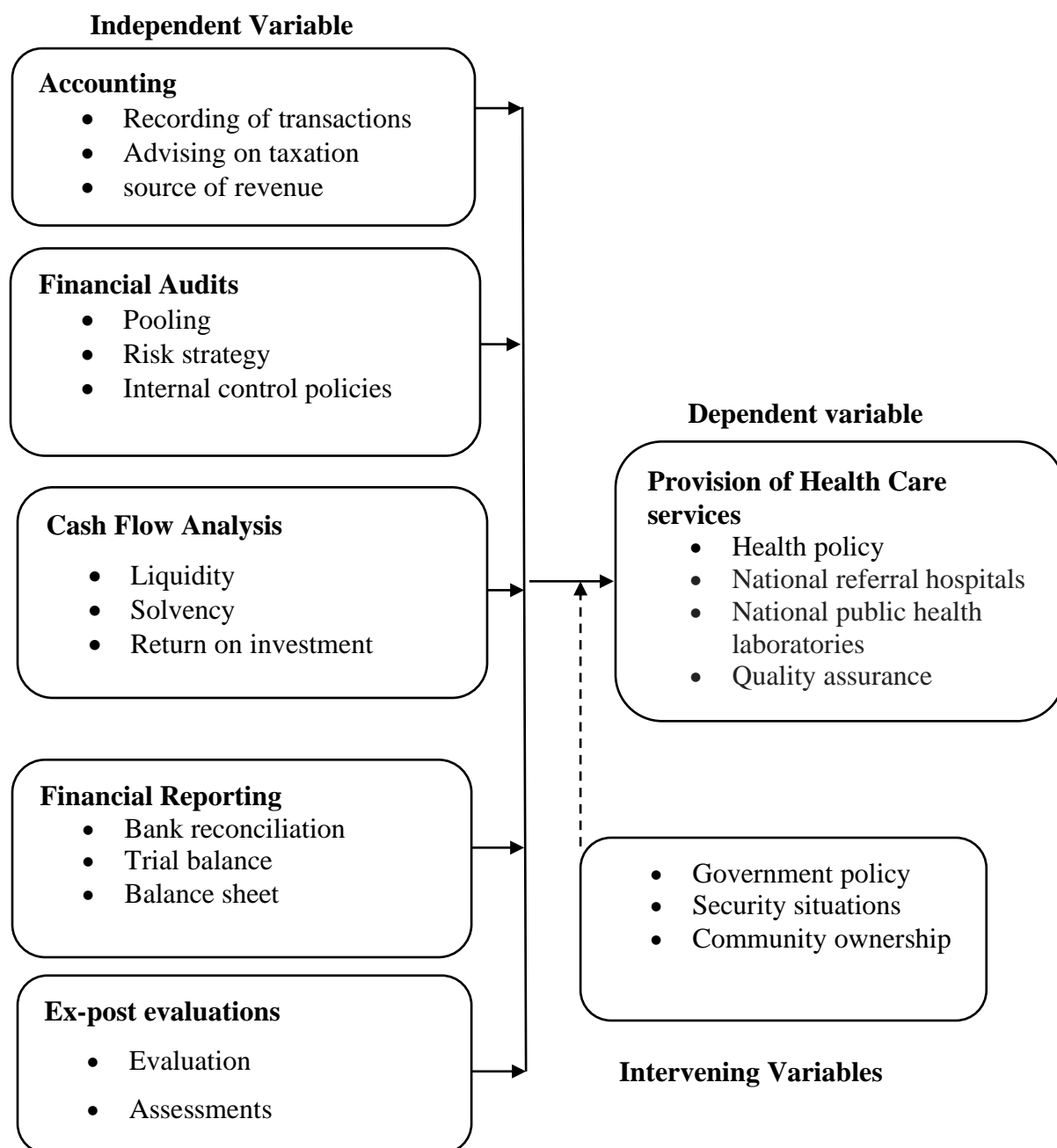
### **1.13.3 Agency Theory**

The proponents of Agency Theory are Jensen and Meckling (1976). The theory dictates that relations of agency exists when an individual( the principal) hire another person which in this case is the agent for the purpose of conducting particular roles or services on the principal behalf. As per this theory, conflict normally arises between the agent and the principal. This is due to conflict of interest between the duos. Maximization of reward for their effort is made by the agent, or if the reward is offered, effort is minimized. Notably,

on the other hand, the principle also wants to cut down the hiring costs of agent, or to ensure maximization of the principal output. It is cited that the interest discrepancy between the two parties leads to problems of agency (conflicts). These conflicts of agency are in some circumstances severe and very common within the public institutions as noted by Jensen and Meckling (1976).

In the financial management case within the public government hospitals, the government, donors as well as other aids are the principals. On the other hand, the hospital administration and finance officers are the agents. The government through the Ministry of Health hires the services of various expertise in the field of human health. These groups of employees have the sole responsibility on the management of funds disbursed to the hospitals diligently and are paid allowances and salaries for offering their services. Jerzemowska (2006) denotes that conflict between stakeholders (government and residents) and the managers (hospital finance managers and administration) leads to the contract formulation to mediate the relationship of the agency. The theory is in line with Kenya's government requirement and calls that every staff working within a public hospital must sign a performance contract.

## 1.14 Conceptual Framework



**Figure 1.1 Conceptual Framework**

Conceptual framework defines the relationship between the independent and dependent variables. In this study the independent variables are accounting, financial audits, cash flow analysis, financial reporting and ex-post evaluations. The dependent and independent variables were diagrammatically represented as shown in the figure above:

In this conceptual framework, health care finance management controls are the independent variables whereas Provision of Health Care Services is the dependent variable. Accounting was verified through existing patient fee collection strategy. Accountability is vital for the democratic governance success at the national as well as national level. This must entail techniques for making of the public servants accountable to representatives elected and later ensure public accountability. A number strategies and interventions can assist in ensuring accountability such as full authority to representative elected to have control over the civil servants by transference of power to them.

Financial Audits was verified through existence of pooling and risk strategy and existence of insurance records. There should be independent and regular examination of the books of accounts by qualified auditors appointed that the statement of account as captured shows a fair and true-view of all the transactions as during the duration under investigation. Regular account auditing will ensure prudence, probity and sanity in the utilization and financial management

Cash flow analysis was verified through operating cash flow, sale of asset, cash flow statements and control of cash. Cash outflows and inflows for majority of the organizations basically fluctuate throughout the year. This heightens the significance of the process of budgeting since obligations must be met timely and on a basis which is consistent. The organization must actually be futuristic ahead for those durations when cash inflow tries to be less than cash outflows. Accelerating constituent billings and postponing expenditures are two options for problem solving

Financial reporting practice was evidenced through existence of bank reconciliation statements, balance sheet, trial balance, and signed financial reports. There is normally monthly, semi-annually, quarterly or annually preparation of financial reports depending on the needs of every user's category. For reports of finance to be regarded significant information there are particular elements that they should actually portray.

Ex-post evaluations were measured through evaluation, investment and assessment. Management reports for internal use and financial reports for external user for example donor reports were documents used to help verify financial reporting practices. General control practices were verified by checking existence of certain controls such as an annual external audit, a functional board of directors, having a financial chart, documented organizational structure.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter looked into theoretical review of literature, empirical literature review guided by the five objectives, namely; counting on provision of health care services in public health institutions, financial audits on provision of health care services in public health institutions, cash flow analysis on provision of health care services in public health institutions, financial reporting on provision of health care services in public health institutions, effect of Ex-post evaluations on provision of health care services in public health institutions and research gap.

### **2.2 Empirical Literature Review**

This section was guided by the objectives of the study through empirical literature review and showing of possible knowledge gaps. The section concentrated on influence of accounting on provision of health care services, influence of financial audits on provision of health care services, influence of cash flow analysis on provision of health care services, influence of financial reporting on provision of health care services and Ex-post evaluations on provision of health care services.

#### **2.2.1 Accounting and Provision of Health Care Services in Public Health Institutions**

Improving delivery of service through accountability increase has been a significant motivation implicit behind the decentralization trend towards countries which are developing. The standard argument theoretically for the responsibilities transfer to the tiers in levels of government is that the approximate proximity of local makers of policy to citizens proliferate the information flow and notably assists the public to monitor and to hold to account officials of the government (MOH 2005). Moreover, local policy makers

elected, responding to this significant citizen vigilance, concentration on service improvement in order to be re-elected. Actually there are two types of accountability: administrative accountability which sets the extent to which leaders and managers acquire their targets set, political accountability in which the representatives elected account for their electorates (CHAK 2003). Accountability is vital for the democratic governance success at the national as well as national level. This must entail techniques for making of the public servants accountable to representatives elected and later ensure public accountability. A number strategies and interventions can assist in ensuring accountability such as full authority to representative elected to have control over the civil servants by transference of power to them (Ostman, 2009).

Since the independence period, the government operated free medical system alongside subsidized private and church services. In reality, however, not all services shall be free entirely. Dispensaries and health care visits and to outpatient departments of hospital were actually free of the user charges. For patients aged 16 years and below, the in-patient services, but adult in patients paid Kshs. 60 (US\$ 1.00) as fee at the discharge time irrespective of the stay duration. Other charges assorted existed, such as ksh. 180 or the amenity, prosthetic devices as well as X-rays (particularly for medical examinations). Notably, hospitals of the government ran wards of amenity with beds which are fewer US\$ 1.50 was charged daily (Okumu, 2008). For Kenyatta National Hospital, the daily charges were approximately Kshs. 120. The fees collection was reinforced poorly, however, since this would have been government contradiction stated objective, upon independence attainment, of offering free services of health care. As a hindrance on social



spending becomes clearer, the state became interested increasingly in implementing its policies on cost-sharing (Okumu, 2008).

Their most policy statements which is forceful charging of the fees of the user as a means of recovery cost were enshrined in both the Ministry of Health Development Plan (1984) and Ndegwa Committee Report (1982). Patient fee is a crucial part of collection of revenue which is the process which the system of health receives finance from organizations or households as well as from donors. The systems of health insurance contributions (normally related salary and almost never related to risk), voluntary private insurance contributions on health (normally related to risk), donations as well as out-of-pocket payment (WHO 2000). Within the non-governmental sector, health services are primarily financed via the collected revenue from the insurance premiums and fees charged to the users of the service. These premiums and fees are actually a trade-off between the service costs and the client's ability to pay for the service (MOH 2005). In Kenya, the sources in history of support for health facilities of the churches have been donations from the sister churches which are in abroad, donated drugs, user fees as well as missionary expatriates. Another source is the government support through providing of grants, church health facilities in Kenya utilized for enjoying of government grants (Ostman, 2009).

Among the first established Protestant Church Medical Association (PCMA) was the CHAK with the sole mandate of government disbursement grants to the missionary led health facilities. Notably, over the past number of years the grants have significantly reduced and definitely died (CHAK 2003). The Strategic Plan 2008-2012 of Ministry of Health and Public Sanitation notes that projections of finance are aligned to some key thrusts which are strategic towards improving service quality and responsiveness,

equitable, improving financing, improving the public health systems efficiency as well as fostering of partnerships. Nevertheless, the plan does not address the issue of financing within the public sector hospitals and does not actually highlight the particular ways of financial improvement. In 2001 a study by Hsiao titled “Unmet Health Needs of two billion: Is community Financing Solution?” determines that the main factor that undermines the raising of potential revenue of community financing is their predominantly poor population contribution. Whether within the urban or rural area, health financing schemes based on community reach the poorest part of the population. If most community members’ schemes of financing are destitute, community redistribution takes place within a much constrained overall pool of resource.

In her study Wamalwa (2006) noted that the Catholic Health Care Institutions have implemented diverse strategies in environmental changes response. Some have adopted strategic plans, some have began school for medical training to assist them to offer well trained health care professionals at prices which are affordable. Others have activities which are income generating to the purpose of funds generation to support services of health care. However, the paper does address the issue of financing in health care within these institutions. This is the gap which the study sought to essentially fill. Brown (2005) pinpoints particular elements of sustainable enterprises as among the ones which strategically behaves, manages the operations in order to minimize its utilization of resources which are scarce, looks after its customers and people. He opines that there should be an integration of needs which are sustainable into the process of business; values of sustainability requires to be enjoined into the policies, organization and process under which various departments are responsible need to be actually aligned with another. The

study on the other hand, did not determine how these determinants can actually affect organizational sustainability.

### **2.2.2 Financial Audits and Provision of Health Care Services in Public Health**

#### **Institutions**

The regular method of audit complements the better efforts of audit. Audit is actually more or less a practice which may be referred to as a technique for enhancing a more effective check internally on financial management (Schick, 1988). Risk pooling refers to a practice where the insurance organization pool individuals into a single program of insurance hence lowering the risk from the point of societal view. In providing insurance there is a trade off; the more insurance policy is generous, the higher the level of protection from the illness financial risks but the greater the linked moral hazard notably (Rosen et al 2008). Pooling refers to the management and accumulation of revenues such a manner to ensure that the risk of having to pay for health care provision is borne by all the members of the pool and not by every individual contribution. Pooling is traditionally known as the function of insurance within the system of health. In Africa there is restricted health Insurance but it is a health care option of financing that is coming up increasingly under the spotlight policy. Among the key characters that distinguish various types of insurance of health is whether or not there is a legal standard to belong to insurance of health as dictated by (WHO, 2000). Among the commonly used terms in insurance systems is the mandatory health insurance where there is legal requirement for a particular groups or the population entirely to become members, on the other hand is voluntary health insurance is utilized to describe the systems where there is no such legal standards (Ibid). Contributions of mandatory insurance are community-rated, for instance they are premised on the expected average health services

cost use for the entire group which is insured instead of taking a group or individual risk of taking into account illness (Ostman, 2009). Contributions may be at a flat rate or may be differentiated by levels of income and sometimes the dependents covered number. There could be a single fund or diverse funds that make together total up to the mandatory scheme of insurance. Historically, voluntary health insurance refers to cover of health insurance which is based on employment i.e; employees within a specific industry or company join a scheme of health insurance and the contribution is shared by the employers and employees (Wamai, 2014).

Whereas running of the insurance is by commercial company for profit gains, contributions tend to appear to bear particular risks where every individual or insurance groups contribution is related to the illness risk or the cost expected of service use( for instance, those who are old and with conditions which are chronic pay contributions which are relatively higher). On the contrary, some voluntary, community-rated contributions, insurance employment-based groups charges, prevalently since there is a requirement for regulation (Schick, 1988). Community-based health insurance is recently among the voluntary health insurance scheme which is widely spread in Africa also commonly known as, community-based pre-payment schemes or mutual health insurance. These schemes existing within the communities localized, majorly within the rural areas where members usually make little payments (in most cases annually after the season of harvesting) to the scheme, which cover then their fees of user at the facilities of health (Horngren, et al, 1997).

Such initiation may be made by the community, a facility of health within the community (for instance through missionaries health centers), through the donor or central government as well (McIntyre et al 2005). Pooling is the key way of spreading risks among the

participants. Even when the degree of separation is high between utilizations and contributions, payment alone cannot actually guarantee any form of financing equitability premised on only individual basis-which is, through the medical accounts for saving. Upon exhaustion of their savings, individuals are likely to have limitations to their service access. Claim is made for the medical savings accounts which notably has been implemented in United States and Singapore, that they lower the moral hazard and provide the consumers the incentive of purchasing services more rationally but while there is evidence for reduction of expenditure and savings which are substantial among those receiving benefits of tax and notably can afford to save, on rational purchasing, there is no evidence.

Financing individually fosters fee for payment of service and makes it harder to regulate provision of quality. Individuals at high risk of having to utilize the services, such as elderly and the sick, may be denied access since they may not have made enough savings from their income as cited by (WHO, 2000). Consequently, the young and the healthy, whose risk is basically low, may for a longtime prepare without requiring the services for which had actually been saved. With regard to this case, mechanisms enabling for cross subsidies from the healthy and young to the sick and the old may benefit the former without actually damaging the latter.

Hence, people as well as systems derive benefits from the mechanism that not only increase the prepayment degree for the services of health, but as well spreading the financial risks among their members. Health systems normally have contributions of insurance (not related to risk but normally related to salary), contribution for voluntary health insurance (WHO, 2000). Recently, a growing concern has been there among international institutions on health insurance as a scheme for financing. For instance, the World Health Assembly

in the year 2005 passed resolution seeking to encourage member states towards persuading of social and among other health insurance forms. In Africa, health insurance is relatively still limited.

Southern Africa has a high number of private voluntary insurance schemes for the workers within the formal sector. Additionally also largely exist in some countries in the West and East as well. There has not been any positivity in the experience of these schemes entirely, with coverage which is limited, cost spiral uncontrolled risking their sustenance as well as rapid and risk pools fragmentation (WHO 2000). For these justifications, rationally limited regard is being paid for expanding this form of health insurance in the context of Africa. Otherwise, the choice of community-based health insurance (CBHI) scheme commonly referred to as pre-payment schemes or mutual health organizations is rapidly gaining popularity (McIntyre et al 2005).

Since these schemes are annually or frequently funded through contributions, but do not need disbursement at the point of utilizing health services, they lower the barriers on financial access. Notably, some degree of cross-subsidy also exists from the healthy to the ill. From this observation, CBHI is more favorable alternative to out-of pocket payments. However, empirical evidence is still quite weak on what works and what does not work (McIntyre et al 2005).

### **2.2.3 Cash Flow Analysis and Provision of Health Care Services in Public Health Institutions.**

Cash is an important resource for most of the organizations. To uphold financial viability, the organization must possess adequate cash to pay its bills subsequently. Financial statements accrual basis can report revenue excess over the expenses but this does not mean

necessarily that there is cash at the bank. Seasonal and cyclical fluctuations also have an effect on the cash of an organization. Cash outflows and inflows for majority of the organizations basically fluctuate throughout the year. This heightens the significance of the process of budgeting since obligations must be met timely and on a basis which is consistent. The organization must actually be futuristic ahead for those durations when cash inflow tries to be less than cash outflows. Accelerating constituent billings and postponing expenditures are two options for problem solving (Horngren, et al, 1997).

Cash flow statement has been empirically studied in the past under diverse aspects. Some scholars are interested in the aspects regulation of statement of cash flow. For example, Wallace and Collier (1991) conducted an international comparison on the cash definition while Stolowy and Welsch-Prochazka (1992) and Wallace and Choudhury (1997) also conducted an international comparison but concentrated on various aspects of the cash flow statement, including the adopted format for cash flow reporting and the treatment of some particular elements (dividends and interest among others). There were also various discussions on the No. 95 of FASB statement on the cash flow statement (Numberg, 1993).

Cash management has mandates as follows: controlling aggregate spending, effective implementation of the budget, minimization of the cost of borrowing within the government and opportunity maximization on the cost of resources (Hughes, 2007; Fabozzi & Peterson, 2003). It is vital to minimize costs of transaction and to borrow at the interest lowest or to form additional cash by making investment on yielding revenue paper. Hughes (2007) noted that during business cycle, there will be relatively more money flowing in than the ones which are flowing out. This will assist you to form balances of cash with which to plug gaps of cash flow, seeking reassure lenders and expansion and investors over

the health of the business. Fabozzi & Peterson, (2003) indicates that cash flows management is very important to the organizational operations as it must remain liquid enough to be in a position to fund its immediate or short-term immediate obligations.

The cash flows management must be in such a way that the liquid cash is not actually in excess but must be actually balanced against the assets which are fixed. This implies that the finances sources and the application must carefully be managed (Hughes, 2007). Academicians have for long advocated the rationale and justification of the cash flow statement (Sharma and Iselin, 2003). The cash flow statement is actually unique from the other financial statements since it accruals and estimates are not captured, making it basically free from any bias. A number of studies support this approach, arguing cash flow information to be as or important than the accrual information for the purpose of decision making (Jones, 1998). The net cash flow (total) of an organization over a period(basically a quarter or full year) is equal to the cash balance change over this duration: positive if the balance of cash increases (more cash actually becomes available), negative if the balance of cash decreases. None of the cited studies addressed the effect of cash flow analysis on provision of health care services in public health institutions in West Pokot County through parameters such as liquidity, return on investment and solvency.

#### **2.2.4 Financial Reporting and Provision of Health Care Services in Public Health Institution**

PriceWaterhouse Coopers (1999) noted that the mandate of financial reporting is to offer information which is relevant over the transactions effects and among other circumstances/events that change the nature and amount of funds of the organization, how resources of the organization are utilized in creating various services or programs. There is



normally monthly, semi-annually, quarterly or annually preparation of financial reports depending on the needs of every users category as cited by (Mbugua et al 2007). For reports of finance to be regarded significant information there are particular elements that they should actually portray.

Among such is relevance; it implies that the supplied information should be that which shall address the user's needs. Another key quality is actually reliability which implies to the reliance and confidence that individuals can lay on the information. It is therefore, important that the prepared information as objectively possible as opined by (Wood 1994). Management often may tend to provide a better picture of its own performance which is warranted and hence thereby being subjective. It is the task of the auditor to counter this point of view and ensure that there is objectivity within the accounts. Completeness is another key characteristic of rational financial information. An organization rounded picture of activities is required.

Notably, timeliness is as well critical since hitherto information is more vital to the recipients rather than news which is outdated (Wood, 1994). Control environment means the factors of collection, practices and policies procedures which actually makes the foundation upon which the rest of structures of internal controls operate. For instance; attitude of management towards controls as a whole. Does acting of management depends on a timely basis and response exceptions decisively, irregularities, omission and errors? Does management actually respect the procedure of control? Are they interested in the controls effectiveness (Price Waterhouse Coopers 1999).

The environment of control entails accountability, transparency, integrity as well as custodianship. It entails philosophy of management and the styles of operation, personnel practices and policies, responsibility, authority assigning methods and structures of the organization. The control environment also entails regular reviews for the procedures compliance for instance the internal audits. In a study on evaluation of working capital practices of management Bett (2009) in the Kenyan referral national hospitals cited that even though there are policies relating to the management of working capital; these policies were actually often very superficial and general. He opines they actually do not set benchmarks which are comprehensive or minimum requirements which cover every area of working capital which contributed to the implementation of these policies to be actually done in an uncoordinated manner and ad hoc as well.

A study conducted by Ngaba (1990) on management of working capital management practices among the secondary schools in Kenya noted that there was actually still professionalism lacking in particular areas of management of school finances, for example most of the schools lack policy on the amount of cash to be held, no idle funds investment and also they lack policy of inventory. This study envisaged to look at financial management selected practices which entailed, budgeting, inventory, financial reporting among the public hospital and on public health care deliver. The Government of Kenya (GOK) in 1994 approved the Kenya Health Policy framework (KHPF) as the milestone for the management and development of services of health in the state up-to 2010.

The framework lay out the following imperatives of strategies; ensuring allocation equitability of resources of GOK to cut down health status disparities; increase efficiency and cost effectiveness of allocation of resources and utilize; form an environment which is

enabling or private sector increase and involvement of community in financing and service provision. It is clear that the framework does not provide details on how the private sector actually operates in regard to controls and systems in place. This study highlighted on the public government hospitals in regard to policies as this will assist in achieving the enhancing strategy and environment enabling for the stakeholders within the public health sector. The National Health sector strategic plan of Kenya 2005-2010 (NHSSP II) secondly intended to reverse the health status decline in Kenya. The sector's vision is of a high quality system of health that is actually efficient, accessible, affordable and equitable for every household of Kenya.

The strategy shifts the replications from the emphasis from the disease burden to the promotion of community and individual health. It accomplishes this by orienting the Kenya Essential Package for Health (KEPH) which ensures integration of all programs of health care into a single packaged aimed at health improvement in various human life cycle stages. Further the strategy identifies financial management systems outputs as follows; basic institutional framework establishment for financial management sustainability, systems strengthening to accomplish auditing requirements and national accounting. The strategy however does not mention look at the details on reporting of financial issues may affect sustainability in public government hospitals which the study sought to address.

#### **2.2.5 Ex-post Evaluations and Provision of Health Care Services in Public Health Institutions.**

The term Ex-post evaluation implies to the consequences of an investment upon the implementation (Sharma and Iselin2003). Ex-post evaluations are basically designed to compute the results of success of a project. Within an ex-post evaluation investment, the

actual findings are evaluated and compared versus the results expected as opined by GAO (1997). GAO denotes that within this particular phase an evaluation shall be made on the impact on mission investment performance.

Secondly, the evaluation noticeably identifies the changes or modification possible that are required and thirdly, an investment revision process of management can be deduced on the lessons learnt. Also, if any attempts may be made to establish why major variations have happened between the factual and expected results(if they have happened).Ex-post evaluations are utilized to determine the lessons acquired from already implemented investments and make application of the lessons for making decisions in the future. The cost of ex-post evaluations is determined across the literature. Leon (2001) reiterates on four reasons for ex-post evaluations where most are the same to what is recommended by GAO. Firstly, they assist the organizations to form more definite estimates in the future. Secondly, they assist organizations to make estimates which are more realistic in the future. Thirdly, they provide the organization the chance to take action which is corrective, for instance to better their actions in the future.

These benefits entail improvements that originate from learning within an organization (Kumar, 1990). Fourthly, it assists in building of confidence within an organization in the professionalism of the department and focus on the business as well. If the organization is in a position to perceive the purposes achieved, confidence will definitely rise and they will be in a position to look towards emerging possibilities. This will be an improved confidence within the healthcare service (Hillam et al. 2000). The fifth justification is that they provide feedback if the actual value has been acquired in the health sector investment. Literature indicates that the need for ex-post evaluation and Willcocks (1996) denotes that ex-post

evaluations should actually be an important part within the appraisal overall process. It is also indicated that ex-post evaluation must be undertaken since in majority of the cases it is vital to go back across the process to ensure that the specified benefits are achieved actually. Particularly, it is vital to define benefits both qualitatively and quantitatively to compute the outcome (Jütting, 2000).

Fabozzi and Peterson(2003) noted that methods are utilized in Ex-post evaluation are premised on hard data and have been perceived as more reliable. It is however vital to mention that these particular methods are less important when making of evaluation to learn for projects in the future. Among the reasons to carry out an ex-post evaluation can be to point-out incomes or arguments recommended in ex-ante evaluation. Moreover, literature also cites a low uptake of ex-post evaluation within organizations. Studies indicate that it is prevalent for institutions to carryout ex-ante evaluations but not many conducting ex-post evaluations. Even within organizations where there is a kind of a procedure of ex-post evaluation or policy the happening of an ex-post evaluation is not actually guaranteed as cited by Atim (1998). Okumu (2008) established that organizations are concentrated on investment justification rather than ensuring benefits planned management approach. Majority of the cited studies are not locally contextualized hence presenting a serious knowledge gap over Ex-post evaluation on provision of healthcare services among public health care institutions.

### **2.3 Summary of Literature Review**

The empirical literature looked at various aspects of the study based on the five objectives. The study noted that accountability is vital for the democratic governance success at the national as well as international level. This must entail techniques for making of the public

servants accountable to representatives elected and later ensure public accountability. Audit is actually more or less a practice which may be referred to as a technique for enhancing a more effective check internally on financial management. Cash outflows and inflows for majority of the organizations basically fluctuate throughout the year. This heightens the significance of the process of budgeting since obligations must be met timely and on a basis which is consistent. The organization must actually be futuristic ahead for those durations when cash inflow tries to be less than cash outflows. Financial reporting is to offer information which is relevant over the transactions effects and among other circumstances/events that change the nature and amount of funds of the organization, how resources of the organization are utilized in creating various services or programs. Ex-post evaluations are basically designed to compute the results of success of a project. Within an ex-post evaluation investment, the actual findings are evaluated and compared verses the results expected. Ex-post evaluations are utilized to determine the lessons acquired from already implemented investments and make application of the lessons learnt for making decisions in the future. The cost of ex-post evaluations is determined across the literature.

#### **2.4 Research Gap**

Saunders, Lewis and Thornhill (2009) noted in their study on financial management control that for non-profit organizations, effective management in terms of financial practices is paramount in improving efficiency, transparency as well as accountability which assist an organization to realize its goals and objectives. Ostman (2009) consequently noted that financial management must include keeping definite financial transactions records, linking of the budget to the firm's operational and strategic plans as well. Management of finance further calls the accounts of management to be periodically produced in order for the

managers to draw comparison to their organizational achievement against the stated budget and then make decision with regard to future.

Moreover, financial management envisages that there should be actually internal checks and controls and balances within place with the object of protecting the assets of an organization as well as managing of risks. Subsequently, there is also need to have an audit committee or auditor who can assist in ensuring the reliability and quality of financial information adopted. Okumu (2008) decided to determine the mandate of audit within the public sector as well financial control systems in protecting of public funds in Sudan. In his study, he alleged that there are a number of variables which encourages financial corruption within the public sector. He asserted that internal check and financial control systems in most of the public sector units are ineffective and weak.

This is asserted to be accompanied by a lack or shortage of trained and qualified accountants as indicated by the allegation that within the public department, all the financial acts of the organization concerned are conducted by one or two employees. In addition, there is actually absence of internal audit which is a vital component for the internal control system in majority of the departments of government. In the event such case exists, it is very ineffective and weak (Ostman, 2009). It is also opined that there are challenges in the system of accounting in majority of the public firms. Some of cited loopholes within the empirical literature facing financial and control management entail the allegation that the whole system of accounting is actually manual at both the states and national level and that over a half of the staff have had particularly no formal training in management.

## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Introduction**

This section describes research methodology that was used to conduct the study. These include: the research design, research site, the target population, sampling procedure and sample size, Data Collection Method, Data Processing, Analysis techniques, Legal and Ethical Considerations.

### **3.2 Research Design**

This study was embedded on descriptive research design. The method was used to observe and describe attitude, feeling, opinions, habits or any of variety of educational or social issues (Orodho and Kombo, 2012). The design incorporated both qualitative and quantitative methods.



### **3.3 Research Site**

One of the densely populated counties in Kenya is West Pokot. One of the largest towns in West Pokot County is Kapenguria. According to 2009 census, the county has approximately a population number of 512,690 and subsequently covers 8,418.2 km<sup>2</sup>. Among the major government projects within West Pokot County is the Kengen's Turkwel Hydro Power Plant. Among the critical factors for obtaining vision 2030 is the health sector which calls for a healthy productive population in order to boost economic growth and progress. Within West Pokot county among the historical marginalization challenges is equitable access to health care and services. Equally, decentralization has been changer even though more resources should be duly allocated to the sector. The county has a number of gaps in a number of blocks within the health system. Notably, among the key challenges facing the healthcare institutions within the county is shortage of personnel with regard to the care levels under the community health services under the tier one there has been sixty units within the community dispersed across the sub-counties. Under the second tier (health centers and dispensaries) there are 105 health facilities, ten are health centers and five hospitals of county level under the Tier Four. Previously, there are no facilities of Tier Five but there are attempts by the County government in collaboration with National government and international donors to upgrade the referral county hospital to level five hospitals. Additionally, there are six private clinics as well as mobile clinics under the initiative of Beyond Zero Campaign. The health worker (midwives, doctors and nurses) ratio population stands at 1:1563 as benchmarked to the 1:400 ratio which the World Health Organization recommends. This topped with the average 25Km distance to the Health facility nearest makes quality health services access a greater challenge within the county.

### 3.4 Target Population

According to Mugenda and Mugenda (2003), target population refers to the set of all units, subjects, objects or elements in the interest of universe for a specific study and when the definition of population is clear and it is referred often to as the target population. In this study, the target population was made up of finance officers and hospital administrators from 15 hospitals from West Pokot County as cited in appendix III. West Pokot County was chosen due to the catchment area having diverse population made up of urban, rural and peri-urban setting thereby representing the respondents diversity in terms of socio-economic status. In this study, the respondents comprised of 30 health facility employees drawn from randomly selected 15 health facilities out of possible 21 public health facilities within West Pokot County making up finance officers and facilities administrators subsequently. This target population selection criterion was purposively done based on the size and level of the public health institution and the number of staff.

**Table 3.1 Target Population**

<b>Health Facility</b>	<b>No health institutions</b>	<b>Finance Officers</b>	<b>Health Facility Administrators</b>
Dispensaries	5	1	2
Health Centers	5	4	3
Sub-District Hospitals	4	5	2
Sub-County or District hospitals	5	3	3
County Hospitals	2	2	5
<b>TOTAL</b>	21	15	15

**Source: Ministry of Health-West Pokot County, 2019**

### **3.5 Sampling Procedures**

Sampling means selecting a given number of subjects from a defined population as representative of that population (Orodho, 2002). The survey adopted a combination of stratified random sampling and purposive sampling techniques of probability sampling methods. Stratified random sampling was adopted to select the hospitals premised on the hospitals size. The health institutions were grouped as medium, small and large hospitals anchored on the capacity of bed. Stratified random sampling refers to random sampling modification in which you divide the population into more relevant and rational data (Saunders 2009). After that purposive sampling was utilized to identify individuals who could answer best the questions of the research in this case being Finance Officers and Hospital Administrators. Purposive sampling helps one in using own judgment to select instances that enable best to answer the questions of the research as well as meeting objectives (Neuman 2005).

### **3.6 Sample Size**

The study considered 30 respondents consisting of health facility staff employees drawn from the 15 health facilities out of 21 health institutions located within West Pokot County made up of Finance Officer and facility administrators. Stutley (2003) noted that a minimum number of thirty for statistical analysis forms a significant rule of the thumb for the smallest number in every category within the sample generally. The target population and total population were tabulated as shown. Table 3.2 notes the sample size based on every target group (health institution)

#### **Table 3.2 Stratification of Health facility by size of the Facility**

<b>Size Of Health Facility Based on Size</b>	<b>Number Of Health Facility</b>	<b>Sample Size</b>
Small(Dispensaries and Health Centers)	6	7
Medium(Sub-District Hospitals)	8	10
Large(Sub-County or District hospitals and County Hospitals)	7	13
<b>Total</b>	<b>21</b>	<b>30</b>

### **3.7Data Collection Procedures**

Collection of data was administered through semi-structured questionnaire and the respondents intended were the ones who are within the administration and finance department in these hospitals. Primary data was collected through questionnaires while secondary data was collected through independent variables empirical literature review. Questionnaire was utilized as an instrument since it is free from any form of bias, provides the respondent with opportunity of responding to the questionnaire in their own words and as well do not require face to face sessions with the respondents regarding that the target population are running a busy schedule. The questionnaires drew questions from each objective in order to align with the research topic. In this regards, the questionnaire was developed in seven sections (A-G); the general information of the respondents, data on the accounting and revenues in the health institution, financial audits, cash flow analysis, financial reporting, Ex-post Evaluation, Government policies, security situations and community ownership in the health institutions. Noticeably, the researcher acquired a

recommendation letter from Africa Nazarene University to enable him to administer the research instruments to the respondents. This letter was taken to the various targeted hospitals. Administering of questionnaires was done by dropping by the questionnaires to the respondent's place of work offices and picked as per the researcher-respondent agreement. The researcher payed a visit to some of the Non-governmental health care centers to administer questionnaires.

### **3.8 Research Instruments**

This section of research instruments sought to look at the pilot testing of instruments, validity of the instruments as well as reliability of the instruments.

#### **3.8.1 Pilot Testing of Instruments**

According to Kothari (2004), a pilot study is a partial study which is conducted out prior to the study which is main. The respondents of this study targeted within the pilot test are not supposed to participate in the final study. 10% of the respondents was used for the pilot study. The health facilities were purposively sampled. This was to ensure that there is consistency in the research instruments and gaps addressed prior to the main study and also establish whether the objectives are in line with research instruments. This was accomplished through conducting of validity and reliability tests on the collected data at a specific stage.

#### **3.8.2 Validity of the Instruments**

Validity test seeks to determine as to whether or not the instruments of research indeed measures what it purports to measure. Kimberlin and Winterstein (2008) noted that an instrument can basically be valid upon acquiring the required threshold for reliability. This study was interested in determination of the validity of the content of instruments of

research. Bowling (1997) stated that content validity is the extent to which the content of the instrument appears to comprehensively examine the scope it is intended to measure. The validity of the instrument was measured using the content validity index that is the total number of valid items/total number of items. To test the instrument's validity a pilot study of 10% of the respondents was carried prior to conducting data collection. This assisted to determine if the respondents may have any problem with research instruments in order to make relevant adjustments.

### **3.8.3 Reliability of the Instruments**

In order to affirm on the study's reliability, the study provided some of the classmates and the assigned lecturer to peruse through this work if the proposed study is reliable and objective as well. The questionnaire was as well tested for the purpose of reliability utilizing Cronbach coefficient alpha to determine the consistency of the internal items. Coefficient alpha is negative whenever there is relatively greater within the subject variability than between- subject variability. This is a method of making estimation of reliability of test scores by the use of a single administering of the test. Moreover, it provides reliability of measures of reliability because holding other factors constant, the more similar the content test and administration of conditions are, the greater the consistency of internal reliability (Mugenda and Mugenda, 2009). At the same time, Cronbach Alpha coefficient was used for the test of reliability where a threshold of 0.7 and above was considered statistically significant. Research instrument reliability was carried out utilizing the alpha constant Cronbach which is a measure of average correlation and internal consistency. The findings premised on the research instrument reliability and the constant overall Cronbach was 0.756 hence making the instrument to be reliable

### **3.9 Data Analysis and Presentation**

Data analysis involves use of numerical or statistical measurement and testing of hypothesis (Loree & Guisinger (2001). Data analysis refers to examining what has been collected in a survey or experiment and making deductions and inferences (Kombo and Tromp, 2006). Collected data from the field was analyzed through descriptive statistics. Descriptive statistics entailed the use of means, frequency, standard deviation to assess the measure of central tendency for each of the study variables and also the measure of dispersion for each variable

### **3.10 Ethical Considerations**

Ethical consideration was observed by the study. Ethics is a branch of philosophy introduced by Aristotle, which takes human action as its subject matter (Seale et al, 2004).The study maintained high levels of ethical standards with regard to 1) confidentiality of the respondents 2) privacy of the respondents 3) informed consent on the side of respondents as well as acquiring the relevant legal clearances from the university and NACOSTI as well. Maintaining ethical standards assisted the researcher in safeguarding the respondent's safety and job security by avoiding any kind of victimization which may arose when giving out information during the process of data collection

## **CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS**

### **4.1 Introduction**

This chapter shows presentation of data collected from various respondents who made up of 30 hospital staff employees enlisted from 15 hospitals out of the targeted 21 hospitals within West Pokot County making up of the finance officers and hospital administrators or the representatives designated. Data collection was conducted utilizing semi-structured questionnaires and targeted respondents were those who worked within administration and finance departments in the targeted hospitals. A questionnaire was utilized to gather primary data while the secondary sources of data were gathered through literature review over the independent variables. Analysis of the data was done using SPSS and was represented subsequently using percentages, frequencies, charts and tables. This chapter entails data analysis utilizing descriptive statistics with the assistance of SPSS.

### **4.2 Response Rate**

In this study, 30 questionnaires were administered to the respondents. In regard to the response rate, 28 questionnaires representing 93% of the response were returned while 2 questionnaires representing 7% were not returned. The response rate indicates that there was high levels of participation and acceptance of the targeted respondents to participate in the study. Administration of the questionnaires was made by the researcher and three data collection clerks who are natives of the County. The simplicity of the questionnaire is also believed to have prompted the high response rate. Additionally the high response rate



was due to fact that the researcher is a native of the study area and is well versant with the topography of the area and language of the locals. The findings are captured in table 4.1 below.

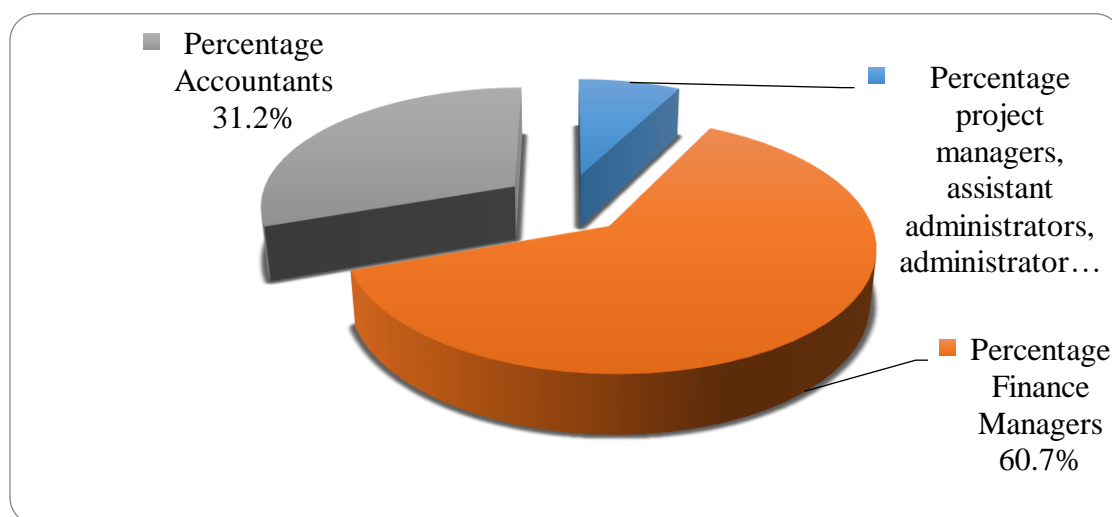
**Table 4.1 Response Rate**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Returned Questionnaires	28	93
Unreturned Questionnaires	2	7
<b>Total</b>	<b>30</b>	<b>100</b>

Source: Author, 2019

### 4.3 Demographic Characteristics

From the findings of the study, the respondents cited their positions within the various health facilities which they were serving at. According to the response, 8.1% of the respondents cited that they were project managers, assistant administrators, administrators, coordinators, finance managers and matrons. Additionally, 60.7% were finance mangers while 31.2% of the respondents were accountants.



**Figure 4.1 Positions of the Respondents**

The findings indicates that West Pokot county has adequate finance management professionals who can significantly assist in maintaining financial controls within the various health facilities and centers hence leading to improving of heath service care provision within the county.

#### **4.3.1 Number of Years Worked At the Health Facility**

One of the key interests of the study was also to determine the number of years which the respondents had served in the various targeted health facility. The findings indicate that majority of the respondents had served for duration between 1-2 years, 25% of the respondents indicated 3-4 years while another 25% indicated that they had served within West Pokot for Over 5 years. Majority of the respondents were from Sub-district hospitals.

**Table 4.2 Response on the Number of Years Served**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
1-2 years	14	50%
3-4 years	7	25%
Over 5 years	7	25%
<b>Total</b>	<b>28</b>	<b>100</b>

The response rate indicates that majority of the respondents had inadequate experience in matters related to financial control management within West Pokot county since 50% of the respondents had served at the county government health facilities for below 2 years.

#### **4.3.2 Health Facility Number of Years in Operation**

This study also sought to determine the number of years the targeted hospital has been in operation within West Pokot County. According to findings reflected in table 4.2 below, the study noted that majority of the respondents indicated that the hospital have been in

operation for over 21 years. This was cited by 57.1% of the respondents. Consequently, 1(3.6%) cited that the hospital they were working at had been in operation for 5-10 years, 8(28.6%) cited 16-20 years, 3(10.7%) indicated 11-15 years.

**Table 4.3 Health Facility Number of Years in Operation**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
5-10 Years	1	3.6%
11-15 Years	3	10.7%
16-20 Years	8	28.6%
Over 21 Years	16	57.1%
<b>Total</b>	<b>28</b>	<b>100</b>

#### **4.3.3 Health Facility Size Estimation**

In this study the respondents were asked to indicate the size of estimated population of the hospital catchment area. According to the response rate, the estimated population of over 25000 cited 50%, 25000-10000 was indicated by 8(28.6%) of the respondents, 100,000-200,000 was indicated by 4(14.3%) of the respondents while 2(7.1%) cited more than 200,000. The findings are represented in table 4.3

**Table 4.4 Health Facility Size Estimation**

<b>Hospital Size Estimation</b>	<b>Frequency</b>	<b>Percentage</b>
0-25000	14	50%
25000-100000	8	28.6%
100000-200000	4	14.3%
More than 200000	2	7.1%

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<b>Total</b>	<b>28</b>	<b>100</b>
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Establishing the estimation of facility size is key in determining the classification of the facility as well as determining the kind of facilities which are necessary for the service delivery. It also assists in planning, budgeting and directing the resources to the various medical facilities within West Pokot County.

#### **4.4 Accounting and Provision of Health Care Services**

The first objective sought to determine the effect of accounting on provision of health care services in Public health Institution within West Pokot County. The subsequent sections represent the thematic response on the first objective.

##### **4.4.1 Response on Patient Revenue Collection**

Four statements were developed to measure the extent to which influence of accounting on provision of health care services in Public health Institution in West Pokot County. Statement (1) The hospital has a patient fee revenue collection system and mechanism in place, out of 28 respondents who participated in the study, 10(35.7%) noted that they strongly disagree, 10(35.7%) cited that they disagree, 2(7.1%) indicated that they were not sure, 3(10.7%) cited that they agree while 3(10.7%) indicated that they strongly agree. This item had a mean of 1.26 and a standard deviation of 0.54 which is lower than composite mean of 3.76 with standard deviation of 0.46, implying that the statement does not positively influence provision of healthcare services within West Pokot County. This statement disagrees with the findings of Ostman (2009) who noted that accountability is vital for the democratic governance success at the national as well as national level. This must entail techniques for making of the public servants accountable to representatives elected and later ensure public accountability. A number strategies and interventions can

assist in ensuring accountability such as full authority to representative elected to have control over the civil servants by transference of power to them

Statement (2) With regard to whether the hospital has a patient fee revenue collection systems and mechanism that accommodates irregular income stream of members (this includes allowing in-kind contributions, credit facilities, flexible revenue collection periods etc, the study noted that majority of the respondents cited that they strongly disagree. This was cited by 12(42.9%) of the respondents, 10(35.7%) indicated that they disagree, 1(3.6%) cited that they were not sure, 3(10.7%) indicated that they agree while 2(7.1%) cited that they strongly agree. This item had a mean of 2.45 and a standard deviation of 1.45 which is lower than composite mean of 3.76 with standard deviation of 0.46, implying that the statement does not positively influence provision of healthcare services within Wes Pokot County. The findings are supported by Okumu (2008) that the fees collection was reinforced poorly, however, since this would have been government contradiction stated objective, upon independence attainment, of offering free services of health care. As a hindrance on social spending becomes clearer, the state became interested increasingly in implementing its policies on cost-sharing.

Statement (3) revenue collected from user fee was a reliable and significant source of income for your operations. According to the findings presented in table 4.4 below, a significant percentage of the respondents cited that they strongly disagree. This was indicated by 10(35.7%) of the respondents. Moreover, 13(46.4%) cited that they disagree, 1(3.6%) indicated that they were not sure, 2(7.1%) indicated that they agree while 2(7.1%) cited that they strongly agree. This item had a mean of 3.21 and a standard deviation of 1.03 which is lower than composite mean of 3.76 with standard deviation of 0.46, implying

that the statement does not positively influence provision of healthcare services within Wes Pokot County. The findings are in line with MOH (2005) who noted that these premiums and fees are actually a trade-off between the service costs and the client's ability to pay for the service. In Kenya, the sources in history of support for health facilities of the churches have been donations from the sister churches which are in abroad, donated drugs, user fees as well as missionary expatriates. Another source is the government support through providing of grants, church health facilities in Kenya utilized for enjoying of government grants

Statement (4) hospital has policies and procedures that guide revenue collection initiatives in the hospital. The study revealed that 7(25%) indicated that they strongly disagree, 10(35.7%) indicated that they disagree, 5(17.9%) cited that they were not sure, 5(17.9%) cited that they agree while 1(3.6%) noted that they strongly agree. This item had a mean of 3.15 and a standard deviation of 1.58 which is lower than composite mean of 3.76 with standard deviation of 0.46, implying that the statement does not positively influence provision of healthcare services within Wes Pokot County. The statement is disagreed with WHO (2009) who noted that patient fee is a crucial part of collection of revenue which is the process which the system of health receives finance from organizations or households as well as from donors. The systems of health insurance contributions (normally related salary and almost never related to risk), voluntary private insurance contributions on health (normally related to risk), donations as well as out-of-pocket payment

**Table 4.5 Response on Patient Revenue Collection**

<b>Patient Revenue Collection</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>SD</b>
The hospital has a patient fee revenue collection system and mechanism in place	10(35.7%)	10(35.7%)	2(7.1%)	3(10.7%)	3(10.7%)	1.26	0.54
The hospital has a patient fee revenue collection systems and mechanism that accommodates irregular income stream of members (this includes allowing in-kind contributions, credit facilities, flexible revenue collection periods etc.).	12(42.9%)	10(35.7%)	1(3.6%)	3(10.7%)	2(7.1%)	2.45	1.45
In your opinion, is the revenue you collect from user fee a reliable and significant source of income for your operations	10(35.7%)	13(46.4%)	1(3.6%)	2(7.1%)	2(7.1%)	3.21	1.03
There are policies and procedures that guide revenue collection initiatives in the hospital	7(25%)	10(35.7%)	5(17.9%)	5(17.9%)	1(3.6%)	3.15	1.58
<b>Composite Mean and Standard deviation</b>						<b>3.76</b>	<b>.46</b>

The findings indicated that patient fee is a crucial part of collection of revenue which is the process which the system of health receives finance from organizations or households as well as from donors. The systems of health insurance contributions (normally related salary and almost never related to risk), voluntary private insurance contributions on health (normally related to risk), donations as well as out-of-pocket payment. Within the non-governmental sector, health services are primarily financed via the collected revenue from the insurance premiums and fees charged to the users of the service. These premiums and fees are actually a trade-off between the service costs and the client's ability to pay for the service

#### **4.4.2 Response on the Sources of Health Facility Revenue**

This study had also interest in undemanding the sources of hospital revenue among various health facilities within West Pokot County. In regard to User fees (inpatient, out-patient, lab charges etc), majority of the respondents (67.9%) cited 0-9 of the revenue proportion, 10-50 cited 4(14.3%), over 50 was cited by 4(14.3%) while 1(3.6%) of the respondents indicated that they don't know. In regard to Entrepreneurial activities (investments etc) , 0-9 proportion was cited by 22(78.6%), 10-50 indicated 2(7.1%), over 50 was indicated by 1(3.6%) while 3(10.7%) cited that they do not know. Insurance (NHIF) proportion of 0-9 was cited by 13(46.4%), 10-50 was indicated by 19(32.1%), over 50 was cited by 5(17.9%), 1(3.6%) cited that they do not know.

Donor funding proportion of 0-9 was cited by 11 (39.3%), 10-50 was indicated by 11(39.3%), over 50 was cited by 4(14.3%), 2(7.1%) cited that they do not know. Government sources proportion of 0-9 was cited by 4(14.3%), 10-50 was indicated by



15(53.6%), over 50 was cited by 8(28.6%), 1(3.6%) cited that they do not know. Finally proportion of 0-9 other sources was cited at 10(35.7%), a proportion of 10-50 cited 2(7.1%), a proportion of Over 50 was indicated by 1(3.6%) while 15(53.6%) indicated that they do not know.

**Table 4.6 Response on The Source of Health Facility Revenue**

<b>Hospital Revenue</b>	<b>% Percentage</b>			
	<b>0-9</b>	<b>10-50</b>	<b>Over 50</b>	<b>Don't know</b>
What proportion of your revenue come from the following sources.				
User fees ( inpatient, out-patient, lab charges etc)	19(67.9%)	4(14.3%)	4(14.3%)	1(3.6%)
Entrepreneurial activities investments etc)	22(78.6%)	2(7.1%)	1(3.6%)	3(10.7%)
Insurance (NHIF)	13(46.4%)	19(32.1%)	5(17.9%)	1(3.6%)
Donor funding	11(39.3%)	11(39.3%)	4(14.3%)	2(7.1%)
Government	4(14.3%)	15(53.6%)	8(28.6%)	1(3.6%)
Other sources	10(35.7%)	2(7.1%)	1(3.6%)	15(53.6%)

The response rate indicates that the national government in collaboration with the government and other non-governmental organizations such as donors are playing a vital role in funding of medical centers and facilities within West Pokot County. This has led to improve service delivery at the various medical centres such as Kapenguria level five hospital.

#### 4.4.3 Total Operating Budget in Last three Financial Years

The study sought to determine the total operating budget in the last three financial years. In the year 2016, it was cited by 7(25%) that it was between 10%-50%, 21(75%) cited that they don't know. Notably, in the year 2017, 6(21.4%) cited between 10%-50%, 22(78.6%) noted that they do not know. Additionally in the year 2018, 9(32.1%) cited between 10%-50%, 19(67.9%) indicated that they do not know.

**Table 4.7 Total Operating Budget in Last three Financial Years**

Year	Below10%	Between 10%-50%	Over 50%	Don't know
Year 2016		7(25%)		21(75%)
Year 2017		6(21.4%)		22(78.6%)
Year 2018		9(32.1%)		19(67.9%)

The trend above shows that the total operating budget for the various public health institutions within West Pokot County keep on increasing annually. This is linked to the fact the population of West Pokot County is on the steady rise. It is also associated with the fact that most residents of West Pokot County are embracing modern forms of treatments as compared to traditional hence increasing the operational costs.

#### 4.5 Financial Audits and Provision of Health Care Services

The second objective sought to determine the effect of financial Audits on Provision of Health Care Services In public Health Institution. The following thematic areas represent the response of the respondents.

#### **4.5.1 Response on Financial Audits and Provision of Health Care Services**

Five statements were developed to measure the extent to which financial audits affects provision of health care services in Public health Institution in West Pokot County. Statement (1) The hospital has policy guidelines on patient insurance (for example use and acceptability of patient insurance cover). The study noted that the hospital has policy guidelines on patient insurance (for example use and acceptability of patient insurance cover), 8(28.6%) noted that they strongly disagree, 4(14.3%) cited that they disagree, 7(25%) indicated that they were not sure, 4(14.3%) cited that they agree while 5(17.9%) indicated that they strongly agree. This item had a mean of 4.78 and a standard deviation of 1.42 which is higher than composite mean of 4.58 with standard deviation of 0.57, implying that the statement affects positively provision of healthcare services within West Pokot County. The statement is supported by Schick (1988) that audit is actually more or less a practice which may be referred to as a technique for enhancing a more effective check internally on financial management.

Statement (2) A sizeable proportion of the hospital patients have health insurance cover. With regard to whether the hospital has a sizeable proportion of the hospital patients have health insurance cover, the study noted that majority of the respondents cited that they disagree. This was cited by 10(35.7%) of the respondents, 8(28.6%) indicated that they disagree, 4(14.3%) cited that they were not sure, 4(17.9%) indicated that they agree while 1(3.6%) cited that they strongly agree. This item had a mean of 5.45 and a standard deviation of 1.08 which is lower than composite mean of 4.58 with standard deviation of 0.57, implying that the statement does affects positively provision of healthcare services within West Pokot County. The findings are supported by Rosen et al., (2008) who noted that in providing insurance there is a trade off; the more insurance policy is generous, the

higher the level of protection from the illness financial risks but the greater the linked moral hazard notably.

Statement (3) Insurance rebates adequately cover the actual costs of treating patients. According to the findings presented, a significant percentage of the respondents cited that they strongly disagree. This was indicated by 13(46.4%) of the respondents. Moreover, 10(35.7%) cited that they disagree, 3(10.7%) indicated that they were not sure, 1(3.6%) indicated that they agree while 1(3.6%) cited that they strongly agree. This item had a mean of 3.26 and a standard deviation of 0.88 which is lower than composite mean of 4.58 with standard deviation of 0.57, implying that the statement does not affect positively provision of healthcare services within West Pokot County. The findings are supported by Ostman (2009) who noted that contributions of mandatory insurance are community-rated, for instance they are premised on the expected average health services cost use for the entire group which is insured instead of taking a group or individual risk of taking into account illness (Ostman, 2009). Contributions may be at a flat rate or may be differentiated by levels of income and sometimes the dependents covered number.

Statement (4) Hospital receives reimbursement from insurance company for services offered to insured patients in time. . The study cited that 7(25%) indicated that they strongly disagree, 10(35.7%) indicated that they disagree, 5(17.9%) cited that they were not sure, 5(17.9%) cited that they agree while 1 (3.6%) noted that they strongly agree. This item had a mean of 2.89 and a standard deviation of 0.89 which is lower than composite mean of 4.58 with standard deviation of 0.57, implying that the statement does not affect positively provision of healthcare services within West Pokot County. The statement is disagreed by McIntyre et al. (2005) who noted that since these schemes are annually or frequently

funded through contributions, but do not need disbursement at the point of utilizing health services, they lower the barriers on financial access. Notably, some degree of cross-subsidy also exists from the healthy to the ill. From this observation, CBHI is more favorable alternative to out-of pocket payments. However, empirical evidence is still quite weak on what works and what does not work (McIntyre et al 2005).

Statement (5) In your opinion, is the revenue you collect from insurance a reliable and significant source of income for your operations. The study noted that 9(32.1%) indicated that they strongly disagree, 9(32.1%) indicated that they disagree, 5(17.9%) cited that they were not sure, 2(7.1%) cited that they agree while 3(10.7%) noted that they strongly agree. This item had a mean of 2.90 and a standard deviation of 1.38 which is lower than composite mean of 4.58 with standard deviation of 0.57, implying that the statement does not affects positively provision of healthcare services within Wes Pokot County.

**Table 4.8 Response on Financial Audits and Provision of Health Care Services**

<b>Financial Audit</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>SD</b>
The hospital has policy guidelines on patient insurance ( for example use and acceptability of patient insurance cover)	8(28.6%)	4(14.3%)	7(25%)	4(14.3%)	5(17.9%)	4.56	1.42
A sizeable proportion of the hospital patients have health insurance cover	8(28.6%)	10(35.7%)	4(14.3%)	4(17.9%)	1(3.6%)	5.45	1.08
Insurance rebates adequately cover	13(46.4%)	10(35.7%)	3(10.7%)	1(3.6%)	1(3.6%)	3.26	0.88

the actual costs of treating patients

Hospital receives reimbursement from insurance company for services offered to insured patients in time	7(25%)	10(35.7%)	5(17.9%)	5(17.9%)	1(3.6%)	2.89	0.89
In your opinion, is the revenue you collect from insurance a reliable and significant source of income for your operations	9(32.1%)	9(32.1%)	5(17.9%)	2(7.1%)	3(10.7%)	2.90	1.38
<b>Composite Mean and Standard deviation</b>						<b>4.58</b>	<b>.57</b>

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The regular method of audit complements the better efforts of audit. Audit is actually more or less a practice which may be referred to as a technique for enhancing a more effective check internally on financial management. There should be independent and regular examination of the books of accounts by qualified auditors appointed that the statement of account as captured shows a fair and true-view of all the transactions as during the duration under investigation. Regular account auditing will ensure prudence, probity and sanity in the utilization and financial management

#### **4.5.2 Total Income in the last three Financial Years**

The study sought to determine the total operating budget in the last three years of financial audit among various hospitals within West Pokot County. In the year 2016, it was cited by 8(28.6%) that it was below 10%, 1(3.6%) noted between 10%-50%, 19 (67.9%) cited that

they don't know. Moreover, in the year 2017, 7(25%) cited below 10%, between 10%-50% was cited by 2(7.1%), 19(67.9%) noted that they do not know. Finally, in the year 2018, 5(17.9%) cited below 10%, between 10%-50% was represented by 5(17.9%), 18(64.3%) indicated that they do not know. The findings are reflected in table 4.8

**Table 4.9 Total Operating Budget in Last three Financial Years**

<b>Year</b>	<b>Below10%</b>	<b>Between 10%-50%</b>	<b>Over 50%</b>	<b>Don't know</b>
Year 2016	8(28.6%)	1(3.6%)		19(67.9%)
Year 2017	7(25%)	2(7.1%)		19(67.9%)
Year 2018	5(17.9%)	5(17.9%)		18(64.3%)

The trend above shows that the total operating budget in relation to financial audits for the various public health institutions within West Pokot County keep on increasing annually. This is linked to the fact the population of West Pokot County is growing steadily. It is also associated with the fact that most residents of West Pokot County are embracing modern forms of treatments as compared to traditional hence increasing the operational costs.

#### **4.5.3 Total Operating Budget in Last Three Financial years was from NHIF**

The study sought to determine the total operating budget in the last three years of financial audit among various health facilities within West Pokot County. In the year 2016, it was cited by 6(21.4%) that it was below 10%, 2(7.1%) noted between 10%-50%, 1 (3.6%) cited over 50%, 19(67.9%) cited that they don't know. Additionally, in the year 2017, 6(21.4%) cited below 10%, between 10%-50% was cited by 3(10.7%), over 50% was cited by 2(7.1%), 17(60.7%) noted that they do not know. Finally, in the year 2018, 2(7.1%) cited

below 10%, between 10%-50% was represented by 8(28.6%), over 50% was represented by 1(3.6%), 17(60.7%) indicated that they do not know.

**Table 4.10 Total Operating Budget in Last Three Financial years was from NHIF**

<b>Year</b>	<b>Below10%</b>	<b>Between 10%-50%</b>	<b>Over 50%</b>	<b>Don't know</b>
Year 2016	6(21.4%)	2(7.1%)	1(3.6%)	19(67.9%)
Year 2017	6(21.4%)	3(10.7%)	2(7.1%)	17(60.7%)
Year 2018	2(7.1%)	8(28.6%)	1(3.6%)	17(60.7%)

The above findings shows that the total operating budget for financial audit shows that the various public health institutions within West Pokot County keep on decreasing annually. This is linked to the fact that the public facilities within West Pokot County lack adequate competent auditors to carry out financial audits since the county is located in a marginalized area.

#### **4.6 Cash Flow Analysis and Provision of Health Care Services**

The third objective sought to determine the effects of Cash Flow Analysis and Provision of Health Care Services in public Health Institutions. The following are the objective's thematic representation

##### **4.6.1 Cash Flow Analysis and Provision of Health Care Services**

This study sought to determine the effects of Cash Flow Analysis and Provision of Health Care Services in public Health Institutions within West Pokot County. In regard to this, the first aim of the study was to determine whether the hospital has a documented strategy and policy guidelines on any donor funding. According to the findings, 3(10.7%) noted that they strongly disagree, 6(21.4%) cited that they disagree, 5(17.9%) indicated that they were not sure, 12(42.9%) cited that they agree while 2(7.1%) indicated that they strongly agree.



With regard to whether the Most of the health facilities operations and projects are currently being financed by donor funding, the study noted that majority of the respondents cited that they strongly agree. This was cited by 8(28.6%). Notably, 6(21.4%) noted that they strongly disagree, conversely 6(21.4%) cited that they disagree, 6(21.4%) indicated that they are not sure while 2(7.1%) cited that they strongly agree.

Additionally this study had interest in determining whether the resources mobilized through donor funding enable the health facilities to achieve most of its objectives. According to the findings presented, a significant percentage of the respondents cited that they agree. This was indicated by 15(53.6%) of the respondents. Moreover, 3(10.7%) cited that they strongly disagree, 5(17.9%) indicated that they disagree, 3(10.7%) indicated that they were not sure while 2(7.1%) cited that they strongly agree. Moreover, the study sought to determine whether the revenue from donor funding a reliable and significant source of income for your operations. The study cited that 3(10.7%) indicated that they strongly disagree, 12(42.9%) indicated that they disagree, 4(14.3%) cited that they were not sure, 8(28.6%) cited that they agree while 1(3.6%) noted that they strongly agree. In conclusion, the study sought to determine whether the hospitals have other funding that can replace donor funding. The study noted that 12(42.9%) indicated that they strongly disagree, 6(21.4%) indicated that they disagree, 4(14.3%) cited that they were not sure, 5(17.9%) cited that they agree while 1(3.6%) noted that they strongly agree. The findings are capture in table 4.10.

**Table 4.11 Cash Flow Analysis and Provision of Health Care Services**

<b>Cash flow Analysis</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
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The hospital has a documented strategy and policy guidelines on donor funding	3(10.7%)	6(21.4%)	5(17.9%)	12(42.9%)	2(7.1%)
Most of the hospitals operations and projects are currently being financed by donor funding.	6(21.4%)	6(21.4%)	6(21.4%)	8(28.6%)	2(7.1%)
Resources mobilized through donor funding enable the hospital to achieve most of its objectives	3(10.7%)	5(17.9%)	3(10.7%)	15(53.6%)	2(7.1%)
In your opinion, is the revenue from donor funding a reliable and significant source of income for your operations?	3(10.7%)	12(42.9%)	4(14.3%)	8(28.6%)	1(3.6%)
The hospital has other funding that can replace donor funding.	12(42.9%)	6(21.4%)	4(14.3%)	5(17.9%)	1(3.6%)

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Cash outflows and inflows for majority of the public hospitals within West Pokot County basically fluctuate throughout the year. This heightens the significance of the process of budgeting since obligations must be met timely and on a basis which is consistent. The public hospital must actually be futuristic ahead for those durations when cash inflow tries to be less than cash outflows. Accelerating constituent billings and postponing expenditures are two options for problem solving. The process entails making of

estimations when year-end collections receivable will happen; calculating the normal lag time between billing and invoicing for pledges or services and the actual cash receipt and charting the expenditure expected of cash according to the due payment month. Then factor within the expected capital expenditures, debt repayment, sales of assets and borrowing among other transactions of financing.

#### **4.6.2 Response on the Proportion of the Total Budget**

The study sought to determine the total operating budget in regard to cash flow analysis for the last three years within West Pokot County. In the year 2016, it was cited by 6(21.4%) that it was below 10%, 11(39.3%) noted between 10%-50%, 1(3.6%) cited over 50%, 10(35.7%) cited that they don't know. Notably, in the year 2017, 4(14.3%) cited below 10%, between 10%-50% was cited by 11(39.3%), over 50% was cited by 2(7.1%), 11(39.3%) noted that they do not know. Additionally, in the year 2018, 9(32.1%) cited below 10%, between 10%-50% was represented by 7(25%), over 50% was represented by 2(7.1%), 10 (35.7%) indicated that they do not know. The findings are indicated in table 4.11 below.

**Table 4.12 Response on the Proportion of the Total Budget**

<b>Year</b>	<b>Below10%</b>	<b>Between 10%-50%</b>	<b>Over 50%</b>	<b>Don't know</b>
Year 2016	6(21.4%)	11(39.3%)	1(3.6%)	10(35.7%)
Year 2017	4(14.3%)	11(39.3%)	2(7.1%)	11(39.3%)
Year 2018	9(32.1%)	7(25%)	2(7.1%)	10 (35.7%)

The trend above shows that the total operating budget cash flow analysis for the various public health institutions within West Pokot County keep on increasing annually. This is linked to the fact the population of West Pokot County is on the steady rise. It is also associated linked to the fact that majority of the residents of West Pokot County have increased their uptake for modern forms of treatment and by paying of medical insurance cover such as NHIF and insurance covers.

#### **4.7 Financial Reporting and provision of Health care services in Public Health Institutions**

The fourth objective sought to determine effect of financial reporting on provision of Health care services in Public health Institutions within West Pokot County. The findings are represented in table 4.12 below

##### **4.7.1 Financial Reporting and Provision of Health Care Services in Public Health Institutions**

Twelve statements were developed to measure the extent to which financial reporting affects provision of health care services in Public health Institution in West Pokot County. Statement (1) The hospital prepare budgets that guide spending. The results indicates that majority of the respondents cited that hospitals occasionally prepare budget which guide

their spending. This was cited by 10(42.9%) of the respondents. This item had a mean of 3.42 and a standard deviation of 1.25 which is higher than composite mean of 2.82 with standard deviation of 0.17, implying that the statement affects positively provision of healthcare services within Wes Pokot County. The findings are in line with Price Waterhouse Coopers (1999) who noted that the mandate of financial reporting is to offer information which is relevant over the transactions effects and among other circumstances/events that change the nature and amount of funds of the organization, how resources of the organization are utilized in creating various services or programs.

Statement (2) Budget and expenditures are based on Hospital plans and priorities. The findings indicate that majority of the respondents cited that they disagree. This was cited by 21(21.4%). This item had a mean of 1.54 and a standard deviation of 1.56 which is lower than composite mean of 2.82 with standard deviation of 0.17, implying that the statement does not affect positively provision of healthcare services within Wes Pokot County.

Statement (3) Every month senior managers review and approve the financial reports.. Majority of the respondents cited that the financial reports are designed to alert management to significant fluctuations in costs, revenues, assets. This was indicated by 11(39.3%) of the respondents. Additionally 17(60.7%) of the respondents agreed that Internal management reports are reconciled to donor reports and relevant reports sent to government. This item had a mean of 1.63 and a standard deviation of 1.8 which is lower than composite mean of 2.82 with standard deviation of 0.17, implying that the statement does not affect positively provision of healthcare services within Wes Pokot County.

Statement (4) the financial reports are designed to alert management to significant fluctuations in costs, revenues, assets. Majority of the respondents cited that the financial

reports are designed to alert management to significant fluctuations in costs, revenues, assets. This was indicated by 11(39.3%) of the respondents. Additionally 17(60.7%) of the respondents agreed that Internal management reports are reconciled to donor reports and relevant reports sent to government. This item had a mean of 1.63 and a standard deviation of 1.8 which is lower than composite mean of 2.82 with standard deviation of 0.17, implying that the statement does not affect positively provision of healthcare services within Wes Pokot County.

Statement (5) internal management reports are reconciled to donor reports and relevant reports sent to government. Majority of the respondents cited that the financial reports are designed to alert management to significant fluctuations in costs, revenues, assets. This was indicated by 11(39.3%) of the respondents..This item had a mean of 1.78 and a standard deviation of 1.5 which is lower than composite mean of 2.82 with standard deviation of 0.17, implying that the statement does not affect positively provision of healthcare services within Wes Pokot County.

Statement (6) financial management manuals that set forth standard operating procedures e.g. accounting procedures are in place. 11(39.3%) cited that they agree that financial management manuals that set forth standard operating procedures e.g. accounting procedures are in place. This item had a mean of 0.74 and a standard deviation of 1.24 which is lower than composite mean of 2.82 with standard deviation of 0.17, implying that the statement does not affect positively provision of healthcare services within Wes Pokot County.

Statement (7) there is an annual independent audit for the hospital. Regarding as whether there is an annual independent audit for the hospital, the study noted that majority of the

respondents were not sure whether there is an annual independent audit for the hospital. This item had a mean of 0.78 and a standard deviation of 1.24 which is lower than composite mean of 2.82 with standard deviation of 0.17, implying that the statement does not affect positively provision of healthcare services within West Pokot County.

Statement (8) the hospital has registered surplus of revenues over expenses for the last 3 financial years. Majority of the respondents cited that the health facilities does not have registered surplus of revenues over expenses for the last 3 financial years. This was cited by 16(57.1%) who disagreed. This item had a mean of 0.79 and a standard deviation of 1.28 which is lower than composite mean of 2.82 with standard deviation of 0.17, implying that the statement does not affect positively provision of healthcare services within West Pokot County.

Statement (9) the hospital has registered surplus of revenues over expenses for the last 3 financial years. Majority of the respondents cited that the health facilities does not have registered surplus of revenues over expenses for the last 3 financial years. This was cited by 16(57.1%) who disagreed. This item had a mean of 0.79 and a standard deviation of 1.28 which is lower than composite mean of 2.82 with standard deviation of 0.17, implying that the statement does not affect positively provision of healthcare services within West Pokot County.

Statement (10) the hospital is projected to report surplus of revenue over expenses in the next few years. Notably, 16(57.1%) noted that they disagree that the hospital is projected to report surplus of revenue over expenses in the next few years. This item had a mean of 0.89 and a standard deviation of 1.47 which is lower than composite mean of 2.82 with

standard deviation of 0.17, implying that the statement does not affect positively provision of healthcare services within West Pokot County.

Statement (11) the hospital has an asset base that adequately covers its debts and liabilities. Finally, majority of the respondents cited that they agree that 8(28.6%) of the health facilities have an asset base that adequately covers its debts and liabilities. This item had a mean of 1.89 and a standard deviation of 1.03 which is lower than composite mean of 2.82 with standard deviation of 0.17, implying that the statement does not affect positively provision of healthcare services within West Pokot County.

Statement (12) the creditors of the hospital are paid the full amounts owing to them and in a timely manner. In conclusion, 13(28.6%) noted that they agree that the creditors of the health facilities are paid the full amounts owing to them and in a timely manner. This item had a mean of 1.78 and a standard deviation of 1.4 which is lower than composite mean of 2.82 with standard deviation of 0.17, implying that the statement does not affect positively provision of healthcare services within West Pokot County. The above findings are further explored in table 4.12

#### **Table 4.13 Financial Reporting and provision of Health Care Services**



<b>Financial Reporting</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>SD</b>	<b>Mean</b>
The hospital prepare budgets that guide spending	1(3.6%)	1(3.6%)	10(42.9%)	10(42.9%)	6(21.4%)	3.42	1.25
Budget and expenditures are based on Hospital plans and priorities	1(21.4%)	21(21.4%)	2(21.4%)	2(28.6%)	2(7.1%)	1.54	1.56
Every month senior managers review and approve the financial reports.	4(14.3%)	11(39.3%)	9(32.1%)	2(7.1%)	2(7.1%)	1.63	1.8
The financial reports are designed to alert management to significant fluctuations in costs, revenues, assets	3(10.7%)	5(17.9%)	3(10.7%)	11(39.3%)	6(21.4%)	0.9	1.78
Internal management reports are reconciled to donor reports and relevant reports	3(10.7%)	2(7.1%)	17(60.7%)	3(10.7%)	3(10.7%)	0.98	.87

sent to government Financial management manuals that set forth standard operating procedures e.g. accounting procedures are in place.	5(17.9%)	3(10.7%)	6(21.4%)	11(39.3%)	3(10.7%)	0.74	1.24
There is an annual independent audit for the hospital	4(14.3%)	1(3.6%)	19(67.9%)	2(7.1%)	2(7.1%)	0.78	1.26
The hospital has registered surplus of revenues over expenses for the last 3 financial years	4(14.3%)	16(57.1%)	3(10.7%)	4(14.3%)	1(3.6%)	0.79	1.28
The hospital is projected to report surplus of revenue over expenses in the next few years.	5(17.9%)	16(57.1%)	2(7.1%)	2(7.1%)	3(10.7%)	0.89	1.47
The hospital has an asset base that adequately covers its debts and liabilities	8(28.6%)	7(25%)	4(14.3%)	8(28.6%)	1(3.6%)	1.89	1.03

The creditors of the hospital are paid the full amounts owing to them and in a timely manner.

**Composite Mean and Standard deviation**

**2.83 .17**

This study indicates that the mandate of financial reporting is to offer information which is relevant over the transactions effects and among other circumstances/events that change the nature and amount of funds of the public health facilities within West Pokot County, how resources of the public hospitals are utilized in creating various services or programs. There is normally monthly, semi-annually, and quarterly or annually preparation of financial reports depending on the needs of every user's category as cited by within West Pokot County. Finally, for reports of finance to be regarded significant information there are particular elements that they should actually portray.

**4.8 Ex-Post Evaluations and Provision of Health Care Services in Public Health Institutions**

The fifth objective sought to determine the effect of Ex-Post Evaluations on provision of Health Care Services in Public health Institution. The following are the thematic analysis of the final objective;

**4.8.1 Ex-Post Evaluations and Provision of Health Care Services in Public Health Institutions**

Four statements were developed to measure the extent to which financial reporting affects provision of health care services in Public health Institution in West Pokot County. Statement (1) Do ex-post evaluations carried on provision of health care services in West

Pokot County. In regard to this, the first aim of the study was to determine whether ex-post evaluations carried on provision of health care services in West Pokot County. According to the findings, 1(10.7%) noted that they strongly disagree, 1(21.4%) cited that they disagree, 12(17.9%) indicated that they were not sure, 13(42.9%) cited that they agree while 1(7.1%) indicated that they strongly agree. This item had a mean of 2.89 and a standard deviation of 1.45 which is higher than composite mean of 3.87 with standard deviation of 0.68, implying that the statement does not affect positively provision of healthcare services within West Pokot County.

Statement (2) Do Ex-post Evaluations influence provision of health care services. In reference to whether ex-post Evaluations influence provision of health care services, the findings of the study indicate that majority of the respondents disagreed and were not sure as to whether ex-post Evaluations influence provision of health care services. This was indicated by 10(21.4%). Conversely, 2(21.4%) indicated that they strongly disagree, while 3(7.1%) cited that agree and strongly agreed. This item had a mean of 2.15 and a standard deviation of 1.97 which is higher than composite mean of 3.87 with standard deviation of 0.68, implying that the statement does not affect positively provision of healthcare services within West Pokot County.

Statement (3) there is significant relationship between ex-post evaluation and provision of health care services. Furthermore, 15(53.6%) cited that they agree that there is significant relationship between ex-post evaluation and provision of health care services, 3(10.7%) indicated that they strongly disagree, 5(17.9%) indicated that they disagree, 3(10.7%) noted that they were not sure while 2(7.1%) cited that they strongly agreed. This item had a mean of 2.15 and a standard deviation of 1.97 which is higher than composite mean of 3.89 with

standard deviation of 0.98, implying that the statement affects positively provision of healthcare services within Wes Pokot County.

Statement (4) finally, the study sought to determine whether frequency of Ex-post evaluation influence provision of health care service. Majority of the respondents cited that they disagree that frequency of Ex-post evaluation influence provision of health care services. This was cited by 12(42.9%) of the respondents. 3(10.7%) of the respondents cited that they strongly disagree, 4(14.3%) of the respondents cited that they were not sure, 8(28.6%) indicated that they agree while 1(3.6%) noted that they strongly agree. This item had a mean of 4.78 and a standard deviation of 1.78 which is higher than composite mean of 3.89 with standard deviation of 0.98, implying that the statement affects positively provision of healthcare services within Wes Pokot County.

**Table 4.14 Ex-Post Evaluations and Provision of Health Care Services**

<b>Cash flow Analysis</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>SD</b>
Do ex-post evaluations carried on provision of health care services in West Pokot County	1(10.7%)	1(21.4%)	12(17.9%)	13(42.9%)	1(7.1%)	2.89	1.45
Do Ex-post Evaluations influence provision of health care services	2(21.4%)	10(21.4%)	10(21.4%)	3(28.6%)	3(7.1%)	2.15	1.97
There is significant relationship	3(10.7%)	5(17.9%)	3(10.7%)	15(53.6%)	2(7.1%)	3.89	.98

between ex-post  
evaluation and  
provision of  
health care  
services

Frequency of Ex- 3(10.7%) 12(42.9%) 4(14.3%) 8(28.6%) 1(3.6%) 4.78 1.78  
post evaluation

influence  
provision of  
health care  
services

**Composite Mean** **3.87** **.608**  
**and Standard**  
**deviation**

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Among the reasons to carry out an ex-post evaluation can be to point-out incomes or arguments recommended in ex-ante evaluation. Moreover, literature reviewed also cites a low uptake of ex-post evaluation within organizations. Studies indicate that it is prevalent for institutions to carryout ex-ante evaluations but not many conducting ex-post evaluations. Even within organizations where there is a kind of a procedure of ex-post evaluation or policy the happening of an ex-post evaluation is not actually guaranteed.

#### **4.10Response on Intervening Variables**

The study finally had an interest in determining how the intervening variables informed the independent and dependent variables of the study. The study noted that a significant percentage (53.57%) of the respondents cited that government policy was vital in addressing the problem of financial management controls within West Pokot County among the public health institutions while 14.29% of the respondents opted for improving of the security situation within the area while 32.14% of the respondents cited community

ownerships through corporate social responsibility. The findings are represented in table 4.16

**Table 4.15 Response on Intervening Variables**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Government policy	15	53.57
Security situations	4	14.29
Community ownerships	9	32.14
<b>Total</b>	<b>28</b>	<b>100</b>

## **CHAPTER FIVE: SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS ANDRECOMMENDATIONS**

### **5.1 Introduction**

The study sought to determine the influence of financial management controls on provision of health care services in public health institutions in West Pokot County, Kenya. Data was collected through questionnaires which were distributed to the study respondents as per to the target. The study results was tabulated and coded represented and analyzed through descriptive techniques. Thereafter, the findings were presented utilizing charts and tables. Subsequently, this chapter presented the summary of findings and arrived conclusions at as well recommendations presentations made as well as suggestions for further research studies.

### **5.2 Summary of Major Findings**

There various main conclusions originating from this study findings. The task entailed; to determine the influence of accounting on provision of health care services in Public health Institution, to establish the influence of financial audits on provision of health care services in public health institutions, to determine the influence of cash flow analysis on provision of health care services in public health institutions, to evaluate the influence of financial reporting on provision of health care services in public health institutions and to determine the influence of Ex-post evaluations on provision of health care services in public health institutions in West Pokot County as well reviewing of past studies with the view to establish the established key academic gaps which was presented in the study. For effective provision quality health care services, there need for prudent financial management control which the study sought to bridge.



This was conducted through the library research. This study adopts a descriptive survey design and quantitative research design as the key approach to guide the study. The study sampled and entailed twenty one health facilities within West Pokot County. The instruments of research utilized in collection of data were questionnaire to draw the respondent's information. To ensure instruments validity, opinion from the experts was sought. Data analysis began immediately after the collection of data. The data analyzed was summarized into percentages and frequencies captured in tables and figures. This section entails discussions based on the particular objectives of the study.

### **5.2.1 Accounting and Provision of Health Care Services in Public Health Institutions**

Accountability is vital for the democratic governance success at the national as well as international level. This must entail techniques for making of the public servants accountable to representatives elected and later ensure public accountability. A number of strategies and interventions can assist in ensuring accountability such as full authority to representative elected to have control over the civil servants by transference of power to them. With regard to whether the hospital has a patient fee revenue collection systems and mechanism that accommodates irregular income stream of members (this includes allowing in-kind contributions, credit facilities, flexible revenue collection periods etc, the study noted that majority of the respondents cited that they strongly disagree.

### **5.2.2 Financial Audits and Provision of Health Care Services**

This study sought to determine whether the hospitals targeted were annually conducting financial audits in provision of health care services among the hospitals within West Pokot County. The study noted that the hospital has policy guidelines on patient insurance (for example use and acceptability of patient insurance cover).With regard to whether the

hospital has a sizeable proportion of the hospital patients have health insurance cover, the study noted that majority of the respondents cited that they disagree. The regular method of audit complements the better efforts of audit. There should be independent and regular examination of the books of accounts by qualified auditors appointed that the statement of account as captured shows a fair and true-view of all the transactions as during the duration under investigation.

### **5.2.3 Cash Flow Analysis and Provision of Health Care Services in Public Health Institutions**

This study sought to determine the effects of Cash Flow Analysis and Provision of Health Care Services in public Health Institutions within West Pokot County. In regard to this, the first aim of the study was to determine whether the hospital has a documented strategy and policy guidelines on any donor funding. According to the findings majority of the respondent indicated that they strongly agree. With regard to whether the Most of the hospitals operations and projects are currently being financed by donor funding, the study noted that majority of the respondents cited that they strongly agree. Cash outflows and inflows for majority of the organizations basically fluctuate throughout the year.

This heightens the significance of the process of budgeting since obligations must be met timely and on a basis which is consistent. The organization must actually be futuristic ahead for those durations when cash inflow tries to be less than cash outflows. The process entails making of estimations when year-end collections receivable will happen; calculating the normal lag time between billing and invoicing for pledges or services and the actual cash receipt and charting the expenditure expected of cash according to the due payment month.

Then factor within the expected capital expenditures, debt repayment, sales of assets and borrowing among other transactions of financing.

#### **5.2.4 Financial Reporting and Provision of Health Care Services**

The main aim of the objective was to determine effect of financial reporting on provision of Health care services in Public health Institutions within West Pokot County. The results indicates that majority of the respondents cited that hospitals occasionally prepare budget which guide their spending. For reports of finance to be regarded significant information there are particular elements that they should actually portray. Among such is relevance; it implies that the supplied information should be that which shall address the user's needs. This was cited by majority of the respondents. The study also sought to determine whether budget and expenditures are based on Health facility plans and priorities. The findings indicate that majority of the respondents cited that they disagree. Majority of the respondents cited that the financial reports are designed to alert management to significant fluctuations in costs, revenues, assets. Additionally, of the respondents agreed that internal management reports are reconciled to donor reports and relevant reports sent to government.

#### **5.2.5 Ex-Post Evaluations and Provision of Health Care Services in Public Health Institutions**

It is prevalent that ex-post evaluations are conducted two, three or even five years after a project has been finished. Ex-post evaluations are basically designed to compute the results of success of a project. In regard to this, the first aim of the study was to determine whether ex-post evaluations carried on provision of health care services in West Pokot County. According to the findings, majority of respondents noted that they agreed. In reference to

whether ex-post Evaluations influence provision of health care services, the findings of the study indicates that majority of the respondents disagreed and were not sure as to whether ex-post Evaluations influence provision of health care services.

### **5.3 Discussion**

The findings of the study are discussed here according to the objective of the study by interpreting the results from the major findings and compare with the theoretical literature reviews

#### **5.3.1 Accounting and Provision of Health Care Services in Public Health Institutions**

Ndegwa Committee Report (1982), indicates that Patient fee is a crucial part of collection of revenue which is the process which the system of health receives finance from organizations or households as well as from donors. This objective looked at whether there is patient revenue collection mechanism in place on the targeted public health institutions. Similarly, large proportion of the respondent disagreed on the availability of the revenue mechanism in place. Further, majority of the respondent were not contented on the reliability of the revenue collected to run the health facilities operations adequately. Findings on the existence of policies and procedures that guide revenue collection and utilization, majority of the respondents disagreed that there are no proper guidelines and procedures to govern the revenue. For Kenyatta National Hospital, the daily charges were approximately Kshs. 120. The fees collection was reinforced poorly, however, since this would have been government contradiction stated objective, upon independence attainment, of offering free services of health care. As a hindrance on social spending becomes clearer, the state became interested increasingly in implementing its policies on cost-sharing (Okumu, 2008).

Analysis on the total operating budget in the last three financial years from 2016 to 2018, showed that there is upward trend in increase on the budget. This is linked with the increase in population seeking modern Medicare in the County and focus of the county government to improve health care services. Proper regulations and guidelines on revenue collection utilization enhances financial discipline and hence limits spillages and managements of the finances.

### **5.3.2 Financial Audits and Provision of Health Care Services**

This objective sought to determine whether the health public institutions conducts annual financial audit, as measure to enhance health service delivery. The finding revealed that guidelines on patient insurance in regards to use and acceptability of the patient insurance cover, majority of the respondent were not in agreement to an extent. The finding also revealed that large proportion of the respondent disagreed on the facility having sizeable proportion of insurance cover. This study observed that financial audits helps in measuring outcomes on financial utilization against the laid procedures and regulations by noticing the discrepancies that could have risen during the spending. Regular account auditing will ensure prudence, probity and sanity in the utilization and financial management. There has not been any positivity in the experience of these schemes entirely, with coverage which is limited, cost spiral uncontrolled risking their sustenance as well as rapid and risk pools fragmentation (WHO, 2000).

The finding revealed that insurance rebates were not covering adequately the operational costs of the health facilities and as a source of revenue. The choice of community-based health insurance (CBHI) scheme commonly referred to as pre-payment schemes or mutual health organizations is rapidly gaining popularity (McIntyre et al, 2005). Total operation

budget from the NHIF for the last three financial years decreased according to the findings. Financing individually fosters fee for payment of service and makes it harder to regulate provision of quality. Individuals at high risk of having to utilize the services, such as elderly and the sick, may be denied access since they may not have made enough savings from their income as cited by (WHO 2000). This study deduces that financial audits are carried out to offer opinions as to whether the financial statements are stated in line with stipulated criteria. Moreover, the study notes that the criteria are the international standards of accounting, although the auditors may carry out audits over the financial statements being prepared utilizing the cash basis or some other grounds of accounting which are relevant for the health intuitions.

### **5.3.3 Cash Flow Analysis and Provision of Health Care Services in Public Health Institutions**

Substantial cash flow is important in an organization. However, it has been noted that fluctuation on cash flow has impact on the running of the organization. Hughes (2007) noted that during business cycle, there will be relatively more money flowing in than the ones which are flowing out. Further, Fabozzi & Peterson (2003) indicates that cash flows management is very important to the organizational operations as it must remain liquid enough to be in a position to fund its immediate or short-term immediate obligations. The findings revealed that cash outflows and inflows fluctuates throughout the year. This calls for prudent budgeting process to address the financial flows fluctuations. Blazek (1996) noted that once the capital budgets and annual operations are authorized, they can be converted into cash flow budgets in order to verify the resources availability and to highlight times of lower than the cash flow expected. The findings revealed that most of the respondents were in agreement that resources mobilized through donor funding enables

public health Institution in the County achieve most of their objectives, though large percentage of the responded revealed that despite availability of the donor funding, it should not be considered as a reliable source of revenue that continually enhances the cash flow. Majority of the responded revealed that the operating budget cash flow across various public health institutions in the County keep increasing annually this is due to increased uptake on modern forms of treatment and paying of medical insurance covers such as National Health Insurance Fund. The study concludes that there is need of prudent management of cash flow at the various health care facilities within West Pokot since there have been cases of reported financial misappropriation and misuse.

#### **5.3.4 Financial Reporting and Provision of Health Care Services in Public Health Institutions**

There is normally monthly, semi-annually, quarterly or annually preparation of financial reports depending on the needs of every users category (Mbugua et al 2007). The findings showed that majority of the respondents were in agreement that public health Institutions prepares budgets that guided the expenditures. The reports should portray relevance and reliance that can be depended on. However, the findings revealed that budget and expenditures were not based on the public health institutions priorities. Bett (2009) indicated that in the Kenyan referral national hospitals cited that even though there are policies relating to the management of working capital; these policies were actually often very superficial and general. This advocate for budget and expenditures to confirm with the planned activities and in line with objectives and priorities of the Public health institution

Finding revealed that financial management manuals on accounting and finance standard operating procedures are in place but to some extent the senior managers do not strictly review and approve financial reports. Control environment means the factors of collection, practices and policies procedures which actually makes the foundation upon which the rest of structures of internal controls operate. For instance; attitude of management towards controls as a whole. Does acting of management depends on a timely basis and response exceptions decisively, irregularities, omission and errors? Does management actually respect the procedure of control? Are they interested in the controls effectiveness (Price Waterhouse Coopers 1999).It is in the submission of this study that financial reporting should be made a priority in financial management controls among the health facilities within West Pokot County since they assist in determining the financial positions of the healthcare facilities and the return on investment.

### **5.3.5 Ex-Post Evaluations and Provision of Health Care Services in Public Health Institutions**

The findings revealed large proportion of the respondents to large extent were satisfied that ex-post evaluation is carried in public health institution in West Pokot County. Willcocks (1996) denotes that ex-post investment evaluations should actually be an important part within the appraisal. Principally, ex-post evaluation occurs after the completion of the project to derive the lesson learnt by comparing the results of the project implementation and subsequent application in future implementation of project. An ex-post evaluation occurs after completion of a project or subsequently has been closed (Rosen and Gayer, 2008). Though it has been noted that many there is low uptake of ex-post evaluation in many organization



Similarly, majority of the respondent were in agreement that there is relationship between ex-post evaluation and provision of health care service in West Pokot County. Okumu (2008) established that organizations are concentrated on investment justification rather than ensuring benefits planned management approach. All in all, this study denotes that ex-post evaluation gives the true picture on the expenditure over the benefits gained.

#### **5.4 Conclusion**

The public health sector comprises of the levels as follows: dispensaries, health centers, district hospitals, provincial general hospitals and national referral hospitals. Services of health are actually integrated as one goes down the health structure hierarchy from the provincial and district levels to the national level hospitals. In the new constitution of Kenya promulgated in 2010 the health has been devolved to be managed by the counties while the national government offers oversight and policy making roles. However, despite such milestones the public health sector continues to face a number of financial control and management which has greatly affected the provision of reliable public health care in Kenya. Health care financial management controls faces some critical challenges. Firstly, people require healthcare when they are not feeling well, in this scenario, their financial budget plans have increased while notably productivity has notably significantly decreased.

Secondly, in most countries, Kenya included, healthcare is regarded as a basic human right. In Kenya, that right is constitutionally enshrined in the new constitution. However, provision of healthcare is expensive and most of the governments have to strategies on financial health management controls as well as mobilization of resources for healthcare. Risk pooling is therefore encouraged in healthcare financial management control and

provision of quality health care services. However, this is usually a challenge to achieve. There are two issues which remains unclear over financial management control over public health care sector.

Cash management has mandates as follows: controlling aggregate spending, effective implementation of the budget, minimization of the cost of borrowing within the government and opportunity maximization on the cost of resources. Controlling of cash is a vital element in budget management and macroeconomics. Moreover, it must be supplemented by a system which is adequate for commitment management. It is vital to minimize costs of transaction and to borrow at the interest lowest or to form additional cash by making investment on yielding revenue paper. Hughes (2007) noted that during business cycle, there will be relatively more money flowing in that the ones which are flowing out. This will assist you to form balances of cash with which to plug gaps of cash flow, seeking reassure lenders and expansion and investors over the health of the business.

### **5.5 Recommendations**

In line with the first specific objective which addresses the issues on influence of accounting on provision of health care services in Public health Institution the study recommends that public health institutions in West Pokot County should be more innovative in the areas of donor funding, insurance, entrepreneurial activities, patient user fees, the county government amongst others so that these medical facilities can bear adequate revenues for the running of the public hospitals.

Secondly, with regard to the second specific objective which deliberates on influence of financial audits on provision of health care services in public health institutions the study recommends that public hospitals should develop strong financial management systems in

order to improve the status of health care service delivery across the various public hospitals in Kenya.

Moreover, in accordance to the third specific objective which looks at the issue of influence of cash flow analysis on provision of health care services in public health institution, the study recommends that revenue from user fees does not appear to be reliable source hence public hospitals should basically explore other vital areas such as diversification of revenue and health insurance through other activities of entrepreneurship which are in line with strategic goals and vision of the public hospitals. This is very important since most of the health facilities normally charge the patients relatively low as compared to the private hospitals.

Additionally, the study recommends in regard to the fourth objective (influence of financial reporting on provision of health care services in public health institutions in West Pokot County) that promote financial accountability and continue with their operations of offering quality and affordable health care to all, they should basically look for alternative revenue sources for raising of funds

Finally, in line with the parameters of the fifth objective which deliberates on influence of Ex-post evaluations on provision of health care services in public health institutions, the study recommends that public health facilities should invest in their personnel should favorable remunerations to ensure that their morale and job satisfaction is improved which in the long-run will improve service delivery.

### **5.6 Areas for Further Studies**

More research should be emphasized also on some of the financial factors or parameters that seem to have a positive impact on proper health care service among public health facilities in Kenya. The study also focused on health facilities administrators or staff and future studies should be conducted to entail the external stakeholders such as the out-patients and critical suppliers and contractors. More studies should be conducted on whether the identified objectives in this study affect health care service delivery among other county governments using a wider representation and also by taking into consideration the counties which were considered previously to be marginalized such as Turkana, Lamu, Mandera, Isiolo, Kwale, Garisaa, Wajir and Marsabit. A study should also be conducted on the effect of internal controls on financial accountability among public hospitals in Kenya. Thirdly this study recommends that a study should be conducted on determinants of uptake of medical insurance covers. Finally, a study should be carried out on the challenges facing public hospitals on service delivery among urban centres in Kenya.

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## APPENDICES

### APPENDIX I: NACOSTI RESEARCH AUTHORIZATION LETTER



#### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241349, 3310571, 2219420  
Fax: +254-20-318245, 318249  
Email: dg@nacosti.go.ke  
Website : www.nacosti.go.ke  
When replying please quote

NACOSTI, Upper Kabete  
Off Waiyaki Way  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No. **NACOSTI/P/19/17590/31879**

Date: **20<sup>th</sup> August, 2019**

John Pkemoi Lounon  
Africa Nazarene University  
P.O. Box 53067-00200  
**NAIROBI.**

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on *“Influence of Financial management control on provision of health care services in Public Health institutions, in West Pokot County, Kenya.”* I am pleased to inform you that you have been authorized to undertake research in **West Pokot County** for the period ending **19<sup>th</sup> August, 2020.**

You are advised to report to **the County Commissioner, and the County Director of Education, West Pokot County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

**GODFREY P. KALERWA., MSc, MBA, MKIM  
FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
West Pokot County.

The County Director of Education  
West Pokot County.

## APPENDIX II: NACOSTI RESEARCH PERMIT

**THIS IS TO CERTIFY THAT:**  
**MR. JOHN PKEMOI LOUNON**  
**of AFRICA NAZARENE UNIVERSITY,**  
**0-30601 Kacheliba, has been permitted**  
**to conduct research in Westpokot**  
**County**

**on the topic: INFLUENCE OF FINANCIAL**  
**MANAGEMENT CONTROL ON PROVISION**  
**OF HEALTH CARE SERVICES IN PUBLIC**  
**HEALTH INSTITUTIONS, IN WEST POKOT**  
**COUNTY, KENYA**

**for the period ending:**  
**19th August, 2020**

.....  
**Applicant's**  
**Signature**

**Permit No : NACOSTI/P/19/17590/31879**  
**Date Of Issue : 20th August, 2019**  
**Fee Received :Ksh 1000**



.....  
**Director General**  
**National Commission for Science,**  
**Technology & Innovation**

### THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013

Grant of Research Licenses is guided by the Science,  
 Technology and Innovation (Research Licensing) Regulations, 2014.

#### CONDITIONS

The License is valid for the proposed research, location and  
 specified period.

The License and any rights thereunder are non-transferable.

The Licensee shall inform the County Governor before  
 commencement of the research.

Excavation, filming and collection of specimens are subject to  
 further necessary clearance from relevant Government Agencies.

The License does not give authority to transfer research materials.

NACOSTI may monitor and evaluate the licensed research project.

The Licensee shall submit one hard copy and upload a soft copy  
 their final report within one year of completion of the research.

NACOSTI reserves the right to modify the conditions of the  
 license including cancellation without prior notice.

National Commission for Science, Technology and Innovation  
 P.O. Box 30623 - 00100, Nairobi, Kenya

TEL: 020 400 7000, 0713 788787, 0735 404245

Email: dg@nacosti.go.ke, registry@nacosti.go.ke

Website: www.nacosti.go.ke



REPUBLIC OF KENYA



**National Commission for Science,**  
**Technology and Innovation**  
**RESEARCH LICENSE**

Serial No.A 26374

CONDITIONS: see back page

**APPENDIX III: LETTER OF INTRODUCTION**

African Nazarene University,

P.O. Box 53067 – 00200,

Nairobi,

6<sup>th</sup> June,2019

Dear Sir/madam,

**REF: INFLUENCE OF FINANCIAL MANAGEMENT CONTROL ON  
PROVISION OF HEALTH CARE SERVICES IN PUBLIC HEALTH  
INSTITUTIONS IN KENYA. A CASE OF WEST POKOT COUNTY**

I am a student undertaking a Master of Art in Monitoring and Evaluation at African Nazarene University. I am conducting a dissertation on “influence of financial management control on provision of health care services in public health institutions in Kenya. A case of west Pokot County” In order to achieve the intended goal, I kindly request you to fill in the attached questionnaire. It is my hope that the findings of this research and subsequent recommendations will help in the improvement of health care financing practices, enhance sustainability and lead to improved quality of medical care in your organization. The information you will give will be used for the purpose of this research only and will be treated in strict confidence. Thank you for your co-operation.

**Yours faithfully,**

.....

**John Lounon**

**APPENDIX IV: RESEARCH QUESTIONNAIRE FOR FINANCE OFFICERS  
AND HOSPITAL ADMINISTRATORS**

The information provided will only be used for the purpose of this study. Kindly tick or mark as appropriate answers in the blank spaces provided. Kindly do not indicate personal details anywhere in this questionnaire.

**Section A: General Information**

**Part 1 General Background information for finance officers and Hospital Administrators**

1. Name of Health Facility \_\_\_\_\_

2. Title/Position of the Respondent \_\_\_\_\_

**Please tick the boxes as appropriate**

3. Number of years worked in the hospital

Less than 1 year   

1-2 years           

3-4 years           

Over 5 years       

4. Number of years the hospital has been operating

5-10 years          

16-20 years        

11-15 years        

Over 21 years      

5. What is the estimated population size of the hospital catchment area?

0-25,000           

25,000-100,000

100,000-200,000 [ ]

More than 200,000 [ ]

6. For the following set of questions please tick in the box a number that best describes your feelings about your Health facility. The numbers represent the following responses:

<b>Response</b>	<b>Score</b>
Strongly disagree	<b>1</b>
Disagree	<b>2</b>
Not Sure (Neutral)	<b>3</b>
Agree	<b>4</b>
Strongly agree	<b>5</b>

**SECTION B: Accounting and Provision of Health Care Services in Public Health Institutions**

For the set of questions below, please tick in the box a number that best describes your feelings about revenue collection practices in your organization. The numbers represent the following responses:

<b>Response</b>	<b>Score</b>
Strongly disagree	1
Disagree	2
Not Sure (Neutral)	3
Agree	4



Strongly agree	5
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<b>Accounting</b>	<b>Ranking Scale</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The hospital has a patient fee revenue collection system and mechanism in place					
The hospital has a patient fee revenue collection systems and mechanism that accommodates irregular income stream of members (this includes allowing in-kind contributions, credit facilities, flexible revenue collection periods etc.).					
The revenue you collect from user fee a reliable and significant source of income for your operations					
There are policies and procedures that guide revenue collection initiatives in the hospital					

### Health Facility Revenue

Health Facility Revenue	% Percentage			
	0-9	10-50	Over 50	Don't know
What proportion of your revenue come from the following sources.				
User fees ( inpatient, out-patient, lab charges etc)				
Entrepreneurial activities – ( investments etc)				
Insurance (NHIF)				
Donor funding				
Government				
Other sources				

7. For the following question please tick the box that best represents your feeling about your organization. What proportion of your total operating budget in last three financial years was financed from patient user fee?

#### a) Year 2016

Below10%                          Between 10%-50%   
  
Over 50%                      Don't know                     

#### b) Year 2017

Below10%                          Between 10%-50%

Over 50%  Don't know

**c) Year 2018**

Below 10%  Between 10%-50%

Over 50%  Don't know

**Section C: Financial Audits and Provision of Health Care Services In public Health Institution**

For the following set of questions please tick in the box a number that best describes the position of health insurance revenue in your organization. The numbers represent the following responses:

<b>Response</b>	<b>Score</b>
Strongly disagree	<b>1</b>
Disagree	<b>2</b>
Not Sure (Neutral)	<b>3</b>
<b>Agree</b>	<b>4</b>
<b>Strongly agree</b>	<b>5</b>

<b>Financial Audits</b>	<b>RANKING SCALE</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The hospital has policy guidelines on patient insurance ( for example use and acceptability of patient insurance cover)					

A sizeable proportion of the hospital patients have health insurance cover					
Insurance rebates adequately cover the actual costs of treating patients					
Hospital receives reimbursement from insurance company for services offered to insured patients in time					
The revenue you collect from insurance a reliable and significant source of income for your operations					

**8. a)** For the following question please tick the box that best represents your feeling about your organization a) What portion of your total income in last three financial years was from personal Insurance?

**Year 2016**

Below 10%       Between 10%-50%

Over 50%       Don't know

**b) Year 2017**

Below 10%       Between 10%-50%

Over 50%       Don't know

**c) Year 2018**

Below 10%       Between 10%-50%

Over 50%       Don't know

b) What portion of your total operating budget in last three financial years was from National Health Insurance Fund (NHIF)?

**Year 2016**

Below10%       Between 10%-50%

Over 50%       Don't know

**b) Year 2017**

Below10%       Between 10%-50%

Over 50%       Don't know

**c) Year 2018**

Below10%       Between 10%-50%

Over 50%       Don't know

**SECTION D: Cash Flow Analysis and Provision of Health Care Services In public Health Institutions**

For the following set of questions please tick in the box a number that best describes the position of donor funding activities in your organization. The numbers represent the following responses:

<b>Response</b>	<b>Score</b>
Strongly disagree	1
Disagree	2
Not Sure (Neutral)	3
Agree	4
Strongly agree	5

Cash flow Analysis	RANKING SCALE				
	1	2	3	4	5
The hospital has a documented strategy and policy guidelines on donor funding					
Most of the hospitals operations and projects are currently being financed by donor funding.					
Resources mobilized through donor funding enable the hospital to achieve most of its objectives					
In your opinion, is the revenue from donor funding a reliable and significant source of income for your operations?					
The hospital has other funding that can replace donor funding.					

9. For the following question please tick the box that best represents the true position of your organization what proportion of your total budget in last three financial years was financed by the government?

**Year 2016**

Below 10%       Between 10%-50%

Over 50%       Don't know

**b) Year 2017**Below10%                       Between 10%-50% Over 50%                       Don't know **c) Year 2018**Below10%                       Between 10%-50% Over 50%                       Don't know **SECTION E: Financial Reporting and provision of Health care services in Public health Institutions**

For the following set of questions please tick in the box a number that best describes your feelings about financial management control practices in your organization. The numbers represent the following responses:

<b>Response</b>	<b>Score</b>
Strongly disagree	1
Disagree	2
Not Sure (Neutral)	3
Agree	4
Strongly agree	5

<b>Financial Reporting practices</b>	<b>RANKING SCALE</b>
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	1	2	3	4	5
The hospital prepare budgets that guide spending					
Budget and expenditures are based on Hospital plans and priorities					
Every month senior managers review and approve the financial reports.					
The financial reports are designed to alert management to significant fluctuations in costs, revenues, assets					
Internal management reports are reconciled to donor reports and relevant reports sent to government					
Financial management manuals that set forth standard operating procedures e.g. accounting procedures are in place.					
There is an annual independent audit for the hospital					
The hospital has registered surplus of revenues over expenses for the last 3 financial years					
The hospital is projected to report surplus of revenue over expenses in the next few years.					



The creditors of the hospital are paid the full amounts owing to them and in a timely manner.					
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**SECTION F: Ex-Post Evaluations and Provision of Health Care Services in Public health Institution**

For the following set of questions please tick in the box a number that best describes your feelings about Ex-Post Evaluations in your Institution. The numbers represent the following responses:

<b>Response</b>	<b>Score</b>
Strongly disagree	1
Disagree	2
Not Sure (Neutral)	3
Agree	4
Strongly agree	5

<b>Ex-Post Evaluations</b>	<b>RANKING SCALE</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Do ex-post evaluations carried on provision of health care services in West Pokot County					

Do Ex-post Evaluations influence provision of health care services					
There is significant relationship between ex-post evaluation and provision of health care services					
Frequency of Ex-post evaluation influence provision of health care services					

**SECTION G: Government policies, security situation and community ownership on provision of health care services**

For the following set of questions please tick in the box a number that best describes your feelings about Government policies, security situation and community ownership on provision of health care services in your Institution. The numbers represent the following responses:

<b>Response</b>	<b>Score</b>
Strongly disagree	1
Disagree	2
Not Sure (Neutral)	3
Agree	4
Strongly agree	5

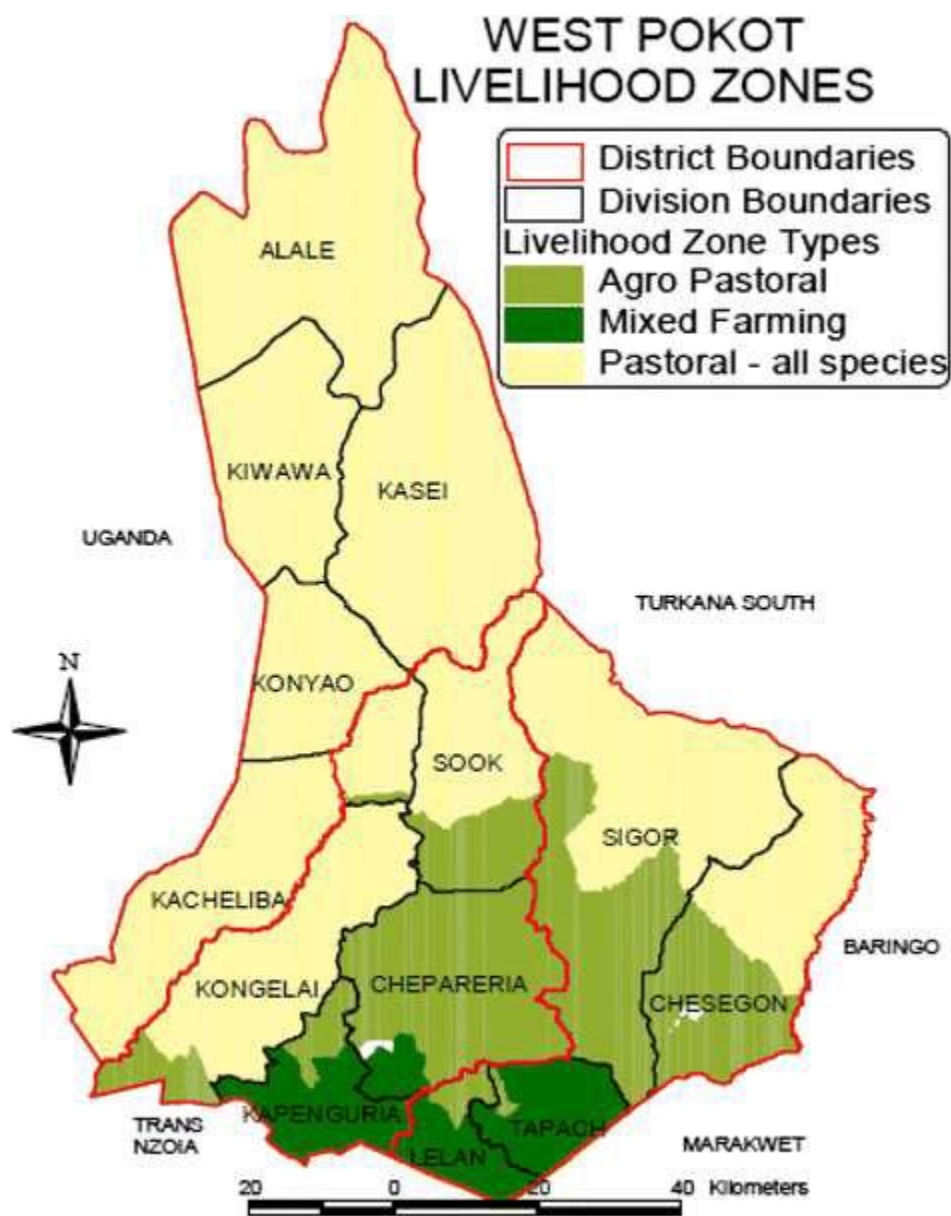
Government policies, security situation and community ownership	<b>RANKING SCALE</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Government policies affects provision of health care services					
Security situations interferes with provision of the health care services					
Community ownership enhances health care services provisions					

**APPENDIX V: WEST POKOT COUNTY HEALTH FACILITIES**

<b>S/NO.</b>	<b>HEALTH FACILITY NAME</b>
1.	KAPENGURIA COUNTY REFERRAL HOSPITAL
2.	SEREWO HEALTH CENTRE
3.	KANYARKWAT HEALTH CENTRE
4.	PARAYWA DISPENSARY
5.	KAPKORIS DISPENSARY
6.	MURKWIJIT DISPENSARY
7.	KISHARNET DISPENSARY
8.	KERINGET DISPENSARY
9.	KACHELIBA SUB COUNTY HOSPITAL
10.	KRESWO DISPENSARY
11.	KODICH DISPENSARY
12.	POOLE DISPENSARY
13.	LODUPUP DISPENSARY
14.	ADURKOIT DISPENSARY
15.	MISKWONY DISPENSARY

16.	TAMARUKWO DISPENSARY
17.	CHEPARERIA SUB COUNTY HOSPITAL
18.	KOSOT DISPENSARY
19.	KALEMUNYANG DISPENSARY
20.	CHESIRA DISPENSARY
21.	CHEPKOPEGH HEALTH CENTRE
22.	SIGOR SUB COUNTY HOSPITAL
23.	CHEPKECHIR DISPENSARY
24.	MARICH DISPENSARY
25.	MORPUS DISPENSARY
26.	OROLWO DISPENSARY
27.	POKATUSA DISPENSARY
28.	CHEMWOCHOI DISPENSARY
29.	TAMUGH DISPENSARY
30.	KAPRECH DISPENSARY

## APPENDIX VI: MAP OF STUDY AREA



Ministry of Lands- Geological Department (2018)