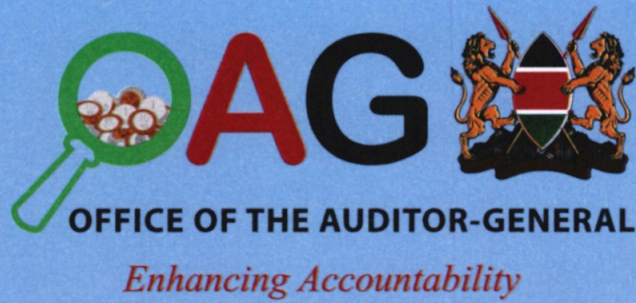


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NYANG'OMA SUB-COUNTY LEVEL 4  
HOSPITAL**

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

**COUNTY GOVERNMENT OF KISUMU**

PARLIAMENT  
OF KENYA  
LIBRARY

25/09/24

SML

Angela

*Issued 30<sup>th</sup> June 2022*



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**NYANGOMA SUBCOUNTY HOSPITAL  
(Kisumu County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

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

OFFICE OF THE AUDITOR GENERAL  
**RECEIVED**

★ 26 MAY 2023 ★

P. O. BOX 1188, KISUMU

*(Please leave the page blank)*

*Nyangoma Subcounty Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

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**I. Key Entity Information and Management**

**(a) Background information**

Nyangoma Subcounty Hospital is a level 4 hospital established under gazette notice number xxx and is domiciled in Kisumu County under the Health Department. The hospital is governed by a Board of Management.

**(b) Principal Activities**

The principal activity/mission/ mandate of the *hospital* is to provide equitable affordable and quality healthcare all citizens

**Vision**

A dynamic, excellent and globally competitive county health services, that contribute to the healthy and productive population.

**Mission:**

To transform the livelihood of the people of Kisumu County through responsive and Sustainable technologically driven evidence-based and client centered health system for accelerated attainment of the highest standards of health.

**(c) Key Management**

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management
- Others (*specify*)

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	<b>Zebedy Ombija</b>
2.	Nursing Director	<b>Josephine Odhiang</b>
3.		
4.		
5.		

(Include all positions regarded as top management in your organisation).

**(e) Fiduciary Oversight Arrangements**

*[Here, provide a high-level description of the key fiduciary oversight arrangements covering (say)]*

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committees

**(f) Entity Headquarters**

P.O. Box 47  
Awasi, KENYA

**(g) Entity Contacts**

Telephone: (+254) 723876451

**(h) Entity Bankers**

National Bank of Kenya  
AC No. 01021026696100

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

**(k) County Attorney**

P.O. Box. 2738-40100  
Kisumu, Kenya

**II. The Board of Management**

Details		
1.	George Adoyo Magolo	Chairman
2.	Moses Otieno Liech	Financial Management
3.	Markdaff Ochieng	Professional Organisation
4.	Roselyne Auma pele	Women Rep
5.	Geoffrey Otieno	Youth
6.	Paul Onyango	HCSD
7.	Dorcas Akoth Okoth	PWD
8.	Zebedy Ombija	Medsupt-Secretary



### III. Management Team

	Key Management	Details
1.	Zebedy Ombija	Medsup
2.	Josephine Odhiang	Nursing Officer Incharge
3.	Sharon Ouma	Clinical Officer incharge
4.	Penilope Achoki	Pharmacy Incharge
5.	Esther Achieng	HRIO
6.	Sabina Nyaera	CCC incharge
	<i>(Note: The Med sup and the Entity Secretary will feature both under the 'Board' and 'Management'.)</i>	

#### **IV. Chairman's Statement**

One – two pages

*{(Under this section, the Chairman of the Board of Management will give a brief highlight of the key activities during the year, successes consolidated, challenges being faced, and the way forward or future outlook for the hospital)}. (The report should be signed by the chairman of the governing body.)*

#### **V. Report of The Chief Executive Officer**

**(Two-to-three pages)**

*{(Under this section, the Medical Superintendent will give his report which highlights the same issues as the Chairman in a more detailed format. The Medical Superintendent may also mention at a high level the financial performance of the organisation)}.*

*(The report should be signed by the Medical Superintendent.)*

**VI. Statement Of Performance Against Predetermined Objectives**

*(Two-to-three pages)*

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

XXX has X strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY xx-FY xx. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1:

Pillar/theme/issue 2:

XXX develops its annual work plans based on the above X pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The XXX achieved its performance targets set for the FY 20xx/20xx period for its xx strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:				
Pillar/ theme/ issue 1:				

*(Under this section therefore, the management should include performance against the strategic objectives of the organisation. The management should outline the strategic Pillars, activities towards their achievement and outputs under each strategic pillar. The organisation should also briefly outline how they have tied achievements to performance contracts)*

## **VII. Corporate Governance Statement**

Two-to-three pages

*(Under this section, include the number of Board meetings held and the attendance to those meetings by members, succession plan, existence of a Board charter, process of appointment and removal of Board members, roles and functions of the Board, induction, and training, Board and member performance, conflict of interest, board remuneration, ethics, and conduct as well as governance audit.)*

## **VIII. Management Discussion and Analysis**

Two- four pages

*(Under this section, the management gives a report on the operational and financial performance of the organisation during the period, entity's key projects or investments decision implemented or ongoing, entity's compliance with statutory requirements, major risks facing the organisation, material arrears in statutory and other financial obligations, and any other information considered relevant to the users of the financial statements.)*

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

### **Clinical/operational performance**

- Bed capacity of the hospital.
- Overall patient attendance during the year for both inpatient and outpatient.
- Accident and Emergency attendance
- Specialised clinic attendance
- Average length of stay for in patient
- Bed occupancy rate
- Mortality rate
- Surgical theatre utilisation (number of operations over a period of time)
- Sponsorships and partnerships

### **Financial performance that includes**

- revenue sources,
- utilisation of funds etc

*(The management discussion and analysis should be signed by the Chief Executive Officer/Medical Superintendent)*

## **IX. Environmental And Sustainability Reporting**

**Two-to-three pages)**

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

### **i) Sustainability strategy and profile**

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

### **ii) Environmental performance**

*Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.*

### **iii) Employee welfare**

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

### **iv) Market place practices-**

*The organisation should outline its efforts to:*

#### **a) Responsible competition practice.**

*Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.*

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

*Explain how the organisation maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices.*

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

*Outline efforts to maintain ethical marketing practices.*

#### **d) Product stewardship**

*Outline efforts to safeguard consumer rights and interests.*

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

*The organisation gives details of CSR activities carried out in the year and the impact to the society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements.*

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

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2022, which show the state of the *hospital's* affairs.

### **Principal activities**

The principal activities of the entity are (continue to be) ....

### **Results**

The results of the entity for the year ended June 30 are set out on page ....

### **Board Of Management**

The members of the Board who served during the year are shown on page xxx. During the year xxx director retired/ resigned and xxx was appointed with effect from xxxx date.

### **Auditors**

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

By Order of the Board

(XXX

*To be signed by the Secretary of the Board)*

## XI. Statement of Board of Management's Responsibilities

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

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

The Board of Management accepts responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2xxx, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Hospital's financial statements were approved by the Board on 4/5/2022 and signed on its behalf by:

..... George Magno .....

Name: Magno  
Chairperson  
Board of Management

..... CEDRIC OMONDI .....

Name: CEDRIC  
Accounting Officer



# REPUBLIC OF KENYA



*Enhancing Accountability*

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Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NYANG'OMA SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 – COUNTY GOVERNMENT OF KISUMU**

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### **PREAMBLE**

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

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

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

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

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

#### **Adverse Opinion**

I have audited the accompanying financial statements of Nyang'oma Sub-County Level 4 Hospital - County Government of Kisumu set out on pages 1 to 51, which comprise of the

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*Report of the Auditor-General on Nyang'oma Sub-County Level 4 Hospital for the year ended 30 June, 2022 – County Government of Kisumu*

statement of financial position as at 30 June, 2022, and the statement of financial performance, the statement of changes in net asset, statement of cash flows and statement of comparison of budget and actual amounts for the year ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Nyang'oma Sub-County Level 4 Hospital - County Government of Kisumu as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Public Finance Management Act, 2012, the County Government Act, 2012 and the Health Act, 2017.

### **Basis for Adverse Opinion**

#### **1. Incomplete Financial Statements**

Review of the financial statements revealed that the statement of financial position reflects cash and cash equivalents balance of Kshs.400,653 under current assets. However, the statement reflects nil total assets and nil total liabilities as at 30 June, 2022 making it not to balance. Further, the statement of changes in net assets reflects nil balances during the year under review. In addition, the statement of cash flows reflects nil balance in respect to cash and cash equivalents while the statement of financial position reflects a balance of Kshs.400,653.

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

#### **2. Inaccuracy in Total Revenue Balances**

The statement of financial performance reflects total revenue amounts of Kshs.2,813,224, which, as disclosed in Notes 6, 9 and 11, is made up of transfers from the County Government, transfers from other Government entities and rendering of services- medical service income. However, the supporting ledger reflects an amount of Kshs.1,509,890 resulting in unexplained variance of Kshs.1,303,334.

In the circumstances, the accuracy and completeness of the revenue of Kshs.2,813,224 could not be confirmed.

#### **3. Non-Disclosure of In-Kind Contributions and Grants**

The statement of financial performance and as disclosed in Note 7 and 8 to the financial statements reflects Nil in-kind contributions and nil grants from donors and development partners respectively. However, review of data from Kenya Medical Supplies Agency (KEMSA) revealed that the Hospital received medical and pharmaceutical drugs valued

at Kshs.1,400,887 and Kshs.15,559,406 totalling Kshs.16,960,293 from the Government of Kenya and development partners respectively which were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the Nil in-kind contributions and grants from donors and development partners could not be confirmed.

#### **4. Unsupported Expenses**

The statement of financial performance reflects an amount of Kshs.3,191,274 in respect of total expenses which, as disclosed in Notes 15, 16, 17, 19 and 21 to the financial statements, is made up of clinical costs of Kshs.1,378,637, employee costs of Kshs.602,000, board of management expenses of Kshs.174,000, repairs and maintenance amounts of Kshs.350,000 and general expenses of Kshs.686,637. However, the amounts have not been supported with general ledgers.

In the circumstances, the accuracy and completeness of total expenses of Kshs.3,191,274 could not be confirmed.

#### **5. Unsupported Cash and Cash Equivalents**

The statement of financial position and as disclosed in Note 27 to the financial statements reflects cash and cash equivalents balance of Kshs.400,653. However, the balance has not been supported with certificate of bank balance, cashbook and bank reconciliation statements.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.400,653 could not be confirmed.

#### **6. Non- Disclosure of Property, Plant and Equipment Balance**

The statement of financial position and as disclosed in Note 31 to the financial statements reflects a Nil property, plant and equipment balance. However, review of records and physical verification revealed that the entity had several non-current assets that have not been valued and disclosed in the financial statements. Further, ownership documents for the land, equipment, motor vehicle and motorcycles were not provided for audit. In addition, the assets are not tagged for ease of identification and tracking and no asset register was maintained indicating cost of acquisition, date of acquisition and net book values.

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

#### **7. Failure to Value Inventory Balances**

The statement of financial position and as disclosed in Note 30 to the financial statements reflects Nil balance in respect of inventories. During the year under review, the hospital procured food items, office stationery and supplies, pharmaceuticals and non-pharmaceuticals for its operations that were received and recorded in the stores before dispensed to laboratory, pharmacy, wards, kitchen, offices and outpatient units.

However, the inventories were not valued and the balance was not included in the financial statements as at 30 June, 2022.

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

#### **8. Variances between National Hospital Insurance Fund and Hospital Outstanding Claims**

The statement of financial performance reflects a Nil balance for medical services contracts as disclosed in Note 25 to the financial statements. The amounts differ from claims reimbursed from the National Hospital Insurance Fund (NHIF) amount of Kshs.76,177 to the Hospital as NHIF Refunds resulting to unreconciled difference of Kshs.76,177.

In the circumstances, the accuracy and completeness of Nil revenue from medical services contracts could not be confirmed.

#### **9. Non-Disclosure of Employee Costs Paid In-Kind by The County Government**

Note 7 to the financial statements reflects a Nil balance as in-kind contributions from the County Government. The hospital received services from five (5) clinical officers employed and paid by the county. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit verification.

In the circumstances, the accuracy and completeness of the Nil in-kind contributions from the County Government could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nyang'oma Sub-County Level 4 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

#### **Key Audit Matters**

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

#### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, because of the significance of the matters discussed in the Basis for

Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Errors and Omissions in Presentation and Disclosures of the Financial Statements**

Review of the financial statements revealed the following errors and omissions in presentation and disclosure;

- i. The key details regarding the Board of management e.g. passport photos, age, professional and academic qualifications have not been included in the financial statement.
- ii. Report of the Board of Management, Report of the Chief Executive Officer- medical superintendent, Statement of performance against predetermined objectives and the Chairman's Statement giving brief highlight of the key activities during the year, successes consolidated, challenges being faced, and the way forward or future outlook for the hospital are missing.
- iii. Management Discussion and Analysis which gives a report on the operational and financial performance of the organization during the period, entity's key projects or investments decision implemented or ongoing, entity's compliance with statutory requirements, major risks facing the organization, is missing instead Management has attached an extract of statement of financial performance. Further Clinical/operational performance and financial performance that includes which includes revenue sources and utilization of funds have not been disclosed.

In the circumstances, the financial statements do not comply with the template recommended by the Public Sector Accounting Standards Board.

#### **2. Lack of an Approved Budget**

The statement of financial performance reflects total revenue and expenditure amounts of Kshs.2,813,224 and Kshs.3,191,274 respectively. However, approved budget for the financial year under review was not provided for audit. Further, the total actual revenue and expenditure amounts have not been disclosed in the statement of comparison of budget and actual amounts. Similarly, the budgeted revenue and expenditure amounts have not been disclosed in the statement.

In the circumstances, the regularity of the total revenue of Kshs.2,813,224 and total expenditure of Kshs.3,191,274 incurred by the Hospital could not be confirmed.

#### **3. Non-compliance with Universal Health Coverage (UHC) Requirements**

##### **3.1. Inadequate Staffing**

Review of records provided revealed that the Hospital staffing does not meet the requirements of the Kenya Quality Model for Health Policy Guidelines for Level 4 Hospitals as tabulate below:

S/N	Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
1.	Medical Officers	16	0	16	100
2.	Anesthesiologists	2	0	2	100
3.	General Surgeons	2	0	2	100
4.	Gynecologists	2	0	2	100
5.	Pediatricians	2	0	2	100
6.	Radiologists	2	0	2	100
7.	Registered Community Health Nurses	75	7	68	91
	<b>Total</b>	<b>101</b>	<b>7</b>	<b>94</b>	<b>93</b>

On aggregate, the Hospital had a staff deficit of ninety-four (94) or 93% of the required personnel towards achieving the quality health model.

### 3.2. Sub-Optimal Equipping Level at the Hospital

Review of records and physical verification revealed that the Hospital does not have facilities to offer surgical, pediatric, radiology, gynecology, and renal services to the community as detailed below: -

S/N	Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage (%)
1.	Bed capacity	150	8	142	95
2.	Incubators (Newborn)	5	0	5	100
3.	Cots	5	0	5	100
4.	Resuscitaire In Theatre	1	0	1	100
5.	Resuscitaire In Labour Ward	2	0	2	100
6.	Functional ICU Beds	6	0	6	100
7.	High Dependency Unit	6	0	6	100
8.	Renal Unit with Dialysis Machines	5	0	5	100
9.	Functional Operating Theatres Maternity and General	2	0	2	100

In addition, the Hospital does not have an incinerator for waste disposal hence does the open burning of the wastes leading to environmental pollution.

These deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing the highest attainable standards of health may not be achieved, which includes

the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In the circumstances, the Hospital will not be able to deliver on its mandate.

The audit was conducted in accordance with ISSAI 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### 1. Lack of a Risk Management Policy

During the financial year under review, the Hospital did not have a risk management policy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. Consequently, the Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure.

In the circumstances, the effectiveness of Management's risk management strategies could not be confirmed.

#### 2. Lack of Audit Committee and Internal Audit Unit Function

During the year under review, the Hospital did not have an audit committee in place. In the absence of a functioning audit committee, monitoring and review of the effectiveness of the internal audit process, review of internal controls, risk management systems and financial statements among other functions of an audit committee did not occur which may affect good corporate governance at the Hospital.

In addition, no evidence that the Hospital was subjected to internal audit review by the County Executive internal audit department was provided.

In the circumstances, the effectiveness of internal controls and governance systems could not be confirmed.

### **3. Internal Control Weaknesses in Management of Revenue**

Review of revenue collection system revealed that revenue collection was not automated and revenue collected was not banked promptly to the revenue collection account. Further, the collected revenue was not transferred to the Kisumu County Revenue Fund (CRF) account but spent at the Hospital through an Authority to Incur Expenditure (AIE) issued by the Chief Officer for Health.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

#### **Responsibilities of Management and the Hospital Board of Management**

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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



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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Hospital to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**19 June, 2024**

Nyangoma Subcounty Hospital (Kisumu County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022


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


Description	2021/22	2020/21
<b>Revenue from non-exchange transactions</b>		
Transfers from the County Government	6	2,549,834
In-kind contributions from the County Government	7	0
Grants from donors and development partners	8	0
Transfers from other Government entities	9	260,460
Public contributions and donations	10	0
		<b>2,810,294</b>
<b>Revenue from exchange transactions</b>		
Rendering of services- Medical Service Income	11	2,930
Revenue from rent of facilities	12	0
Finance /Interest Income	13	0
Other income ( <i>specify</i> )	14	0
		<b>2,930</b>
<b>Total revenue</b>		<b>2,813,224</b>
<b>Expenses</b>		
Medical/Clinical costs	15	1,378,637
Employee costs	16	602,000
Board of Management Expenses	17	
Depreciation and amortization expense	18	174,000
Repairs and maintenance	19	350,000
Grants and subsidies	20	0
General expenses	21	686,637
Finance costs	22	0
		<b>3,191,274</b>
<b>Other gains/(losses)</b>		
Gain on disposal of non-Current assets	23	0
Unrealized gain on fair value of investments	24	0


Medical services contracts Gains/Losses	25	0	xxx
Impairment loss	26	0	xxx
Gain on foreign exchange transactions		0	xxx
<b>Total other gains/(losses)</b>		<b>0</b>	<b>xxx</b>
<b>Net Surplus for the year</b>		<b>(378,050)</b>	<b>xxx</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest			(xxx)
Surplus attributable to owners of the controlling entity			xxx
		<b>(378,050)</b>	<b>xxx</b>

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

The Hospital's financial statements were approved by the Board on 4/5/2022 and signed on its behalf by:

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

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

.....  .....  
**Medical Superintendent**

ACCOUNTANT  
 DEPARTMENT OF HEALTH & SANITATION  
 P.O. BOX 721 - 40100,  
 KISUMU

**XIV. Statement of Financial Position as of 30<sup>th</sup> June 2022**

Statement of Financial Position as of 30 <sup>th</sup> June 2022			
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	400,653	xxx
Receivables from exchange transactions	28	xxx	xxx
Receivables from non-exchange transactions	29	xxx	xxx
Inventories	30	xxx	xxx
<b>Total Current Assets</b>		<b>xxx</b>	<b>xxx</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	xxx	xxx
Intangible assets	32	xxx	xxx
Investment property	33	xxx	xxx
<b>Total Non-current Assets</b>		<b>xxx</b>	<b>xxx</b>
<b>Total assets</b>		<b>xxx</b>	<b>xxx</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	xxx	xxx
Refundable deposits from customers/Patients	35	xxx	xxx
Provisions	36	xxx	xxx
Finance lease obligation	37	xxx	xxx
Current portion of deferred income	38	xxx	xxx
Current portion of borrowings	39	xxx	xxx
<b>Total Current Liabilities</b>		<b>xxx</b>	<b>xxx</b>
<b>Non-current liabilities</b>			
Provisions	36	xxx	xxx
Non-Current Finance lease obligation	37	xxx	xxx
Non-Current portion of deferred income	38	xxx	xxx
Non - Current portion of borrowings	39	xxx	xxx
Service concession liability	40	xxx	xxx
<b>Total Non-current liabilities</b>		<b>xxx</b>	<b>xxx</b>
<b>Total Liabilities</b>		<b>xxx</b>	<b>xxx</b>

Description	Notes	2021/22 Kshs	2020/21 Kshs
<b>Net assets</b>			
Revaluation reserve		xxx	xxx
Accumulated surplus/Deficit		xxx	xxx
Capital Fund		xxx	xxx
		<b>xxx</b>	<b>xxx</b>
<b>Total Net Assets and Liabilities</b>		<b>xxx</b>	<b>xxx</b>

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

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

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

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

.....  
**Medical Superintendent**

ACCOUNTANT  
 DEPARTMENT OF HEALTH & SANITATION  
 P.O. BOX 721 - 40100,  
 KISUMU

*Nyangoma Subcounty Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

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

	Revaluation	Accumulated	Capital	
<b>As at July 1, 2020</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
Revaluation gain	xxx	-	-	xxx
Surplus/(deficit) for the year	-	xxx	-	xxx
Capital/Development grants	-	-	xxx	xxx
<b>As at June 30, 2021</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At July 1, 2021</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
Revaluation gain	xxx	-	-	xxx
Surplus/(deficit) for the year	-	xxx	-	xxx
Capital/Development grants	-	-	xxx	xxx
<b>At June 30, 2022</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

(Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)

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


The Hospital's financial statements were approved by the Board on 4/5/2022 and signed on its behalf by:

  
.....

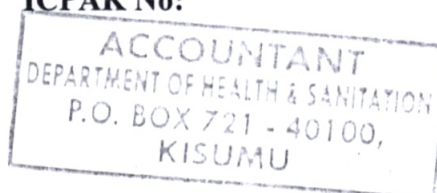
**Chairman**  
**Board of Management**

  
.....

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

  
.....

**Medical Superintendent**



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

Description	Note	2021/22	2020/21
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		2,549,834	xxx
Grants from donors and development partners		0	xxx
Transfers from other Government entities		260,460	xxx
Public contributions and donations		0	xxx
Rendering of services- Medical Service Income		2,930	xxx
Revenue from rent of facilities		0	xxx
Finance / interest income		0	xxx
Other receipts( <i>specify</i> )		0	xxx
<b>Total Receipts</b>		<b>2,813,224</b>	<b>xxx</b>
<b>Payments</b>			
Medical/Clinical costs		1,378,637	xxx
Employee costs		602,000	xxx
Board of Management Expenses		174,000	xxx
Repairs and maintenance		350,000	xxx
Grants and subsidies		0	xxx
General expenses		686,637	xxx
Finance costs		0	xxx
Refunds paid out		0	xxx
<b>Total Payments</b>		<b>3,191,274</b>	<b>xxx</b>
<b>Net cash flows from operating activities</b>	41	<b>(378,050)</b>	<b>xxx</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment, & intangible assets		0	(xxx)
Proceeds from the sale of property, plant, and equipment		0	xxx
Acquisition of investments		0	(xxx)
<b>Net cash flows used in investing activities</b>		<b>0</b>	<b>(xxx)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		0	xxx
Repayment of borrowings		0	(xxx)
Capital grants received		0	xxx
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>(xxx)</b>

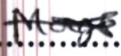
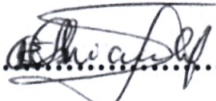
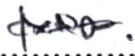


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<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>(xxx)</b>
Cash and cash equivalents at 1 July	27		xxx
<b>Cash and cash equivalents at 30 July</b>	<b>27</b>		<b>xxx</b>

*(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).*

The notes set out on pages x to xx form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 4/5/2022 and signed on its behalf by:

 ..... <b>Chairman</b> <b>Board of Management</b>	 ..... <b>Head of Finance</b> <b>ICPAK No:</b>	 ..... <b>Medical Superintendent</b>
---	--	---

**ACCOUNTANT**  
 DEPARTMENT OF HEALTH & SANITATION  
 P.O. BOX 721 - 40100,  
 KISUMU



**(Budget notes)**

1. Provide an explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)

The notes set out on pages x to xx form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:



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

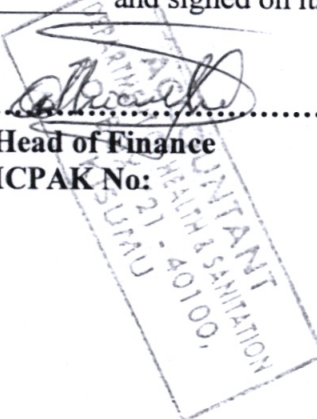


.....  
**Head of Finance**  
**ICPAK No:**

.....



.....  
**Medical Superintendent**



## XVIII. Notes To the Financial Statements

### 1. General Information

xxx entity is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is xxx.

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

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

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

### 3. Adoption of New and Revised Standards

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

Notes to the Financial Statements (Continued)

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

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

	<p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that</p>

*Nyangoma Subcounty Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

	<p>leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

**ii. Early adoption of standards**

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

**4. Summary Of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other Government entities**

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

*Notes to the Financial Statements (Continued)*

**Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

**Interest income**

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

**Dividends**

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

**Rental income**

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



*Notes to the Financial Statements (Continued)*

**b) Budget information**

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

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

*Notes to the Financial Statements (Continued)*

**c) Taxes**

**Sales tax/ Value Added Tax**

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

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

**d) Investment property**

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

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

**e) Property, plant and equipment**

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

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

*Notes to the Financial Statements (Continued)*

**f) Leases**

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

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

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

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

**g) Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h) Research and development costs**

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

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

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

**i) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

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

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

**Loans and receivables**

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

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

**Held-to-maturity**

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

**Impairment of financial assets**

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

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

**Financial liabilities**

**Initial recognition and measurement**

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

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

*Notes to the Financial Statements (Continued)*

**Loans and borrowing**

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

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

**i) Inventories**

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

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

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

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

**j) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

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

**Contingent liabilities**

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Contingent assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**k) Nature and purpose of reserves**

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

**l) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**m) Employee benefits**

**Retirement benefit plans**

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

*Notes to the Financial Statements (Continued)*

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.



*Notes to the Financial Statements (Continued)*

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20XX.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.( IPSAS 1.140)

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

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

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**6. Transfers From The County Government**

<b>Unconditional grants</b>		
Operational grant	2,549,834	xxx
Level 5 grants		xxx
Other grants		xxx
		<b>xxx</b>
<b>Conditional grants</b>		
User fee forgone		xxx
Transforming health services for Universal care project (THUCP)		xxx
DANIDA		xxx
Wards Development grant		xxx
Paediatric block grant		xxx
Administration block grant		xxx
Laboratory grant		xxx
<b>Total government grants and subsidies</b>	<b>2,549,834</b>	<b>xxx</b>

Notes to the Financial Statements (Continued)

6 Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to performance KShs	Amount deferred under absorbed income KShs	Amount recognized in capital fund KShs	Total grant income during the year KShs	Total 2020/21 KShs
xx County Government	2,549,834	xxx	xxx	xxx	2,549,834
<b>Total</b>	<b>2,549,834</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>2,549,834</b>

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).

7. In Kind Contributions from The County Government

Description	2021/22 KShs	2020/21 KShs
Salaries and wages		xxx
Pharmaceutical and Non-Pharmaceutical Supplies		xxx
Medical supplies-Drawings Rights (KEMSA)		xxx
Utility bills		xxx
<b>Total grants in kind</b>	<b>0</b>	<b>xxx</b>

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

Description	2021/22 KShs	2020/21 KShs
Cancer Centre grant- DANIDA		xxx
World Bank grants		xxx
Paediatric ward grant- JICA		xxx
Research grants		xxx
Other grants (specify)		xxx
<b>Total grants from development partners</b>	<b>0</b>	<b>xxx</b>

(Provide brief explanation for this revenue)

Notes to the Financial Statements (Continued)

8 (a) Grants from donors and development partners (Classification)

Donor e.g., DANIDA					
JICA					
World Bank					
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

9. Transfers From Other Government Entities

Transfer from National Government (Ministry of Health)-UHC	200,000	xxx
Transfer from National Hospital Insurance Fund	60,460	xxx
<b>Total Transfers</b>	<b>260,460</b>	<b>xxx</b>

10. Public Contributions and Donations

Public donations		xxx
Donations from local leadership		xxx
Donations from religious institutions		xxx
Donations from other international organisations and individuals		xxx
Other donations( <i>specify</i> )		xxx
Donations in kind-amortised		xxx
<b>Total donations and sponsorships</b>	<b>0</b>	<b>xxx</b>

(Provide brief explanation for this revenue)

Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

Description	2021/22 KShs	2020/21 KShs
<b>Balance unspent at beginning of year</b>		<b>xxx</b>
Current year receipts		xxx
Amortised and transferred to revenue		xxx
<b>Conditions to be met – remain liabilities</b>	<b>0</b>	<b>xxx</b>

11. Rendering of Services-Medical Service Income

Description	2021/22 KShs	2020/21 KShs
Pharmaceuticals	}	xxx
Non-Pharmaceuticals		xxx
Laboratory		xxx
Radiology		xxx
Orthopedic and Trauma Technology		xxx
Theatre		xxx
Accident and Emergency Service		xxx
Anesthesia Service		xxx
Ear Nose and Throat service		xxx
Nutrition service		xxx
Cancer centre service		xxx
Dental services		xxx
Reproductive health		xxx
Paediatrics services		xxx
Farewell home services		xxx
Other medical services income		xxx
<b>Total revenue from the rendering of services</b>	<b>2,930</b>	<b>xxx</b>

(other medical services fee relates to other charges not listed above)

*Notes to the Financial Statements (Continued)*

**12. Revenue From Rent of Facilities**

Residential property		XXX
Commercial property		XXX
<b>Total Revenue from rent of facilities</b>	<b>0</b>	<b>XXX</b>

*(Provide brief explanation for this revenue)*

**13. Finance /Interest Income**

Cash investments and fixed deposits		XXX
Interest income from short- term/ current deposits		XXX
Interest income from Treasury Bills		XXX
Interest income from Treasury Bonds		XXX
Interest from outstanding debtors		XXX
<b>Total finance income</b>	<b>0</b>	<b>XXX</b>

*(Provide brief explanation for this revenue)*

**14. Other Income**

Insurance recoveries		XXX
Income from sale of tender		XXX
Services concession income		XXX
Sale of goods (water, publications, containers etc)		XXX
<b>Total other income</b>	<b>0</b>	<b>XXX</b>

*(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).*

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2021/22	2020/21
	KShs	KShs
Dental costs/ materials	0	xxx
Laboratory chemicals and reagents	110,000	xxx
Public health activities	0	xxx
Food and Ration	104,000	xxx
Uniform, clothing, and linen	0	xxx
Dressing and Non-Pharmaceuticals	92,390	xxx
Pharmaceutical supplies	936,247	xxx
Health information stationery	81,000	xxx
Reproductive health materials	0	xxx
Sanitary and cleansing Materials	55,000	xxx
Purchase of Medical gases	0	xxx
X-Ray/Radiology supplies	0	xxx
Other medical related clinical costs ( <i>specify</i> )	0	xxx
<b>Total medical/ clinical costs</b>	<b>1,378,637</b>	<b>xxx</b>

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

16. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	602,000	xxx
Contributions to pension schemes	0	xxx
Service gratuity	0	xx
Performance and other bonuses	0	xxx
Staff medical expenses and Insurance cover	0	xxx
Group personal accident insurance and WIBA	0	xxx
Social contribution	0	xxx
Other employee costs ( <i>specify</i> )	0	xxx
<b>Employee costs</b>	<b>602,000</b>	<b>xxx</b>

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



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*Notes to the Financial Statements (Continued)*

**17. Board of Management Expenses**

Chairman's Honoraria	Xxx	xxx
Sitting allowance	174,000	xxx
Mileage	Xxx	xxx
Insurance expenses	Xxx	xxx
Induction and training	Xxx	xxx
Travel and accommodation allowance	Xxx	xxx
Airtime allowances	Xxx	xxx
<b>Total</b>	<b>174,000</b>	<b>xxx</b>

**18. Depreciation And Amortization Expense**

Property, plant and equipment		xxx
Intangible assets		xxx
Investment property carried at cost		xxx
<b>Total depreciation and amortization</b>	<b>0</b>	<b>xxx</b>

**19. Repairs And Maintenance**

Property- Buildings	104,000	xxx
Medical equipment	56,000	xxx
Office equipment	0	xxx
Furniture and fittings	0	xxx
Computers and accessories	0	xxx
Motor vehicle expenses	190,000	xxx
Maintenance of civil works	0	xxx
<b>Total repairs and maintenance</b>	<b>350,000</b>	<b>xxx</b>

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2021/22 KSh	2020/21 KSh
Community development and social work		xxx
Education initiatives and programs		xxx
Free/ subsidised medical camp		xxx
Disability programs		xxx
Free cancer screening		xxx
Other grants and subsidies( <i>specify</i> )		xxx
<b>Total grants and subsidies</b>	<b>0</b>	<b>xxx</b>

21. General Expenses

General Office Supply	115,000	xxx
Catering expenses	32,000	xxx
Purchase of computers	20,000	xxx
Refined fuels and lubricants	130,000	xxx
Other fuels (charcoal LPG gas)	76,027	xxx
Bank charges	8,610	xxx
Conferences and delegations		xxx
Consultancy fees		xxx
Contracted services		xxx
Electricity expenses	105,000	xxx
Insurance		xxx
Research and development expenses		xxx
Travel and accommodation allowance	150,000	xxx
Legal expenses		xxx
Licenses and permits		xxx
Courier and postal services		xxx
Printing and stationery		xxx
Hire charges		xxx
Rent expenses		xxx
Water and sewerage costs		xxx
Skills development levies		xxx
Telephone and mobile phone services	50,000	xxx
Internet expenses		xxx

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Staff training and development		XXX
Subscriptions to professional bodies		XXX
Subscriptions to newspapers periodical, magazines, and gazette notices		XXX
Library books/Materials		XXX
Parking charges		XXX
<b>Total General Expenses</b>	<b>686,637</b>	<b>XXX</b>

**22. Finance Costs**

Borrowings (amortized cost) *	XXX	XXX
Finance leases (amortized cost)	XXX	XXX
Interest on Bank overdrafts/Guarantees	XXX	XXX
Interest on loans from commercial banks	XXX	XXX
<b>Total finance costs</b>	<b>XXX</b>	<b>XXX</b>

*(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)*

**23. Gain/Loss On Disposal Of Non-Current Assets**

Property, plant, and equipment		XXX
Intangible assets		XXX
Other assets not capitalised ( <i>specify</i> )		XXX
<b>Total gain on sale of assets</b>	<b>0</b>	<b>XXX</b>

**24. Unrealized Gain On Fair Value Investments**

Investments at fair value		XXX
<b>Total gain</b>	<b>0</b>	<b>XXX</b>

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2021/22 KSh	2020/21 KSh
Comprehensive care contracts with NHIF		xxx
Non- Comprehensive contracts care with NHIF		xxx
Linda Mama Program		xxx
Waivers and Exemptions		xxx
<b>Total Gain/Loss</b>	<b>0</b>	<b>xxx</b>

26. Impairment Loss

Property, plant, and equipment		xxx
Intangible assets		xxx
<b>Total impairment loss</b>	<b>0</b>	<b>xxx</b>

27. Cash And Cash Equivalents

Current accounts	653	xxx
On - call deposits		xxx
Fixed deposits accounts		xxx
Cash in hand		xxx
2020/2021 Q4 Exchequer disbursement	400,000	xxx
<b>Total cash and cash equivalents</b>	<b>400,653</b>	<b>xxx</b>

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

Notes to the Financial Statements (Continued)

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

Description	Account number		
<b>a) Current account</b>			
National Bank of Kenya	01021026696100	653	xxx
<b>Sub- total</b>		<b>653</b>	<b>xxx</b>
<b>b) Others(specify)</b>			xxx
2020/2021 Q4 Exchequer disbursement	01021026696100	400,000	xxx
<b>Sub- total</b>		<b>400,000</b>	<b>xxx</b>
<b>Grand total</b>		<b>400,653</b>	<b>xxx</b>

28. Receivables From Exchange Transactions

Medical services receivables		xxx
Rent receivables		xxx
Other exchange debtors		xxx
Less: impairment allowance		(xxx)
<b>Total receivables</b>	<b>0</b>	<b>xxx</b>

Notes to the Financial Statements (Continued)

29. Receivables From Non-Exchange Transactions

Description	2021/22 KShs	2020/21 KShs
Transfers from the County Government	xxx	xxx
Undisbursed donor funds	xxx	xxx
Other debtors ( <i>non-exchange transactions</i> )	xxx	xxx
Less: impairment allowance	(xxx)	(xxx)
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

30. Inventories

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

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*Notes to the Financial Statements (Continued)*

**31. Property, Plant and Equipment**

Description								
Cost								
At 1 July 2020	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx	-	-	xxx	xxx
Disposals	(xx x)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xx x)
Transfers/adjustments	xxx	xxx	(xxx)	xxx			xxx	(xx x)
<b>At 30<sup>th</sup> June 2021</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
At 1 <sup>st</sup> July 2021	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Disposals	(xx x)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xx x)
Transfer/adjustments		xxx		xxx			(xxx)	-
<b>At 30<sup>th</sup> June 2022</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>Depreciation and impairment</b>								
At 1 July 2020	xxx	xxx	xxx	xxx	xxx	xxx		xxx
Depreciation for the year	xxx	xxx	xxx	xxx	xxx	xxx		xxx
Disposals	(xx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xx)

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		Land and buildings	Motor vehicles	Furniture, fittings, and office equipment	IT equipment	Plant and medical equipment	Capital Work in progress	Total
	x)							x)
Impairment	(xx x)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xx x)
<b>At 30 June 2021</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>		<b>xxx</b>
At July 2021	xxx	xxx	xxx	xxx	xxx	xxx		xxx
Depreciation	xxx	xxx	xxx	xxx	xxx	xxx		xxx
Disposals	(xx x)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xx x)
Impairment	(xx x)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xx x)
Transfer/adjustment		xxx	-	xxx	-	-	(xxx)	(xx x)
<b>At 30<sup>th</sup> June 2022</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>Net book values</b>								
At 30 <sup>th</sup> June 2021	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 <sup>th</sup> June 2022	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx



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*Notes to the Financial Statements (Continued)*

**32. Intangible Assets-Software**

Intangible Assets-Software		
<b>Cost</b>		
At beginning of the year	xxx	xxx
Additions	xxx	xxx
Additions-Internal development	xxx	xxx
Disposal	(xxx)	(xxx)
<b>At end of the year</b>	<b>xxx</b>	<b>xxx</b>
<b>Amortization and impairment</b>		
At beginning of the year	xxx	xxx
Amortization for the period	xxx	xxx
Impairment loss	xxx	xxx
<b>At end of the year</b>	<b>xxx</b>	<b>xxx</b>
<b>NBV</b>	<b>xxx</b>	<b>xxx</b>

**33. Investment Property**

Investment Property		
At beginning of the year	xxx	xxx
Additions	xxx	xxx
Fair value gain	xxx	xxx
Depreciation ( <i>where investment property is at cost</i> )	(xxx)	(xxx)
<b>At end of the year</b>	<b>xxx</b>	<b>xxx</b>

**34. Trade And Other Payables**

Trade And Other Payables		
Trade payables	xxx	xxx
Employee dues	xxx	xxx
Third-party payments ( <i>unremitted payroll deductions</i> )	xxx	xxx
Audit fee		
Doctors' fee	xxx	xxx
<b>Total trade and other payables</b>	<b>xxx</b>	<b>xxx</b>

Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

Description	2021/22	2020/21
	KShs	KShs
Medical fees paid in advance	xxx	xxx
Credit facility deposit	xxx	xxx
Rent deposits	xxx	xxx
Others ( <i>specify</i> )	xxx	xxx
<b>Total deposits</b>	<b>xxx</b>	<b>xxx</b>

36. Provisions

Description	2021/22				2020/21			
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
Additional Provisions	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Provision utilised	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Change due to discount & time value for money	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
<b>Total provisions</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
Current Provisions	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Non-Current Provisions	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>Total Provisions</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

37. Finance Lease Obligation

Description	2021/22	2020/21
	Kshs	Kshs
Current Lease obligation	xxx	xxx
Long term lease obligation	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

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*Notes to the Financial Statements (Continued)*

**38. Deferred Income**

Current Portion	xxx	xxx
Non-Current Portion	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**38 (a) The deferred income movement is as follows:**

<b>Balance b/f</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
Additions during the year	xxx	xxx	xxx	xxx
Transfers to Capital fund	(xxx)	(xxx)	(xxx)	(xx x)
Transfers to statement of financial performance	(xxx)	(xxx)	(xxx)	(xx x)
Other transfers ( <i>Specify</i> )	(xxx)	(xxx)	(xxx)	(xx x)
<b>Balance C/F</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

**39. Borrowings**

<b>Balance at beginning of the period</b>	<b>xxx</b>	<b>xxx</b>
External borrowings during the year	xxx	xxx
Domestic borrowings during the year	xxx	xxx
Repayments of external borrowings during the year	(xxx)	(xxx)
Repayments of domestic borrowings during the year	(xxx)	(xxx)
<b>Balance at end of the period</b>	<b>xxx</b>	<b>xxx</b>

Notes to the Financial Statements (Continued)

39. (a) Breakdown of Long- And Short-Term Borrowings

Description	2021/22	2020/21
	KSh	KSh
Current Obligation	xxx	xxx
Non-Current Obligation	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

40. Service Concession Arrangements

Description	2021/22	2020/21
	KSh	KSh
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	<u>xxx</u>	<u>xxx</u>
Service concession liability at beginning of the year	xxx	xxx
Service concession revenue recognized	(xxx)	(xxx)
Service concession liability at end of the year	<u>xxx</u>	<u>xxx</u>

41. Cash Generated from Operations

Description	2021/22	2020/21
	KSh	KSh
<b>Adjusted for:</b>		
Depreciation	xxx	xxx
Non-cash grants received	(xxx)	(xxx)
Impairment	xxx	xxx
Gains and losses on disposal of assets	(xxx)	(xxx)
Contribution to provisions	xxx	xxx
Contribution to impairment allowance	xxx	xxx
<b>Working Capital adjustments</b>		
Increase in inventory	(xxx)	(xxx)
Increase in receivables	(xxx)	(xxx)
Increase in deferred income	xxx	xxx
Increase in payables	xxx	xxx
Increase in payments received in advance	xxx	xxx
<b>Net cash flow from operating activities</b>	<b>xxx</b>	<b>xxx</b>

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

*Notes to the Financial Statements (Continued)*

**42. Financial Risk Management**

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

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

**(i) Credit risk**

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

Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2020</b>				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 30 June 2022</b>				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxx

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

**(ii) Liquidity risk management**

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

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

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	2021	2020	2019	Total
<b>At 30 June 20xx</b>				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 30 June 20xx</b>				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

**(iii) Market risk**

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

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

	KShs	Other currencies	Total
	KShs	KShs	KShs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

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

	KShs	Other currencies	Total
	KShs	KShs	KShs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>



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

**Foreign currency sensitivity analysis**

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

<b>20xx</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
<b>20xx</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

**Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

*Notes to the Financial Statements (Continued)*

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

**iv) Capital Risk Management**

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

Revaluation reserve	xxx	xxx
Retained earnings	xxx	xxx
Capital reserve	xxx	xxx
<b>Total funds</b>	<b>xxx</b>	<b>xxx</b>
Total borrowings	xxx	xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/ ( <i>excess cash and cash equivalents</i> )	xxx	xxx
<b>Gearing</b>	<b>xx%</b>	<b>xx%</b>

**43. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

Transactions with related parties		
<b>a) Services offered to related parties</b>		
Services to xxx	xxx	xxx
Sales of services to xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>b) Grants from the Government</b>		
Grants from County Government	xxx	xxx
Grants from the National Government Entities	xxx	xxx
Donations in kind	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	xxx	xxx
Payments for goods and services for xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>d) Key management compensation</b>		
Directors' emoluments	xxx	xxx
Compensation to the medical Sup	xxx	xxx
Compensation to key management	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

Notes to the Financial Statements (Continued)

**44. Segment Information**

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

**45. Contingent Liabilities**

	2021/22	2020/21
	Kshs	
Court case xxx against the company	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

(Give details)

**46. Capital Commitments**

	2021/22	2020/21
	Kshs	
Authorised For	xxx	xxx
Authorised And Contracted For	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

**47. Events After The Reporting Period**

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

**48. Ultimate And Holding Entity**

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

**49. Currency**

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

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**XIX. Appendices**

**Appendix 1: Progress on Follow Up Of Auditor Recommendations**

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

[REDACTED]				

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

*[Handwritten Signature]*

.....  
**Accounting Officer**

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

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**APPENDIX II: Projects Implemented by The Entity**  
**Projects**

Projects implemented by the Hospital Funded by development partners

Sl. No.	Project Name	Donor	Project duration	Donor commitment	Reporting required as per the donor	Consolidated in these financial statements (Yes/No)
1						
2						

**Status of Projects completion**

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

Sl. No.	Project Name	Value spent (KSh)	Completion %	Phase	Start	Sources of funds
1						
2						
3						

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**APPENDIX IV: Inter-Entity Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary entity]*

*[Insert Address]*

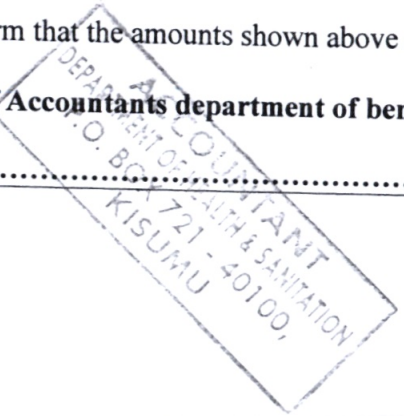
The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request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

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

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

**Head of Accountants department of beneficiary entity:**

Name ..... Sign ..... Date .....



**APPENDIX V Reporting of Climate Relevant Expenditures**

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

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

Project Name	Project Description	Project Objective	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



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**APPENDIX VI Disaster Expenditure Reporting Template**

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

