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OFFICE OF THE AUDITOR-GENERAL

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REPORT

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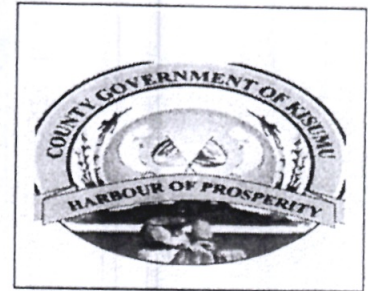
NYAKACH COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2023

COUNTY GOVERNMENT OF KISUMU

25/09/24  
S.M.L  
Angela



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**NYAKACH COUNTY HOSPITAL LEVEL 4 HOSPITAL  
(County Government Kisumu)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

**(AMMENDED)**

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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  
12/20/2011  
P.O. BOX 1188, KISUMU

***Nyakach County Level 4 Hospital (Kisumu County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023***

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**1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.



**2. Key Entity Information and Management**

**(a) Background information**

Nyakach County Hospital is a level 4 hospital established under gazette notice number 11041 and is domiciled in Kisumu County under the Medical Services, Public Health and Sanitation Department. The hospital is governed by a Board of Management.

**(b) Principal Activities**

The principal activity/mission/ mandate of the hospital is to provide quality and universal healthcare to the public.

**Vision**

To be centre of excellence in quality health care services

**Mission**

To participate, provide, and promote quality preventive, curative and rehabilitative services that are accessible, equitable and affordable to community.

**(c) Quality Policy Statement**

Nyakach County Hospital is committed to provide quality healthcare services to meet the needs and expectations of customers, staffs and external stakeholders through involvement and active participation in all internal operations

Core objectives

**(d) Key Management**

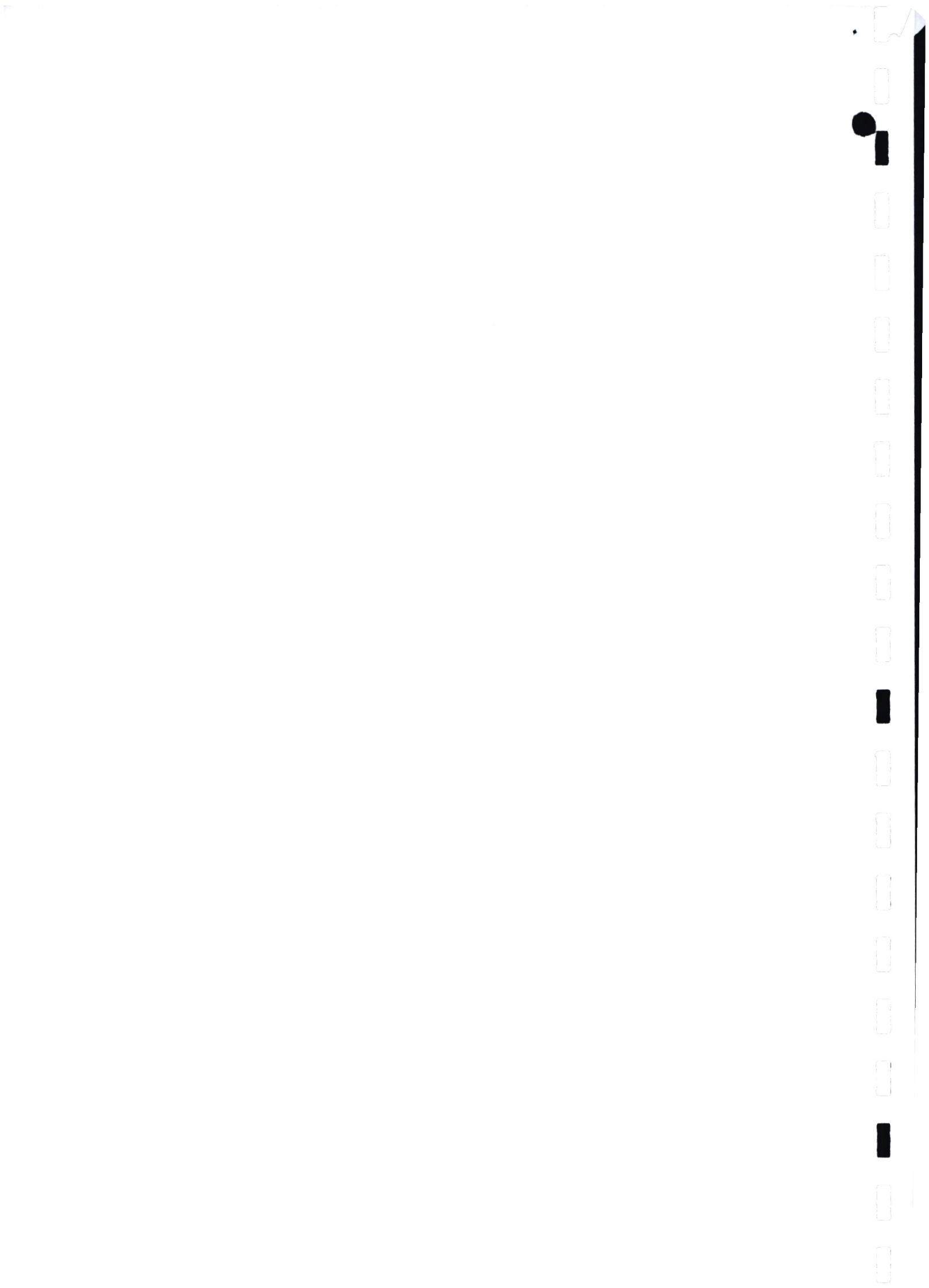
The hospital management is under the following key organs:

- County department of Health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

**(e) Fiduciary Management**

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

No	Position	Name
1.	Medical Superintendent	<b>Dr. Edon Nyagudi</b>
2.	Health Administrative officer	<b>Mr Josiah Ongai</b>
3.	Nursing Officer In charge	<b>Miss Lilian Kayesi</b>
4.	Laboratory In Charge	<b>Mr Julius Okuku</b>



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5.	Pharmacist In charge	<b>Dr. Cyril Oloo</b>
6.	Medical Officer	<b>Dr Odero Michael</b>
7	Health Record and Information in charge	<b>Miss Sarah Akinyi Ajwang'</b>
8	Stores in charge	<b>Mr Vincent Omollo</b>

**(f) Fiduciary Oversight Arrangements**

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

**(g) Entity Headquarters**

P.O. Box 79 40111  
Pap Onditi  
Nyakach Sub County  
Kisumu County  
KENYA

**(h) Entity Contacts**

Telephone: (+254) 776388594  
E-mail: [paponditihospital@gmail.com](mailto:paponditihospital@gmail.com)

**(i) Entity Bankers**

Cooperative Bank Kisumu East Branch  
Nakach Sub County Hospital Recurrent Kisumu County  
01141495253900

Kenya Commercial Bank Sondu Branch  
Nyando Districh Hospital  
1104032481

**(j) Independent Auditors**

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

**(k) Principal Legal Adviser**

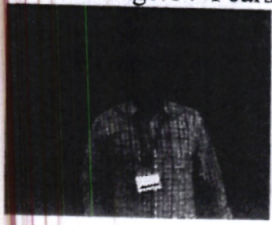


The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**(l) County Attorney**


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







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4	<p>Mr. Arkipo Odhiambo          Abende-Age:64 Years</p> 	Board member in charge of financial management	Primary Teachers Certificate-P1
5	<p>Mr. Henry Aloo Adem-          Age:56 Years</p>	Board member representing Youth	Accountant
6	<p>Ms. Perez Achieng          Agoro-Age: 65Years</p> 	Independent member	Bachelor of Arts (Education)
7	<p>Dr. Edon Nyagudi-          Age:36 Years</p> 	Medical Superintendent and Secretary to the Board	Bachelor of Dental Surgery-Moi University




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8	Ms. Rose Akinyi Ngeta- Age: 	Board member representing faith based organisations.	Businesslady
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**4. Key Management Team**

1.		<p><b>Medical Superintendent</b> Degree in Dental Surgery</p>
2.		<p><b>Health Administrative Officer</b> Bachelors Degree development Studies</p>
3.		<p><b>Nursing Officer In charge</b> Diploma in Nursing</p>
4.		<p><b>Laboratory Manager</b> Diploma in Laboratory science</p>

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	<p><b>Pharmacist in charge</b> Bachelor's degree in Pharmacy</p>
<p>5. Dr Cyril Oloo</p>	
	<p><b>Medical Officer</b> Bachelor of medicine and surgery Overseeing the clinical and surgical managements of patients</p>
<p>6. Dr Odero Michael</p>	
	<p><b>Health Records and Information officer</b> Diploma in Health Record and information technology</p>
<p>7. Miss Sara Ajwang</p>	

### **5. Chairman's Statements**

Nyakach County Hospital is a level 4 hospital located in Nyakach Sub-county, Kisumu County. It has a catchment of 36,265 patients. It has a bed capacity of 37, covering female ward, male ward and maternity ward, and pediatric ward. It offers varied healthcare services, including:

1. General Outpatient services
2. Inpatient services
3. Laboratory services
4. Dental services
5. Pharmacy services
6. Maternity services
7. Rehabilitative services

The hospital has a total workforce of 94, of which 67 are County Government employees, 27 are CIHEB-supported employees, and 12 are casual employees.

#### **PROJECTS**

The hospital has the following projects ongoing/stalled

1. Maternity Theatre complex, not yet completed
2. Mortuary building, condemned
3. Kitchen and Laundry complex, condemned
4. Administration block, proposed but not yet started
5. Hospital drug store, proposed but not yet started.

#### **Key activities and successes consolidated during the year**

- Convened quarterly board meetings for the purposes of preparing reviewing and approving the budgets and financial statements of the hospital during the year under review.
- Collaborated with a development partner by facilitating the signing of an MOU between St. Denis Hospital Heart of the World (HOW) USA for the purposes of capacity building in training and exchange programme.
- Formed a Project Management Committee in conjunction with Nyakach Sub county Administration. The PMC successfully supervised the construction of theatre/maternity complex. The complex is now undergoing minor repairs after the expiry of the default period. It should be ready for operationalization any time from now.
- The construction of the incinerator is on-going under the supervision of the same committee.

#### **CHALLENGES**

During the financial year under review, the hospital experienced a myriad of challenges:

1. Understaffing

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2. Lack of consolidated title deed. Making it difficult to carry out projects within the facility causing conflicts with the surrounding community
3. Erratic power supply by Kenya Power that has led to destruction of electrical and electronic equipment, due to the power surge.
4. Old and dilapidated structures with asbestos roofing that poses health hazard to healthcare workers.
5. No mortuary services
6. Condemned buildings and stalled projects.

**Mandatory requirements:**

**Nyakach County Hospital** is gazetted as a primary care hospital **level four facility** and as such must meet the following mandatory requirements as per the Medical, Pharmacy and Dentists Board (MPDB) guidelines:

- Advanced life support;
- Caesarean section and surgical operations;
- Radiology services;
- Mortuary and autopsy services;
- Laboratory services of lab class D;
- Management of medical, surgical, paediatric, obstetric and gynaecological in-patients and outpatients;
- At least 4 resident specialists: surgeon, obstetrician/gynaecologist, paediatrician and physician;
- Maternity theatre and general theatre;

It is unfortunate that of all the mandatory requirements above, only the newly constructed maternity/theatre complex is available and is awaiting operationalization in due course.

**Way forward**

- All the mandatory requirements, which are mentioned above but are not in place, need to be addressed immediately to enable the hospital operate efficiently and effectively.

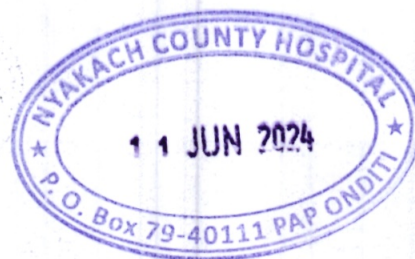
**Mr Abondo Charles**

.....

**Name**

**Chairman to the Board**

11 JUN 2024



## **6. Report of The Medical Superintendent**

### **ABOUT THE HOSPITAL**

Nyakach County Hospital is a level 4 hospital located with Nyakach Sub County in Kisumu County. It provides outpatient, inpatient, and maternity and specialized outpatient services. It's a 37 bed capacity hospital with 24hrs services.

### **KEY SERVICES OFFERED**

Nyakach County Hospital provides an array of medical services including;

- 1) General outpatient services
- 2) Inpatient services
- 3) Maternity services
- 4) Dental services
- 5) Rehabilitative services
- 6) Minor surgical services
- 7) Pharmacy services
- 8) Laboratory services
- 9) Radiological services

### **WORKFORCE**

Nyakach County Hospital had 92 staff of which 65 are government employees and 27 are CIHEB supported employees and 13 casual employees.

### **PERFORMANCE**

#### **a) Clinical performance**

The hospital attended to a total of 19,461 patients both inpatient and outpatient. 8,037 attended specialized clinics

The hospital had 583 deliveries during the same period.

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**b) Financial performance**

The hospital generated total on-source revenue of Kshs 7,345,215 from on source collection-both cash and NHIF claims.

The hospital also received equitable share of Kshs 2,654,852 from the County Government of Kisumu

The details of the revenues and the expenditures are detailed in the financial part of this report.

**PROJECTS**

During the year under review the hospital had the following projects

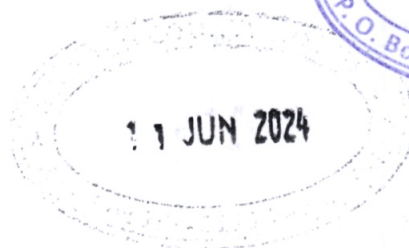
ongoing/stalled/abandoned/proposed

- 1) Maternity theatre complex-ongoing
- 2) Incinerator proposed
- 3) Drug store proposed
- 4) Administration block proposed
- 5) Kitchen and laundry complex condemned
- 6) Mortuary condemned

**CHALLENGES**

- 1) Delays in disbursement of cash
- 2) Erratic power supply
- 3) Understaffing
- 4) Condemned building

Name EDON NYAKUNDI  
Sign : [Signature]  
Secretary to the Board



## **7. Statement Of Performance Against Predetermined Objectives**

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

The Mandate of Nyakach County Hospital as an entity are to ensure provision of the following services geared towards universal healthcare coverage:

- i) Curative and Rehabilitative Health Services
- ii) Preventive and Promote Health Services
- iii) General Administration, Planning, Management Support and Coordination

It is the responsibility of the Board and Hospital management team to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio- economic development.

Nyakach County Hospital has 3 Annual Program Based Service Delivery Work plan and objectives within the current FY 2022-2023.

These 3 Annual Program Based Service Delivery are;

**Program 1: Curative and Rehabilitative Health Services;** Program Outcome: Effective and efficient curative and rehabilitative health care services to the county citizens

Program Objective: To provide effective and efficient curative and rehabilitative at all health **service delivery units**

**Program 2: Preventive and Promotive Health Services;** Program Outcome: Effective and efficient preventive and promotive health interventions within the county

Program Objective: To provide effective and efficient preventive and promotive health interventions across the county

**Program 3: General Administration, Planning, Management Support and Coordination;** Program Outcome: Effective and efficient preventive and promotive health interventions within the county

Program Objective: To provide effective and efficient preventive and promotive health interventions across the county

Nyakach County Hospital develops its annual work plan based on the above 3programs and 12 sub programs.

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Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Nyakach County Hospital achieved its performance targets set for the FY 2022/2023 period for its 12 sub programs under the 3 main program-based areas.

**8. Corporate Governance Statement**

The Board of Management of the Hospital were appointed via gazette notice No. 9607 dated 11<sup>th</sup> October 2019 to govern the entity. The Hospital Board of Management recognizes the importance of corporate governance and as such it carries out its mandate with honesty, openness, and integrity.

The Board of Management is responsible for the provision of oversight to the operational activities of the Hospital on behalf of the members of the public and citizen of Kenya in line with the manifesto of the Governor and Ministry of Health regulations and guidelines.

They are also entrusted with the responsibility of ensuring strong corporate governance and ethical practices within the Hospital. Their role extends to ensuring that the Hospital complies with the relevant laws.

The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate best practices.

Below are the key features of corporate governance structures and internal control systems put in place and that were in operation during the year

**9. Management Discussion and Analysis**

**BOARD OF MANAGEMENT**

The Board of Management is composed of non-executive appointed members via The Kenya Gazette Notices after every 3 years.

The Board members are appointed by considering the various categories

Role
Chairperson of the Hospital management Board.
Board member in charge of financial management
Board member representing faith-based organisation
Board member representing H.C.S. D

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Board member representing Professionals
Board member representing Youths
Member
Medical Superintendent & secretary to the Board.

The Board is held accountable and responsible for the effective governance of the institution. Members of the Board have a broad range of skills and experience, and each brings independent judgment and unique expertise and advisory perspectives to the Board's deliberations.

**Summarized below are the key roles and responsibilities of the Board:**

- Approve and adopt strategic plans and annual budgets, set objectives, and review key risk and performance areas.
- Determine overall policies and procedures to ensure integrity of the Hospital's management of risk and internal controls.
- Review, at regular meetings, Management's performance against approved deliverables.

The full Board meets at least five times a year and the Chairperson holds weekly meetings with the Chief Executive Officer.

The Board members are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational and compliance matters.

Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Chief Executive Officer. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

**BOARD MEETINGS**

The Board meets quarterly as per its annual work plan or additionally when necessary to consider matters of business oversight. The Board's agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within the stipulated timeline.

During the FY 2022-2023, The Board had 6 sittings; 4 being the quarterly planned board meetings while 2 being Board committee meeting.

**BOARD REMUNERATION**

Non-Executive directors provide services to the company to which they are entitled to a remuneration as provided for by the SRC guidelines and circulars on Remuneration of board members for level IV hospitals. They are paid sitting allowances for attending Board meetings, board committee meetings and any other entity's business that they may be called to undertake.

**Clinical/operational performance**

Data from the Health records and information department shows the following details as to clinical/operational performance of Nyakach County Hospital in the financial years of 2021/2022 and 2022/2023:

- 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

Performance Item/ Activity	Unit of count/ measure	Financial year	
		2022 -2023	2021 - 2022
Bed capacity of the hospital	No. of beds	37	37
Overall patient attendance during the year; both inpatient & outpatient	No. of patients	19461	17981
Accident and emergency attendance	No. of attendances	175	182
Specialised clinic attendance	No. of attendances	8037	9826

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Average length of stay for inpatient	No. of days	3	3
Bed occupancy rate	Percentage	41%	39%
Mortality rate	Percentage	4.2%	5.7%
Surgical theatre utilisation	No. of procedures	0	0

Nyakach County Hospital lacks accidents and emergency department. The data shows number of first aid procedures done before onward referrals to either Kisumu County Referral Hospital or Jaramogi Oginga Odinga Teaching and Referral Hospital

- Sponsorships and partnerships CIHEB

**Financial performance that includes: -**

- During the period financial year 2022-2023 Nyakach County Hospital generated its revenue from on source revenue collections, NHIF And MARWA as Well as recurrent funds from the County Government of Kisumu

The funds for the financial year 2022-2023 were spent as per the details of this report

.....Dr. Edon Nyagudi.....

Name

Secretary to the Board




## **10. Environmental And Sustainability Reporting**

Nyakach County Hospital 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.

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

During the FY 2022-2023, the hospital strived to favourably achieve its objectives and mandate of providing universal healthcare to all citizens who visited the hospital. The recent high cost of commodities and supplies did put pressure on the hospitals capacity to deliver services. The hospital throughout the year ensures compliance with the various rules and regulations governing the management of a public hospital within Kenya.

### **ii) Environmental performance**

In the FY 2022-2023, the hospital was committed to ensuring safe disposal of all medical and non-medical wastes as may be appropriate. The Septic tanks were regularly disinfected and the hazardous medical wastes were transported to other hospital incinerators like JOOTRH and Lumumba Sub County Hospital.

### **iii) Employee welfare**

The Hospital staffs comprise of staffs employed by the County Government of Kisumu, Partner and health Volunteers who are engaged directly by the hospital.

The management strives to ensure that all employees are sufficiently engaged towards service delivery whilst observing employee rights in line with the Employment Act.

Being that hospital setups are hazardous, the management ensured adequate provision of PPEs to all staffs during the FY 2022-2023 to date in line with the Occupational Safety and Health Act of 2007, (OSHA).

The Health Volunteers are timely compensated for the services delivered and made it possible for the hospital to run smoothly during the period.

**iv) Market place practices-**

**a) Responsible competition practice.**

Core mandate of Nyakach county Hospital is to provide universal healthcare coverage to citizens. As such the hospital charge-list was in compliance with the Kisumu County Finance Bill 2022-2023 and in our view it was made with a view of not making profits but rather to recover costs of service delivery.

In the spirit of universal healthcare coverage, the hospital assisted all the indigents who visited the hospital to access services through waivers and exemptions as per the presidential directive' As such no patient was turned away or detained for lack of hospital bill during FY 2022-2023.

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

Nyakach County Hospital sources its goods and services from prequalified suppliers who are centrally prequalified by the Department of Health, Kisumu County hospital. The Suppliers are engaged on a competitive basis majorly through request for quotation method if exceeds threshold of 50,000.

The management strived to pay the suppliers every quarter when money was availed from County Treasury through recurrent and FIF. Keen to note was that the transfers from County Treasury was not enough to adequately settle all invoices due to pending bills accrued. The management seeks increase of disbursements from County Treasury and NHIF collections.

**c) Responsible marketing and advertisement**

Nyakach County Hospital is a Public hospital that is open to all citizens within Nyakach Sub-county and beyond.

**d) Product stewardship**

Outline efforts to safeguard consumer rights and interests.

Health care sector is a highly regulated sector due to its essential nature. During the FY 2022-2023 to date, the hospital management has always ensured to only procure authorised pharmaceutical and non-pharmaceutical items from licenced suppliers. The hospital also ensures that all food and ration items and other items are inspected by the hospital inspection teams who ensure that only goods and services that meet the required standards and threshold are accepted for use at the hospital.



**11. Report of The Board of Management**

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

**Principal activities**

The principal activities of the entity are to provide universal healthcare services to all residents of Nyakach Sub-County and beyond.

**Results**

The results of the entity for the year ended June 30, 2023 are set out on this report

**Board of Management**

The members of the Board who served during the year are shown on page vii. During the year no director retired/ resigned.

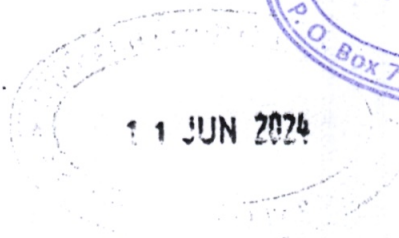
**Auditors**

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

By Order of the Board

...Dr. Edon Nyagudi.....

**Secretary of the Board**



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

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Nyakach County Hospital, which give a true and fair view of the state of affairs at the end of the financial year and the operating results of the hospital for FY 2022/2023. The Board of Management is also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The council members are also responsible for safeguarding the assets of the Hospital.

The Board of Management is responsible for the preparation and presentation of the Hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2023, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

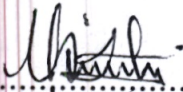
Nothing has come to the attention of the Board of management to indicate that Nyakach County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.


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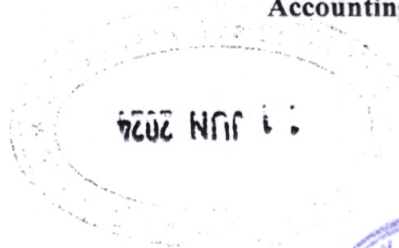
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**Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 15/2/2023 and signed on its behalf by:

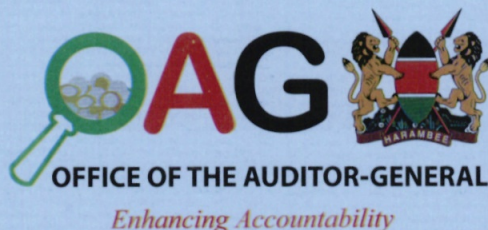
  
.....  
Name: **Charles Abando**  
Chairperson  
Board of Management

  
.....  
Name: **Edon Nyagwasi**  
Accounting Officer



# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON NYAKACH COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Nyakach County Level 4 Hospital - County Government of Kisumu set out on pages 1 to 45, which comprise of the

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

statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nyakach County Level 4 Hospital - County Government of Kisumu as at 30 June, 2023, 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 Governments Act, 2012 and the Health Act, 2017.

### **Basis for Qualified Opinion**

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

##### **1.1. Inaccurate Opening Balances**

Review of the 2022/2023 financial statements opening balances against the audited closing balances for 2021/2022 financial year revealed variances as tabulated below;

<b>Component</b>	<b>Closing Balances for 2021/2022 Audited Financial Statement Figures (Kshs)</b>	<b>Opening Balances for 2022/2023 Financial Statement Figures (Kshs)</b>	<b>Variance (Kshs)</b>
General Expenses (Cash Flow Statement)	1,303,775	1,505,964	(202,189)
Note 11; Paediatrics Ward	167,900	0	167,900

##### **1.2. Variances Between Financial Statements and Supporting Schedules**

Review of the financial statements with the supporting schedules provided for audit revealed unexplained variances as tabulated below;

<b>Description</b>	<b>Financial Statement Amount (Kshs)</b>	<b>Supporting Schedule Amount (Kshs)</b>	<b>Variance (Kshs)</b>
Receivables of Exchange Transactions (NHIF)	2,716,690	1,983,690	733,000
Receivables from Non- Exchange Transactions	1,550,000	0	1,550,000

In the circumstances, the accuracy of the above amounts and balances included in the financial statements could not be confirmed.

## **2. Under-Stated In-Kind Contribution from the County Government**

The statement of financial performance reflects In-Kind contributions from the County Government of Kisumu amounting to Kshs.7,722,368. However, review of records revealed that the Hospital received In-Kind contributions amounting to Kshs.16,410,968.62 in drugs and vaccines from Kenya Medical Supplies Authority through the County Government of Kisumu resulting to an unexplained variance of Kshs.8,688,600.62. In addition, the Hospital received services from twenty-six (26) staff; one (1) medical officer, one (1) dentist, one (1) pharmacist and twenty-three (23) registered community health nurses 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 amount of Kshs.7,722,368 in respect of In-Kind contribution could not be confirmed.

## **3. Unbalanced Statement of Financial Position**

The statement of financial position reflects total net assets and liabilities of Kshs.21,183,622 while the total assets were Kshs.15,227,338 resulting in an unexplained and unreconciled variance of Kshs.5,956,284 therefore an unbalanced statement of financial position.

In the circumstances, the accuracy of the statement of financial position could not be confirmed.

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

The statement of financial position reflects a Nil property, plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the Hospital sits on land consisting of seven (7) parcels. However, only one (1) parcel had title, while the remaining six (6) had no title deeds. Information provided for audit indicated that one (1) parcel of land is in dispute by the community.

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

## **5. Unconfirmed Intangible Asset Balance**

The statement of financial position reflects a balance of Kshs.300,000 under intangible assets. The intangible asset relates to two (2) softwares; one system for revenue collections and the second one for medicine tracking and dispensing. However, these were not amortized during the year as per amortization policy.

In the circumstances, the accuracy and completeness of the intangible assets balance of Kshs.300,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyakach 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 qualified opinion.

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Non-Compliance with the Financial Reporting Framework Template**

Review of the annual report and financial statements submitted for audit revealed that the financial statements did not comply with the financial reporting format issued by the Public Sector Accounting Standards Board. This was contrary to Section 81(3) of the Public Finance Management Act, 2012 which requires that the accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board from time to time.

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

#### **2. Failure to Remit Statutory Contributions**

Review of casual workers master payrolls revealed that contributions amounting to Kshs.53,200 were deducted and not remitted to National Social Security Fund (NSSF) contrary to Sections 19(1) and 20(1) of the National Social Security Fund, 2013 which require every employer who, under a contract of service, employs one employee or more

shall register with the Fund as a contributing employer and shall, register his employee or employees, as members of the Fund and pay to the Pension Fund in respect of each employee in his or her employment.

In the circumstances, Management was in breach of the law and this may attract fines, penalties and interest which are avoidable charges to public resources.

### 3. Incomplete Projects

A physical inspection of the Hospital revealed development projects which were incomplete and abandoned as follows;

- i. Maternity theatre complex funded by the World Bank was incomplete with leaking roof.
- ii. Mortuary building funded by Constituency Development Fund (CDF) in 2007 was abandoned due to poor workmanship.
- iii. Laundry and kitchen complex abandoned in 2004 condemned for poor workmanship.

In the circumstances, Indications are that the Hospital did not get value for money in these projects and the benefits may not be realized due to poor workmanship and failure to supervise the projects.

### 4. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of the Kenya Quality Model for Health Policy Guidelines due to staff deficit by seventy-seven (77) staff requirements or 76.23% of the authorized establishments as tabulated below;

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage
Medical Officers	16	1	15	93.75
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	23	52	69.33
<b>Total</b>	<b>101</b>	<b>24</b>	<b>77</b>	<b>76.23</b>

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

<b>Service</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage</b>
Inpatient Beds	150	37	113	75.33
ICU Beds	6	0	6	100
Functional High Dependence Unit (HDU) Beds	6	0	6	100
Functional Theatre	1	0	1	100
New Born Unit with Incubators	5	0	5	100
New Born Unit HDU Cots	5	0	5	100
Renal Unit with Dialysis Machines	5	0	5	100

Further, the radiology services lacked the Electroencephalogram (EEG) while specialized therapy services lacked radiotherapy services. In addition, the Hospital had not differentiated pharmacy services to include; main pharmacy, outpatient pharmacy and ward-level pharmacy resulting in slow admission of drugs and accountability of drugs.

The deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1. Weak Controls in Inventory Management**

Review of the Hospital's inventory system revealed several weaknesses which included; the lack of technical training for the clerical officer managing the store, the absence of role segregation resulting in lack of checks and balances in stock management, a non-automated store system compared to the automated pharmacy

Further, there was inadequate access control and security measures in the store area, absence of documented handovers when the storekeeper was absent. In addition, there was no evidence that an end of year stock take was carried out.

In the circumstances, the existence of effective of internal controls over inventories could not be confirmed.

### **2. Incomplete Assets Register**

Review of the Hospital's asset register revealed that details of three (3) motor vehicles, all buildings and four (4) of the seven (7) parcels of land occupied by the Hospital were not recorded in the assets register. Further, the detailed schedule indicating the asset description, location, cost or valuation and relevant documentations for additions during the year was not provided for audit. In addition, the assets were not tagged with unique identification codes.

In the circumstances, the existence of effective mechanism to safeguard assets could not be confirmed.

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

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

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

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

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

5 July, 2024

*Nyakach County Level 4 Hospital (Kisumu County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

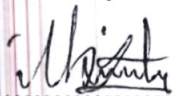
**14. Statement of Financial Performance for The Year Ended 30 June 2023**

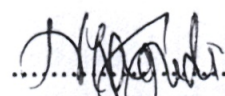
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	2,654,852	8,073,241
In-kind contributions from the County Government	7	7,222,368	0
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	0	0
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	7,345,215.00	4,035,976
Revenue from rent of facilities	12	0	0
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	0
<b>Revenue from exchange transactions</b>			
<b>Total revenue</b>		<b>17,222,435</b>	<b>12,109,217</b>
<b>Expenses</b>			
Medical/Clinical costs	15	3,595,314	4,587,696
Employee costs	16	1,051,320	955,290
Board of Management Expenses	17	194,500	188,000
Depreciation and amortization expense	18	0	0
Repairs and maintenance	19	558,547	476,090
Grants and subsidies	20	0	500,000
General expenses	21	1,598,748	1,505,964
Finance costs	22	0	0
<b>Total expenses</b>		<b>6,998,429</b>	<b>8,213,040</b>
<b>Other gains/(losses)</b>		10,224,006	3,896,177
Gain/Loss on disposal of non-Current assets	23	0	

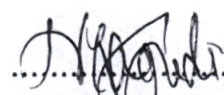
**Nyakach County Level 4 Hospital (Kisumu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

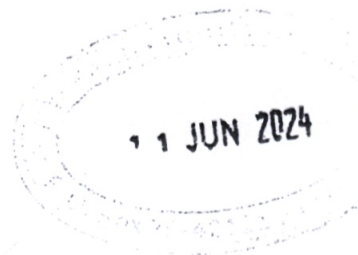
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	0	0
Impairment loss	26	0	0
Gain on foreign exchange transactions		0	0
<b>Total other gains/(losses)</b>		<b>0</b>	<b>0</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>10,224,006</b>	<b>3,896,177</b>

The Hospital's financial statements were approved by the Board on 15/6/2023 and signed on its behalf by:

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

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

  
 .....  
**Medical Superintendent**



*Nyakach County Level 4 Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

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

Statement of Financial Position			
Description	Account Number	2023	2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	1,203,619	1,723,410
Receivables from exchange transactions	28	2,716,690	3,873,070
Receivables from non-exchange transactions	29	1,550,000	0
Inventories	30	9,457,029	0
<b>Total Current Assets</b>		<b>14,927,338</b>	<b>5,596,480</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	0	0
Intangible assets	32	300,000	300,000
Investment property	33	0	0
<b>Total Non-current Assets</b>		<b>9,757,029</b>	
<b>Total assets</b>		<b>15,227,338</b>	<b>5,596,480</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	4,267,722	2,450,775
Refundable deposits from customers/Patients	35	0	0
Provisions	36	0	0
Finance lease obligation	37	0	0
Current portion of deferred income	38	0	0
Current portion of borrowings	39	0	0
Social Benefits	41	0	0
<b>Total Current Liabilities</b>		<b>4,267,722</b>	<b>2,450,775</b>
<b>Non-current liabilities</b>			
Provisions	36	0	0
Non-Current Finance lease obligation	37	0	0
Non-Current portion of deferred income	38	0	0
Non - Current portion of borrowings	39	0	0
Service concession liability	40	0	0
Social Benefits	41	0	0

**Nyakach County Level 4 Hospital (Kisumu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

<b>Total Non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities</b>		<b>0</b>	<b>2,450,775</b>
<b>Net assets</b>		<b>10,959,616</b>	<b>3,145,705</b>
Revaluation reserve			
Accumulated surplus/Deficit		<b>10,224,006</b>	<b>3,896,177</b>
Capital Fund		<b>0</b>	
<b>Total Net Assets and Liabilities</b>		<b>21,183,622</b>	<b>7,041,882</b>

The Hospital's financial statements were approved by the Board on 15/8/2023 and signed on its behalf by:

*[Signature]*

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

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

*[Signature]*

.....  
**Medical Superintendent**



**Nyakach County Level 4 Hospital (Kisumu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

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

<b>As at July 1, 2022</b>				
Revaluation gain	0	0	0	<b>0</b>
Surplus/(deficit) for the year	0	3,896,177	0	3,896,177
Capital/Development grants	0	0	0	
<b>As at June 30, 2022</b>	<b>0</b>	<b>3,896,177</b>	<b>0</b>	<b>3,896,177</b>
<b>At July 1, 2023</b>				
Revaluation gain	0	0	0	<b>0</b>
Surplus/(deficit) for the year	0	10,224,006	0	3,603,540
Capital/Development grants	0	0	0	0
<b>At June 30, 2023</b>		<b>10,224,006</b>		<b>3,603,540</b>

*Nyakach County Level 4 Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

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

<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		2,654,852	8,083,241
Grants from donors and development partners		0	0
Transfers from other Government entities		0	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		7,345,215.00	4,035,976
Revenue from rent of facilities		0	0
Finance / interest income		0	0
<b>Total Receipts</b>		<b>10,000,067</b>	<b>12,109,217</b>
<b>Payments</b>			
Medical/Clinical costs		3,595,314	4,587,696
Employee costs		1,051,320	955,290
Board of Management Expenses		194,500	188,000
Repairs and maintenance		558,547	476,090
Grants and subsidies		0	0
General expenses		996,846	1,505,964
Finance costs		0	0
Refunds paid out		0	0
<b>Total Payments</b>		<b>6,396,527</b>	<b>7,512,851</b>
<b>Net cash flows from operating activities</b>	42	<b>3,603,540</b>	<b>4,596,366</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		0	0
Proceeds from the sale of property, plant, and equipment		0	0
Acquisition of investments		0	0
<b>Net cash flows used in investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		0	4,596,366
Repayment of borrowings		0	
Capital grants received		0	
<b>Net cash flows used in financing activities</b>		<b>(0)</b>	

***Nyakach County Level 4 Hospital (Kisumu County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023***

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<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,399,921</b>	
Cash and cash equivalents as at 1 July	27	1,203,619	
<b>Cash and cash equivalents as at 30 June</b>	<b>27</b>	<b>1,203,619</b>	



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

	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from the County Government	2,654,852	0	2,654,852	1,104,852	1,550,000	%
Grants from donors and development partners	0	0	0			%
Transfers from other Government entities	0	0	0	0		%
Public contributions and donations	0	0	0	0		%
Rendering of services- Medical Service Income	7,345,215	0	6,112,099	6,112,099	2,654,785	%
Revenue from rent of facilities	0	0	0	0	0	%
Finance / interest income	0	0	0	0	0	%
Miscellaneous receipts ( <i>specify</i> )	0	0	0	0	0	%
<b>Total income</b>	<b>10,000,067</b>	<b>0</b>	<b>10,000,067</b>		<b>0</b>	<b>%</b>
<b>Expenses</b>						
Medical/Clinical costs	3,595,314		3,595,314	3,595,314		100%
Employee costs	1,051,320		1,051,320	1,051,320		%
Remuneration of directors	194,500		194,500	194,500		%
Repairs and maintenance	558,547		558,547	558,547		%
Grants and subsidies	0		0	0		%
General expenses	1,598,748		1,598,748	1,598,748		%
Finance costs	0		0	0		%
Refunds	0		0	0		%
<b>Surplus for the period</b>	<b>10,224,006</b>					<b>%</b>
<b>Capital expenditure</b>	<b>3,603,540</b>		<b>3,603,540</b>	<b>3,603,540</b>		<b>%</b>

**19. Notes to the Financial Statements**

**1. General Information**

Nyakach County Level 4 Hospital is established by a gazette notice and derives its authority and accountability from Kisumu county facility improvement fund (FIF) Act, 2021 and the PFM Act, 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide universal healthcare services

**2. Statement of Compliance and Basis of Preparation**

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

**i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023**

<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><b>IPSAS 42: Social Benefits</b></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> <p>(a) The nature of such social benefits provided by the Entity.</p>

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	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> 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>Other improvements to IPSAS</p>	<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>• <i>IPSAS 29: Financial instruments: Recognition and Measurement</i></li> </ul> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>

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

IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires:-</p> <ul style="list-style-type: none"> <li><i>i.</i> 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:</li> <li><i>ii.</i> 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.</li> </ul>

*iii) Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

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

##### **Transfers from other Government entities**

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

extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

**ii) 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.

**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 2022/2023 was approved by Board on *15/07/2022*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**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.

*Notes to the Financial Statements (Continued)*

**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.

**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**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

*Notes to the Financial Statements (Continued)*

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.



*Notes to the Financial Statements (Continued)*

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

*Notes to the Financial Statements (Continued)*

**j. 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.

**k. 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.

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

*Notes to the Financial Statements (Continued)*

**l. Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**m. 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.

**n. 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.

**o. Nature and purpose of reserves**

The entity creates and maintains reserves in terms of specific requirements.

**p. 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.

*Notes to the Financial Statements (Continued)*

**q. 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.

**r. 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.

**s. 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.

**t. 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.

*Notes to the Financial Statements (Continued)*

**u. 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.

**v. 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.

**w. Comparative figures**

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

**x. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

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

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

- 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.



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Notes to Financial Statements Continued

6. Transfers from the County Government

<b>Unconditional grants</b>		
Operational grant	2,654,852	8,073,241
<b>Conditional grants</b>		
<b>Total government grants and subsidies</b>	<b>2,654,852</b>	<b>8,073,241</b>

6 b Transfers from The County Government

Kisumu County Government	2,654,852	0	0	2,654,852	8,073,241
<b>Total</b>					

**Notes to Financial Statements Continued**

**7. In Kind Contributions from The County Government**

Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	0	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	7,222,368	0
Utility bills	0	0
<b>Total grants in kind</b>	<b>7,222,368</b>	<b>0</b>

**8. Grants From Donors and Development Partners**

<b>Total grants from development partners</b>	<b>0</b>	<b>0</b>
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**8 (a) Grants from donors and development partners (Classification)**

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

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Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Transfer from National Government (Ministry of Health)	0	0
<b>Total Transfers</b>	<b>0</b>	<b>0</b>

10. Public Contributions and Donations

Public contributions and donations	0	0
<b>Total donations and sponsorships</b>	<b>0</b>	<b>0</b>

10 (a) Reconciliations of amortised grants

<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>0</b>
Current year receipts	0	0
Amortised and transferred to revenue	0	0
<b>Conditions to be met – remain liabilities</b>	<b>0</b>	<b>0</b>

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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Pharmaceuticals	743,966.00	390,584
Laboratory	1,301,295.00	742,452
Radiology	179,450.00	132,000
Inpatient	159,910.00	238,790
Outpatient	19,110.00	39,150
Ear Nose and Throat Service	500.00	2,700
Theatre	12,380.00	7,100
Dental Service	38,150.00	62,650
Paediatrics services	830.00	167,900
Female Ward	354,490.00	223,930
Records Dept	485,930.00	194,520
Mortuary	182,000.00	277,800
Male ward	148,178.00	267,900
Paedriatic Ward	140,010.00	0
Labour Ward	80.00	0
Orthopaedic	11,640.00	4,500
Maternity	170,770.00	190,050
Physiotherapy	63,045.00	39,580
Amenity	1,500.00	0
Medical Examination	9,500.00	2,500
Occupational Therapy	16,250.00	28,925
MCH/FP Services	100.00	0
NHIF	3,126,000.00	968,187
MARWA	180,131.00	0
<b>Total revenue from the rendering of services</b>	<b>7,345,215.00</b>	<b>4,024,376</b>

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

**12. Revenue From Rent of Facilities**

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

**13. Finance /Interest Income**

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

**14. Miscellaneous Income**

Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<b>Total Miscellaneous income</b>	<b>0</b>	<b>0</b>

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

**15. Medical/ Clinical Costs**

Dental costs/ materials	0	34,350
Laboratory chemicals and reagents	520,352	540,950
Food and Ration	523,880	1,366,016
Dressing and Non-Pharmaceuticals	516,200	352,360
Pharmaceutical supplies	1,352,834	1,163,322
Health information stationery	240,799	517,000
Sanitary and cleansing Materials	63,101	168,530
Purchase of Medical gases	0	10,000
X-Ray/Radiology supplies	0	38,700
Fuel & lubricants for Ambulance	310,148	381,458
Other fuels ( charcoal, LPG Gas)	68,000	0
Purchase of medical equipment		15,000
<b>Total medical/ clinical costs</b>	<b>3,595,314</b>	<b>4,587,686</b>

**16. Employee Costs**

Salaries, wages, and allowances	<b>863,874</b>	823,040
Staff medical expenses and Insurance cover	46,800	54,800
Social contribution NSSF	58,062	77,450
Accrued Salaries, wages, and allowances	<b>82,584</b>	0
<b>Employee costs</b>	<b>1,051,320</b>	<b>955,290</b>

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Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Sitting allowance	<b>194,500</b>	188,000
<b>Total</b>		

18. Depreciation and Amortization Expense

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

19. Repairs And Maintenance

Property- Buildings	54,052	103,000
Medical equipment	85,310	100,000
Computers and accessories	161,586	0
Motor vehicle expenses	257,599	273,090
<b>Total repairs and maintenance</b>	<b>558,547</b>	<b>476,090</b>

20. Grants And Subsidies

<b>Total grants and subsidies</b>	<b>0</b>	<b>0</b>

21. General Expenses

Bank charges		3,821
Computer accessories	60,000	
Contracted services		204,000
Electricity expenses	400,500	478,554

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Water & sewerage		28,000
Travel and accommodation allowance	61,000	
Courier and postal services		28,350
Printing and stationery		179,250
Water and sewerage costs	20,000	
Telephone and mobile phone services	29,450	63,000
Security Services expenses	406,241	
General Office Supplies	19,655	209,500
Other fuels ( charcoal & firewood)		320,800
Other Expenses	601,902	0
<b>Total General Expenses</b>	<b>1,598,748</b>	<b>1,505,954</b>

**22. Finance Costs**

<b>Total finance costs</b>	<b>0</b>	<b>0</b>
----------------------------	----------	----------

**23. Gain/Loss on Disposal of Non-Current Assets**

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

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

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



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Notes to the Financial Statements (Continued)

**25. Medical Services Contracts Gains /Losses**

Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
<b>Total Gain/Loss</b>	<b>0</b>	<b>0</b>

**26. Impairment Loss**

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

**27. Cash And Cash Equivalents**

Current accounts	1,203,619	1,723,410
<b>Total cash and cash equivalents</b>		

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

a) <b>Current account</b>			
<b>Co-operative Bank</b>	01141495253900	335,882	1,556,612
Kenya Commercial bank	1104032481	876,737	166,798
Equity Bank, etc			
<b>Sub- total</b>		1,203,619	<b>1,723,410</b>
<b>Grand total</b>		1,203,619	<b>1,723,410</b>



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**28. Receivables From Exchange Transactions**

Medical services receivables – NHIF	2,716,690	3,873,070
Less: impairment allowance	0	0
<b>Total receivables</b>	<b>2,716,690</b>	<b>3,873,070</b>

**Analysis of Receivables From Exchange Transactions**

	<b>Current FY</b>	<b>% of the total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Less than 1 year	2,716,690	%	3,873,070	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total (a+b)</b>	<b>2,716,690</b>	<b>%</b>	<b>3,873,070</b>	<b>%</b>

**29. Receivables From Non-Exchange Transactions**

Transfers from the County Government	1,550,000	0
<b>Total</b>	<b>1,550,00</b>	<b>0</b>
<b>Total (a+b)</b>		<b>%</b>

**30. Inventories**

Pharmaceutical supplies	8,649,797	0
Non Pharmaceutical supplies	224,089	0
Food supplies	76,390	0
Laboratory supplies	506,753	0
Cleaning materials supplies	0	0
<b>Total</b>	<b>9,457,029</b>	<b>0</b>



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Notes to the Financial Statements (Continued)*

**31. Property, Plant and Equipment**

<b>Cost</b>								
At 1 July 2021	0	0	0	0	0	0	0	0
Additions								0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfers/adjustments	0	0	(0)	0			0	(0)
<b>At 30<sup>th</sup> Jun 2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
At 1 July 2022	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/adjustments		0		0			(0)	-
<b>At 30<sup>th</sup> Jun 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation and impairment</b>								
At 1 July 2021 (previous year)		0	0	0	0	0		0
Depreciation for the year		0	0	0	0	0		0
Disposals		(0)	(0)	(0)	(0)	(0)		(0)
Impairment		(0)	(0)	(0)	(0)	(0)		(0)
<b>At 30 June 2022</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>
At July 2022 (current year)		0	0	0	0	0		0



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Depreciation		0	0	0	0	0		0
Disposals		(0)	(0)	(0)	(0)	(0)		(0)
Impairment		(0)	(0)	(0)	(0)	(0)		(0)
Transfer/adjustment		0	-	0	-	-	(0)	(0)
<b>At 30<sup>th</sup> June 2023</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2022 (previous)	0	0	0	0	0	0	0	0
At 30 <sup>th</sup> Jun 2023(current)	0	0	0	0	0	0	0	0

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

**32. Intangible Assets-Software**

32. Intangible Assets-Software		
Cost		
<b>At beginning of the year</b>	300,000	300,000
Additions	0	
Additions-Internal development	0	
Disposal	(0)	(0)
<b>At end of the year</b>	<b>300,000</b>	<b>300,000</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>		
Amortization for the period		
Impairment loss		
<b>At end of the year</b>		
<b>NBV</b>	<b>300,000</b>	<b>300,000</b>

**33. Investment Property**

33. Investment Property		
<b>At beginning of the year</b>	<b>0</b>	<b>0</b>
Additions	0	0
Disposals during the year	(0)	0
Fair value gain	0	(0)
Depreciation ( <i>where investment property is at cost</i> )	(0)	0
Impairment	(0)	(0)
<b>At end of the year</b>	<b>0</b>	<b>(0)</b>

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**34. Trade and other Payables**

Trade payables	4,267,722	4,234,515		
Employee dues	0	0		
Third-party payments (e.g. unremitted payroll deductions)	0	0		
Audit fee	0	0		
Doctors' fee	0	0		
<b>Total trade and other payables</b>	<b>4,267,722</b>	<b>4,234,515</b>		
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	4,267,722	100%	4,234,515	100%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total</b>	<b>0</b>	<b>%</b>	<b>0</b>	<b>%</b>

**35. Refundable Deposits from Customers/Patients**

Medical fees paid in advance	0	0		
Credit facility deposit	0	0		
Rent deposits	0	0		
Others (specify)	0	0		
<b>Total deposits</b>	<b>0</b>	<b>0</b>		
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total</b>	<b>xxx</b>	<b>%</b>	<b>xxx</b>	<b>%</b>



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

**36. Provisions**

<b>Balance at the beginning of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additional Provisions	0	0	0	0
Provision utilised	(0)	(0)	(0)	(0)
Change due to discount & time value for money	(0)	(0)	(0)	(0)
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
<b>Total Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**37. Finance Lease Obligation**

	<b>Kshs</b>	<b>Kshs</b>
Current Lease obligation	0	0
Long term lease obligation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**38. Deferred Income**

Current Portion	0	0
Non-Current Portion	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



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

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

<b>Balance b/f</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additions during the year	0	0	0	0
Transfers to Capital fund	(0)	(0)	(0)	(0)
Transfers to statement of financial performance	(0)	(0)	(0)	(0)
Other transfers ( <i>Specify</i> )	(0)	(0)	(0)	(0)
<b>Balance C/F</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**39. Borrowings**

<b>Balance at beginning of the period</b>	<b>0</b>	<b>0</b>
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	(0)	(0)
Repayments of domestic borrowings during the year	(0)	(0)
<b>Balance at end of the period</b>	<b>0</b>	<b>0</b>

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

Current Obligation	0	0
Non-Current Obligation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

**40. Service Concession Arrangements**

Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	(0)	0
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	(0)	(0)
Service concession liability at end of the year	<u>0</u>	<u>0</u>

**41. Social Benefit Liabilities**

Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	<u>0</u>	<u>0</u>
People Living with Disabilities benefit Scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
Current social benefits	0	0
Non- current social benefits	0	0
<b>Total (tie to totals above)</b>	<b>0</b>	<b>0</b>

**42. Cash Generated from Operations**

Surplus for the year before tax	0	0
<b>Adjusted for:</b>		
Depreciation	0	0
Non-cash grants received	(0)	(0)
Impairment	0	0
Gains and losses on disposal of assets	(0)	(0)
Contribution to provisions	0	0
Contribution to impairment allowance	0	0

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<b>Working Capital adjustments</b>		
Increase in inventory	(0)	(0)
Increase in receivables	(0)	(0)
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
<b>Net cash flow from operating activities</b>	<b>0</b>	<b>0</b>

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Notes to the Financial Statements (Continued)**

**43. 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)**

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 xxxx. 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.

**44. Events after the Reporting Period**

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

**45. Ultimate and Holding Entity**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Kisumu



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46. **Currency**

The financial statements are presented in Kenya Shillings (Kshs) and all values are rounded off to the nearest shilling.




**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.




**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 for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

  
.....  
**Accounting Officer**



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

**Projects**

Projects implemented by the Hospital Funded by development partners

[Redacted]						
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)*

[Redacted]						
1						
2						
3						



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**Appendix III: 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 2023 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 20XX				Amount Received by [beneficiary entity] (KShs) as at 30 <sup>th</sup> June 20XX (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
<b>Total</b>							

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

**Head of Accounts Department of the beneficiary entity:**

Name EDSON NYGUNDI Sign [Signature] Date 11/06/2024



100-100000



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 Appendix IV Reporting of Climate Relevant Expenditures**

Source of Funding	Quarter			
	Q1	Q2	Q3	Q4
Implementing Partner				



**Appendix V: Disaster Expenditure Reporting Template**

[Redacted Header]						

