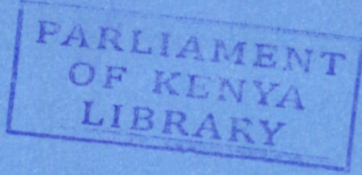


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

SOIN LEVEL 4 HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2023**

COUNTY GOVERNMENT OF NAKURU

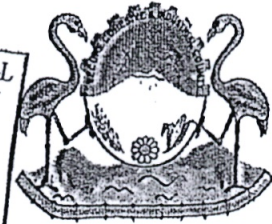
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OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
29 SEP 2023
RECEIVED



**SOIN SUB COUNTY HOSPITAL
(NAKURU COUNTY EXECUTIVE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th 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.
HMT	Hospital Management Team
CHMT	County Health Management Team
K-EMR	Kenya Electronic Medical Records

2. Key Entity Information and Management

(a) Background information

Soin sub-county Hospital is a level 4 hospital under the department of health; Nakuru county executive. It was established under gazette notice number 7619. The hospital is governed by a Board of Management. Soin Sub County Hospital is the only level four hospital in Rongai Sub County. It is located in Soin Ward in Rongai Sub County. It was established in 1966 as a county council dispensary, upgraded to a health Centre in 1985 then finally to a level four hospital in 2014.

(b) Principal Activities

The hospital offers curative, preventive, rehabilitative and emergency services. It serves a population of over 14,000 people.

The hospital has been identified as an HUB for the implementation of the primary care network (PCN) as part of Universal Health Care (UHC) roll out.

(c) Key Management

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

- County department of health/ County Health Management Team (CHMT)
- Board of Management
- Hospital Management Team (HMT)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr Isaiah Mabatuk
2.	Sub County Accountant	Dennis Omolloh
3.	Hospital Administrator	Julius Ngeno
4.	Nursing Officer in Charge	Teresa Amani
5.	Hospital Accountant	CPA David Chege

(e) **Fiduciary Oversight Arrangements**

1. **County Government of Nakuru**

The county government of Nakuru approves the budget and expenditure of the County Government in accordance with article 207 of the constitution of Kenya

2. **Board of Management**

The board of management plays a critical role in oversight of the hospital's operations and financial performance.

3. **Medical Superintendent**

The Chief Officer provides oversight on the day-day operations of the hospital and as the secretary to the board of management plays a critical role in the success of the institution.

4. **Hospital Management Team (HMT)**

The HMT is comprised of heads of various departments in the hospital who monitor operations at the departmental level and submit their reports to the chief officer on a monthly basis. They meet regularly to make decisions of key management issues.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 2060
Block B Building/House Plaza
Club Road Regional Commissioners HQs
Nakuru, Kenya

(g) Entity Contacts

Telephone: (+254) 706632944
E-mail: soinschospital@gmail.com
Website: www.soinhospital.go.ke

(h) Entity Bankers

Kenya Commercial Bank (KCB)

(i) Independent Auditors

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

(j) Principal Legal Adviser





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

(k) County Attorney




P.O. Box.2870 - 20100
Nakuru, Kenya

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

3. The Board of Management

Ref	Directors	Details
1.	 Viola Chebii, Board Chair	She is the chairperson of the Board. She holds a Bachelors degree in Commerce
2.	 John Mwangi	He is the chair to service delivery committee He holds a bachelors degree in gender and developmental studies. Currently doing masters in Public Administration
3.	 Moses Esekon	He is the chair of finance committee. He holds a diploma in communication.
4.	Symon Molok	He chairs Infrastructure committee.
5.	Moses Kipkeo	He is a member of infrastructure committee
6.	Jonah Kipkwe	He is a member of service delivery committee
7.	 Dr Isaiah Mabatuk	He is the secretary to the board. Holds a bachelors degree in pharmacy.

4. Key Management Team

Ref	Management	Details
1.	<p>Julius Ngeno</p> 	Hospital Administrator
2.	Teresa Amani	Nursing Officer in Charge
3.	Mark Sambu	Deputy Nursing Officer in Charge
4.	 <p>CPA. David N. Chege</p>	Hospital Accountant
5.	 <p>Dr. Isaiah Mamatuk</p>	MED SUP

5. Chairperson's Statement

Soin sub county hospital is committed to providing quality health services to the citizens of Kenya. Future plans of the hospital are to transform the facility into a world class patient centred hospital by increasing the variety of services offered as well as expanding the infrastructure. It is in this regard that I am pleased to present the financial statement for the year ended 30th June 2023.

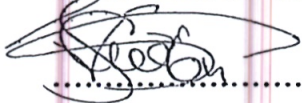
During the period the hospital was engaged in offering the following healthcare services to patients and clients: medical consultations, emergency care and ambulance services, mother child health services, dental clinic, maternity services, laboratory diagnostic support Services, pharmacy services, health promotion and health talks, outreaches, among others.

The board of management is proud of the achievements realized during the period which is attributed to staff commitment as well as the board's continuous effort to improve the facility infrastructure and general operating environment.

The hospital has continued to experience challenges ranging from dwindling financial and non-financial resources, inadequate infrastructure etc. This calls for prudence in resource management and continuous improvement of the quality of services to the customers.

On behalf of the Board, I would like to thank all our stakeholders especially County Government of Nakuru and development partners for the support they continue to accord the hospital without which our achievements would not have been realized.

Finally, I strongly believe that our strategy and the staff in place will consistently drive our growth in the future as has been the case over the years.



.....
Viola Chebii

Chairperson to the Board

6. Report of The Medical Superintendent

Soin sub county hospital is committed to provided quality health services to the people of Nakuru county and Kenyans at large. Our strategy is to increase the number of services offered gradually by improving on the available working space.

During the year ended 30th June 2023 we managed to introduce three new services namely obstetric ultrasound, haematology services and biochemistry.

The facility improvement fund (FIF) collections increased slightly compared to the previous years.

We are still faced with a myriad of challenges the biggest of which is inadequate space to set up new services.

I would like to appreciate the support from the county department of health services for the invaluable support. Much appreciation also goes to the hospital management board for steering the hospital in the right path.



.....
Dr Isaiah Mabatuk
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.

Soin sub county hospital has several strategic pillars and objectives within the annual work plan for the FY 2022- FY 2023. These strategic pillars are as follows;

- Pillar 1: Quality medical services
- Pillar 2: Financing and sustainability
- Pillar 3: Human resource development
- Pillar 4: Research and training
- Pillar 5: Technological advancement

Soin sub county hospital develops its annual work plans based on the above mentioned pillars. Assessment of the hospital’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Quality medical services	<ul style="list-style-type: none"> • To Establish and enhance good clinical practices 	<ul style="list-style-type: none"> • No of stock-out tracer drug 	<ul style="list-style-type: none"> • Rational use of Medications 	<ul style="list-style-type: none"> • Improved prescription fill rate.
Pillar 2 : Financing & sustainability	<ul style="list-style-type: none"> • To increase revenue Generation 	<ul style="list-style-type: none"> • Revenue Reports 	<ul style="list-style-type: none"> • Diversify Revenue Streams 	<ul style="list-style-type: none"> • Revenue improved compared to previous year

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Pillar 3 : Human resource development	<ul style="list-style-type: none"> • Improved performance management 	<ul style="list-style-type: none"> • Staff Appraisal Reports 	<ul style="list-style-type: none"> • Conduct Staff Appraisal 	<ul style="list-style-type: none"> • Staff Appraisals Done
Pillar 4 : Research and training	<ul style="list-style-type: none"> • Provide internships 	<ul style="list-style-type: none"> • Number of interns 	<ul style="list-style-type: none"> • Interns appraised 	<ul style="list-style-type: none"> • Students Qualified
Pillar 5 : Technology advancement	<ul style="list-style-type: none"> • ImplementK-EMR 	<ul style="list-style-type: none"> • Proper records 	<ul style="list-style-type: none"> • Update server regularly 	<ul style="list-style-type: none"> • EMR installed

8. Corporate Governance Statement

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our structures, procedures and processes are anchored on accountability, transparency, responsibility and fairness which are the tenets of good corporate governance. Through the Board of Management, Soin Sub County Hospital remains steadfast in complying with statutory requirements and the policies governing health facilities..

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the hospital. The Board has three (3)committees; they meet regularly under the terms of reference set by the Board.

The roles and responsibilities of the Board include:

- i) Establishing the Hospital’s policy direction and priorities, and adopting proposals by management
- ii) Monitoring and evaluating the implementation of budgets and work plans
- iii) Providing oversight in financial reporting.
- iv) Ensuring availability of adequate resources for the achievement of the Hospital’s objectives.
- v) Providing a communication link between the hospital and community and other stake holders.

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

9. Management Discussion and Analysis

The overall leadership and governance of Soin sub-county will be vested in the Hospital Management. The Board Members are appointed in accordance with the policies of the County Government of Nakuru.

The day-to-day management of the hospital is vested on the medical superintendent together with members of HMT.

The overall annual performance is as illustrated below:

Financial performance

The Hospital's revenue comprises of fees charged for services rendered, public contributions and donations. The sources of revenue for the year under review are as depicted in the chart below.

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Pediatric	360,365.00	366,170.00
x-ray	88,000.00	14,400.00
Laboratory	247,645.00	377,020.00
Theater	198,200.00	80,000.00
OPD	534,350.00	548,540.00
Pharmacy	858,605.00	1,033,869.00
NHIF	1,345,580.00	4,769,850
Med exams	202,600.00	80,150.00
Med reports	19,000.00	-
Dental	82,000.00	98,100.00
Ambulance	11,500.00	6,000.00
Public health services	12,200.00	35,600.00
Med records	14,900.00	-
F.P	15,000.00	21,290.00
Others	-	2,500.00
Total	3,989,945.00	7,433,689.00

*Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023*

Key Hospital Projects:

The hospital was selected as one of the facilities to pilot the K-EMR (Kenya Electronic Medical Records) system which is being facilitated by the County Government of Nakuru in partnership with the USAID organisation.

Challenges

The hospital is faced with numerous challenges in fulfilling its mandate;

- Financial constraints due to delayed reimbursement from NHIF and waivers
- Infrastructural challenges limiting the variety of services offered.
- The hospital is under-staffed
- Some equipment are obsolete

Waivers and Exemptions.

Most of the patients treated at Soin Sub County Hospital are either from the informal sector or unemployed. Upon discharge after treatment, some are unable to settle medical bills. The hospital has to waive the bills eating on the hospital revenue

Soin sub-county hospital revenue Sources Includes:

- User Fees Comprising of;
 - Cash collection
 - NHIF Collections
 - Other insurances such as EDU- care & Linda Mama,
 - Training Fees

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Soin sub county hospital and its partners are increasingly emphasizing on the need to ensure sustainability for both its operations and resource mobilization and financing capabilities with an objective of ensuring that hospital's going concern is secured. This is mainly through partnerships and improving on service delivery.

ii) Employee welfare

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions.

There exist a staff welfare association.

iii) Corporate Social Responsibility / Community Engagements

The hospital conducts community and school outreaches regularly. This ensures that hard to reach communities access health promotion messages and preventive services.

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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 quality health services to our clients.

Results

The results of the entity for the year ended June 30, 2023 are set out on pages 1 to 10

Board of Management

The members of the Board who served during the year are shown on page vi

Auditors

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

By Order of the Board

.....


Name **Do. KAHATA MABASTOK**

Secretary to the Board

1. 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 that hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year and the operating results of the hospital for that year. 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 ended on June 30th, 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.

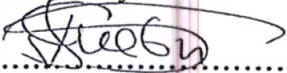
The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of transactions during the financial year ended June 30th, 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.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern.

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

Approval of the financial statements

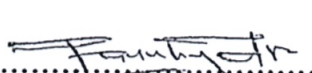
The Hospital's financial statements were approved by the Board on 22/9/2023 and signed on its behalf by:



Name: VIOLA

Chairperson

Board of Management



Name: Dr. ISIAH M. KARATU

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 SOIN LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF NAKURU

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 Soin Level 4 Hospital - County Government of Nakuru set out on pages 1 to 52, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance,

statement of changes in net assets, statement of cash flows and 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 Soin Level 4 Hospital 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 Health Act, 2017, County Government Act, 2012 and Public Finance Management Act, 2012.

Basis of Qualified Opinion

1. Undisclosed Revenue

The statement of financial performance reflects total revenue amount of Kshs.3,989,945. However, the revenue excludes medical commodities amount of Kshs.1,012,268 paid by the County Government of Nakuru but utilized in the hospital. Further, the hospital received free Global Fund commodities to fight Tuberculosis, HIV and Malaria worth Kshs.5,138,214 and additional Kshs.684,499 for implementation of the Universal Health Coverage program which have not been disclosed in the financial statements.

In the circumstances, the accuracy, completeness and disclosure of total revenue amount of Kshs.3,989,945 could not be confirmed.

2. Unsupported Revenue

The statement of financial performance reflects rendering of services – medical service income amount of Kshs.3,989,945. However, the amount was not supported by revenue billing receipts generated from the cash system and the approved price list used to charge patients. Further, the hospital does not charge children below five months but information on the number of children offered free services was not disclosed. Further, the amount includes Kshs.1,345,580 from National Hospital Insurance Fund (NHIF) which was not supported by a schedule of claims.

In the circumstances, the accuracy and completeness of rendering of services – medical income amount of Kshs.3,989,945 could not be confirmed.

3. Unsupported Expenditure

The statement of financial performance reflects total expenditure of Kshs.4,327,057 which was not supported by schedules. Further, the presented payment vouchers were not pre-numbered and could therefore not be traced to the expenditure records.

In the circumstances, the accuracy and completeness of total expenditure amount of Kshs.4,327,057 could not be confirmed.

4. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.713,731. However, the bank balances were derived from the bank statements instead of the cash book balances. Further, the board of survey report was not provided for audit.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.713,731 could not be confirmed.

5. Inaccuracies in Inventories

The statement of financial position reflects nil inventories balance. However, review of sampled stock cards revealed closing balances of 4,352 quantities of various commodities whose values were not indicated. Further, reconciliation indicating the opening stock, quantities received, issues, damages and expiries to arrive at the closing stock quantities for each of the commodities was not provided for audit. In addition, there was no evidence of conducting annual stock take to confirm the closing balances of inventories.

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

6. Non-Disclosure of Receivables

The statement of financial position reflects nil receivables balance. However, records obtained from the National Health Insurance Fund (NHIF) indicated outstanding claims of Kshs.2,512,700. Further, the hospital claims to NHIF of Kshs.132,800 were returned due to lack of proper documentation while claims of sixteen patients were cancelled due to various reasons after the services were offered.

In the circumstances, the accuracy and completeness of nil receivables balance could not be confirmed.

7. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects nil value of property, plant and equipment. However, physical verification indicated the hospital has land, building, motor vehicle, computers and accessories, furniture and fitting, hospital linen and biomedical equipment. Further, Management did not maintain a fixed asset register indicating asset name, tag number and specific asset location and there was no valuation carried out for the existing assets. In addition, the Hospital land ownership could not be confirmed due to lack of a titles deed.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Soin Level 4 Hospital Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities

in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unapproved Waivers of Patients Bills

The statement of financial performance reflects general expenses amount of Kshs.1,896,279 out of which Kshs.155,720 relates to waivers and exemption for patient bills. However, there was no evidence of approval of these bills from the County Executive Member for Finance. Further, reasons for the waivers and assessment reports indicating the patients' inability to pay were not provided for audit. This was contrary to Section 59(1)(a) of the Public Finance Management Act, 2012 which requires waivers be approved and a public record be maintained at the county treasury giving reasons for the waivers.

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

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

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 Kenya Quality Model for Health Policy Guidelines due to staff deficits by eight-one (81) or 79% of the authorized staff requirements as detailed below.

Staff	Level 4 Standard	No. in the Hospital	Variance	Percentage (%)
Medical officers	16	0	16	100
Anesthesiologists	2	0	2	100
General surgeons	2	0	2	100

Staff	Level 4 Standard	No. in the Hospital	Variance	Percentage (%)
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health nurses	75	21	54	72
Total	101	21	80	79

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

Services Offered	Requirement for Level 4 Hospitals	No. in the Hospital	Variance	Percentage (%)
Beds	150	21	129	86
Resuscitaire (2 in Labour Ward and 1 in Theatre)	3	1	2	67
New Born Unit - Incubators	5	0	5	100
Incubators and Five (5) Cots				
New Born Unit Cots	5	0	5	100
Functional Intensive Care Unit - Beds	6	0	6	100
High dependency Unit - Beds	6	0	6	100
Renal Unit with at Least 5 Dialysis Machines	5	0	5	100
Two Functional Operating Theaters Maternity and General	2	0	2	100

These 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.

3. Irregular Categorization of the Hospital

The Kenya Medical Practitioners and Dentist Council (KMPDC) issued a registration certificate to Soin Sub County Hospital (Mogotio) on 15 August, 2017 and a licence to operate as a Level 4 Hospital on 20 August, 2017. Subsequently, the County Executive Committee Member for Health Nakuru County Government gazetted the Hospital on 31 July, 2021. However, the inspection report from KMPDC was not provided for audit indicating the criteria used verses the available facilities to qualify the facility as a Level 4 Hospital. Further, there was no evidence for renewal of the operating license since the year 2017 contrary to Section 4(1)k, as read with Section 15(3,10) of the Medical Practitioners and Dentists Act, 2012 (Revised 2019) which licence the hospital to operate as a Level 4 Hospital.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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. Unconfirmed Recruitment of Casual Staffs

The statement of financial performance reflects employee cost of Kshs.1,389,215 being wages for casual employees. However, recruitment details including job adverts, list of applicants, those shortlisted, interview results and appointment letters of successful applicants have not been provided. In addition, payroll details of indicating the gross amount paid to each employee was not provided.

In the circumstances, the effectiveness of recruitment process of the casual employees could not be confirmed.

2. Noncompliance with First Expiry First Out Method

Review of management of pharmaceuticals and non-pharmaceuticals revealed that the hospital received medical drugs of Kshs.6,834,981. However, the stock cards used to receive and issue drugs to various departments in the hospital did not indicate the batch number and the expiry dates of the drugs. It was therefore not possible to establish whether the issuance of drugs followed the principal of First Expiry First Out (FEFO).

In the circumstances, the noncompliance to the principle of First Expiry First Out (FEFO) may contribute to high rates of expiries of Pharmaceutical and non-pharmaceutical products.

3. Stock-Outs of Essential Medical Commodities

The statement of financial position reflects Nil inventory balance. Review of the inventory records revealed stock-outs of fifteen (15) items for a period of between twenty-two (22) days and nine hundred and twenty-two (922) days. In addition, there were no policy guidelines on the required reorder levels.

In the circumstances, stock out of essential commodities may result to delayed delivery of essential services to patients and possible loss of revenue.

4. Poor Storage of Medical Commodities

The statement of financial position reflects Nil inventory balance. Review of management of pharmaceuticals and non-pharmaceuticals revealed the hospital received medical drugs of Kshs.6,834,98. However, physical verification revealed inadequate shelves for the storage of pharmaceutical resulting in keeping boxes containing drugs on the floor. In addition, the drug store do not have an air conditioner to regulate temperatures.

In the circumstances, the effectiveness of internal controls on the proper storage of pharmaceuticals and non-pharmaceuticals could not be confirmed and this could lead to high rates of expiries and damages.

5. Unfulfilled Customer Orders

The statement of financial performance reflects medical service income of Kshs.3,989,945. as indicated in Note 11 to the financial statements. The Hospital made quantity orders of 14,928 units of various medical commodities from Kenya Medical Supplies Authority out of which only 5,362 or 36% of the orders were received resulting to unfulfilled orders of 9,576 or 64%. Further, there was no evidence to show that the unfulfilled orders were procured from other sources to provide all time availability of medical commodities.

In the circumstances, the unfulfilled orders may result in frequent stock outs at the hospital which presents a risk to patients' health due to inability of the hospital to offer prompt medical services.

6. Unconfirmed Dispensing of Drugs to Patients

The statement of financial performance reflects medical/clinical expenses amount of Kshs.463,445. Review of delivery notes revealed the hospital received medical drugs of Kshs.6,834,981. A walkthrough of the Hospital system indicates that a patient first registers at a registration counter after which examination and diagnostic tests are done and drugs are prescribed to be dispensed at the outpatient pharmacy at a fee. However, there was no evidence to show drugs issued from the store were dispensed to specific patients based on doctor's prescription.

In the circumstances, it was not possible to confirm whether drugs were dispensed to patients, whereas lack of patient treatment history may prevent provision of proper medical care by the doctors during subsequent visits.

7. Inconsistencies in Vaccination Data

Review of vaccine ledgers indicated that a total of 1,719 children were vaccinated with three vaccines (OPV, Rota and BCG) while the information management system for reporting purposes at the national level indicated 1,552. This resulted to an unexplained variance of one hundred and sixty-seven (167).

In the circumstances, there exist inconsistencies in reporting which hinders decision making at the National Level.

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 Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal control 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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern or 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

08 July, 2024

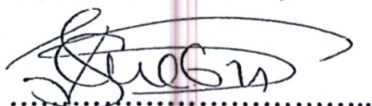
Soin sub-county Hospital (XX County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	3,989,945.00	7,431,189.00
Others	14	0.00	2,500.00
Total revenue		3,989,945.00	7,433,689.00
Expenses			
Medical/Clinical costs	15	463,445.00	974,000.00
Employee costs	16	1,389,215.00	1,669,800.00
Board of Management Expenses	17	153,000.00	309,500.00
Repairs and maintenance	19	318,000.00	899,400.00
General expenses	21	1,896,279.00	3,092,977.00
Finance costs	22	7,118.00	13,496.00
Total expenses		4,327,057.00	6,959,173.00
Total other gains/(losses)		0.00	0.00
Net Surplus /(Deficit) for the year		(337,112.00)	474,516.00

(The notes set out on pages 10 to 39 form an integral part of the Annual Financial Statements.)

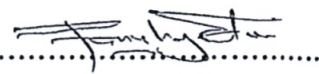
The Hospital's financial statements were approved by the Board on 27/09/2023 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 7241



Medical Superintendent

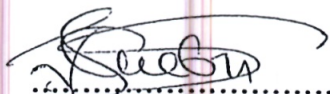
Soin sub-county Hospital (XX County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

4. Statement of Financial Position As At 30th June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	713,731.00	1,050,843.00
Inventories		1	1
Total Current Assets		713,731.00	1,050,843.00
Non-current assets			
Property, plant, and equipment	31	1	1
Total Non-current Assets		1	1
Total assets		713,731.00	1,050,843.00
Liabilities			
Current liabilities			
Trade and other payables	34	-	-
Total Current Liabilities		-	-
Total Liabilities		-	-
Net assets			
Accumulated surplus/Deficit		(337,112.00)	474,516.00
Total Net Assets and Liabilities		713,731.00	1,050,843.00

(The notes set out on pages 10 to 39 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 27/09/2023 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 7241



Medical Superintendent

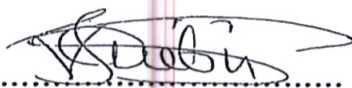
Soin sub-county Hospital (XX County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022(previous year)	-	-	-	
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	
Capital/Development grants	-	-	-	-
As at June 30, 2022 (previous year)	-	1,050,843.00	-	1,050,843.00
At July 1, 2022 (current year)	-	1,050,843.00	-	1,050,843.00
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(337,112.00)	-	(337,112.00)
Capital/Development grants	-	-	-	-
At June 30, 2023 (current year)	-	713,731.00	-	713,731.00

(The notes set out on pages 10 to 39 form an integral part of the Annual Financial Statements.)

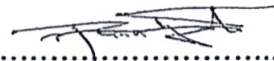
The Hospital's financial statements were approved by the Board on 27/09/2023 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 7241



Medical Superintendent

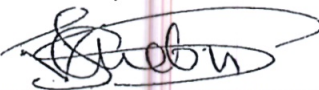
Soin sub-county Hospital (XX County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Cashflows from operating activities			
Receipts			
Rendering of services- Medical Service Income	11	3,989,945.00	7,431,189.00
Others		0.00	2,500.00
Total Receipts		<u>3,989,945.00</u>	<u>7,433,689.00</u>
Payments			
Medical/Clinical costs	15	463,445.00	974,000.00
Employee costs	16	1,389,215.00	1,669,800.00
Board of Management Expenses	17	253,500.00	309,500.00
Repairs and maintenance	19	318,000.00	899,400.00
General expenses	21	1,896,279.00	3,092,977.00
Finance costs	22	7,118.00	13,496.00
Total Payments		<u>4,327,057.00</u>	<u>6,959,173.00</u>
Net cash flows from operating activities	42	<u>(337,112.00)</u>	<u>474,516.00</u>
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents as at 1 July	27	1,050,843.00	576,327.00
Cash and cash equivalents as at 30 June	27	<u>713,731.00</u>	<u>1,050,843.00</u>

(The notes set out on pages 10 to 39 form an integral part of the Annual Financial Statements.)

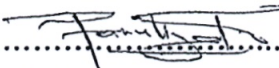
The Hospital's financial statements were approved by the Board on 29/09/2023 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 7241



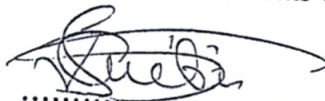
Medical Superintendent


Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Rendering of services- Medical Service Income	3,989,945.00	-	3,989,945.00	3,989,945.00	-	100%
Others	0.00	-	0.00			
Total income	3,989,945.00	-	3,989,945.00	3,989,945.00	-	100%
Expenses						
Medical/Clinical costs	463,445.00	-	463,445.00	463,445.00	-	100%
Employee costs	1,389,215.00	-	1,389,215.00	1,389,215.00	-	100%
Remuneration of directors	253,000.00	-	253,000.00	253,000.00	-	100%
Repairs and maintenance	318,000.00	-	318,000.00	318,000.00	-	100%
General expenses	1,896,279.00	-	1,896,276.00	1,896,276.00	-	100%
Finance costs	7,118.00	-	7,118.00	7,118.00	-	100%
Surplus for the period	(337,112)	-	(337,112)	(337,112)	-	100%
Capital expenditure	-	-	-	-	-	-

The Hospital's financial statements were approved by the Board on 27/09/2023 and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No: 7241


.....
Medical Superintendent

8. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 20XX.

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an 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"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The standard had no impact on the entity</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting 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>

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></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><i>The standard had no impact on the entity</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires:-</p> <ol style="list-style-type: none"> 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: ii. Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <p><i>The standard had no impact on the entity</i></p>

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. **Summary of Significant Accounting Policies**

a. **Revenue recognition**

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

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. 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 01/07/2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. **Leases**

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

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

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

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

g. **Intangible assets**

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).*

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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

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)

f. 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. (*Entity to state the reserves maintained and appropriate policies adopted.*)

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, 20XX.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

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

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settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

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Notes to Financial Statements Continued

6. Transfers from the County Government

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Unconditional grants		
Operational grant	xxx	xxx
Level 5 grants	xxx	xxx
Unconditional development grants	xxx	xxx
Other grants	xxx	xxx
	xxx	xxx
Conditional grants		
User fee forgone	xxx	xxx
Transforming health services for Universal care project (THUCP)	xxx	xxx
DANIDA	xxx	xxx
Wards Development grant	xxx	xxx
Paediatric block grant	xxx	xxx
Administration block grant	xxx	xxx
Laboratory grant	xxx	xxx
Total government grants and subsidies	xxx	xxx

6b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund KShs	Total grant income during the year KShs	Comparative Period KShs
xx County Government	xxx	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx	xxx

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

**Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).*

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Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Salaries and wages	xxx	xxx
Medical supplies-Drawings Rights (KEMSA)	xxx	xxx
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	xxx	xxx
Utility bills	xxx	xxx
Total grants in kind	xxx	xxx

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

8. Grants From Donors and Development Partners

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Cancer Centre grant- DANIDA	xxx	xxx
World Bank grants	xxx	xxx
Paediatric ward grant- JICA	xxx	xxx
Research grants	xxx	xxx
Other grants (<i>specify</i>)	xxx	xxx
Total grants from development partners	xxx	xxx

(Provide brief explanation for this revenue)

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	xxx	xxx	xxx	xxx	xxx
JICA	xxx	xxx	xxx	xxx	xxx
World Bank	xxx	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx	xxx

Soin sub-county Hospital (Nakuru County Government)
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Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Transfer from National Government (Ministry of Health)	xxx	xxx
Transfer from xxx National Hospital	xxx	xxx
Transfer from xxx Institute	xxx	xxx
Total Transfers	xxx	xxx

10. Public Contributions and Donations

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Public donations	xxx	xxx
Donations from local leadership	xxx	xxx
Donations from religious institutions	xxx	xxx
Donations from other international organisations and individuals	xxx	xxx
Other donations(<i>specify</i>)	xxx	xxx
Donations in kind-amortised	xxx	xxx
Total donations and sponsorships	xxx	xxx

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Balance unspent at beginning of year	xxx	xxx
Current year receipts	xxx	xxx
Amortised and transferred to revenue	xxx	xxx
Conditions to be met – remain liabilities	xxx	xxx

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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Pediatric	360,365.00	366,170.00
x-ray	88,000.00	14,400.00
Laboratory	247,645.00	377,020.00
Theater	198,200.00	80,000.00
OPD	534,350.00	548,540.00
Pharmacy	858,605.00	1,033,869.00
NHIF	1,345,580.00	4,769,850
Med exams	202,600.00	80,150.00
Med reports	19,000.00	-
Dental	82,000.00	98,100.00
Ambulance	11,500.00	6,000.00
Public health services	12,200.00	35,600.00
Med records	14,900.00	-
F.P	15,000.00	21,290.00
Others	-	2,500.00
Total	3,989,945.00	7,433,689.00

(Other medical services fee relates to other charges not listed above and should be specified)

Soin sub-county Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Residential property	xxx	xxx
Commercial property	xxx	xxx
Total Revenue from rent of facilities	xxx	xxx

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Cash investments and fixed deposits	xxx	xxx
Interest income from short- term/ current deposits	xxx	xxx
Interest income from Treasury Bills	xxx	xxx
Interest income from Treasury Bonds	xxx	xxx
Interest from outstanding debtors	xxx	xxx
Total finance income	xxx	xxx

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Insurance recoveries	xxx	xxx
Income from sale of tender	xxx	xxx
Services concession income	xxx	xxx
Sale of goods (water, publications, containers etc)	xxx	xxx
Write backs (Deposits, payments in advance etc)	xxx	xxx
Bad debts recovered	xxx	xxx
<i>Others (Specify)</i>	xxx	xxx
Total Miscellaneous income	xxx	xxx

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

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Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Sanitary & cleaning material	95,176.00	-
Non pharmaceuticals	47,000.00	155,000.00
Medical drugs	40,000.00	160,000.00
Lab reagents	251,834.00	485,000.00
Medical gas	29,435	52,000.00
Linen & bedding	-	67,000.00
Appliances	-	-
Equipment	-	85,000.00
Medical equipment	-	55,000.00
Total medical/ clinical costs	463,445.00	974,500.00

16. Employee Costs

Description	FY 2022/2023	Insert Comparative FY
	Kshs	Kshs
Contractual labor (security)	330,000.00	-
Contracted professional services	126,400.00	-
Casual salaries & social contribution	932,815.00	1,669,800.00
Employee costs	1,389,215.00	1,669,800.00

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

Soin sub-county Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Subsistence allowance	50,000.00	214,500.00
Board allowance	203,000.00	95,000.00
Total	253,000.00	309,500.00

18. Depreciation and Amortization Expense

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Property, plant and equipment	xxx	xxx
Intangible assets	xxx	xxx
Investment property carried at cost	xxx	xxx
Total depreciation and amortization	xxx	xxx

19. Repairs And Maintenance

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Property- Buildings	312,000.00	871,400.00
Motor vehicle expenses	6,000.00	28,000.00
Total	318,000.00	899,400.00

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Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Community development and social work	xxx	xxx
Education initiatives and programs	xxx	xxx
Free/ subsidised medical camp	xxx	xxx
Disability programs	xxx	xxx
Free cancer screening	xxx	xxx
Social benefit expenses	xxx	xxx
Other grants and subsidies(<i>specify</i>)	xxx	xxx
Total grants and subsidies	xxx	xxx

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. General Expenses

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Electricity	434,760.00	473,000.00
Water & sewerage	82,000.00	103,000.00
Telephone	61,000.00	96,000.00
Protective clothing	3,500.00	4,000.00
Travel cost	50,000.00	270,000.00
Catering services	192,155.00	270,124.00
Food and ration	333,854.00	626,196.00
General expenses	8,500.00	-
GOS	30,000.00	-
Fuel for production	23,000.00	80,500.00
Ambulance	-	-
Fuel and transport	18,000.00	16,000.00
General office supplies	20,068.00	103,827.00
Printing & publishing	216,548.00	455,000.00
Plant & machinery repair	229,548.00	
Appliances		166,500.00
Equipment	8,000.00	85,000.00
Cleaning material		291,000.00
Waivers & Exemption	155,720.00	22,830.00

Soin sub-county Hospital (Nakuru County Government)
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Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Office furniture	30,000.00	30,000.00
Total General Expenses	1,896,279.00	3,092,977.00

22. Finance Costs

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Bank charges	7,118.00	13,496.00
Total	7,118.00	13,496.00

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

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	xxx	xxx
Intangible assets	xxx	xxx
Other assets not capitalised (<i>specify</i>)	xxx	xxx
Total	xxx	xxx

24. Unrealized Gain On Fair Value Investments

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Investments at fair value	xxx	xxx
Total gain	xxx	xxx

Soin sub-county Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Comprehensive care contracts with NHIF	xxx	xxx
Non- Comprehensive contracts care with NHIF	xxx	xxx
Linda Mama Program	xxx	xxx
Waivers and Exemptions	xxx	xxx
Total Gain/Loss	xxx	xxx

26. Impairment Loss

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	xxx	xxx
Intangible assets	xxx	xxx
Total	xxx	xxx

27. Cash And Cash Equivalent

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current accounts	713,731.00	1,050,843.00
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total	713,731.00	1,050,843.00

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

Soin sub-county Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

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

Description		FY 2022/2023	FY 2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1123236488	713,731.00	1,050,843.00
		xxx	xxx
Sub- total		713,731.00	1,050,843.00
b) On - call deposits			
Kenya Commercial bank		xxx	xxx
Equity Bank –etc		xxx	xxx
Sub- total		xxx	xxx
c) Fixed deposits account			
Bank Name		xxx	xxx
Sub- total		xxx	xxx
d) Others (specify)			
cash in hand		xxx	xxx
Mobile money- Mpesa, Airtel money		xxx	xxx
Sub- total		- xxx	xxx
Grand total		713,731.00	1,050,843.00

28. Receivables From Exchange Transactions

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Medical services receivables	xxx	xxx
Rent receivables	xxx	xxx
Other exchange debtors	xxx	xxx
Less: impairment allowance	(xxx)	(xxx)
Total receivables	xxx	xxx

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Analysis of Receivables From Exchange Transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	xxx	%	xxx	%
Between 1- 2 years	xxx	%	xxx	%
Between 2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total (a+b)	xxx	%	xxx	%

29. Receivables From Non-Exchange Transactions

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Transfers from the County Government	xxx	xxx
Undisbursed donor funds	xxx	xxx
Other debtors (<i>non-exchange transactions</i>)	xxx	xxx
Less: impairment allowance	(xxx)	(xxx)
Total	xxx	xxx

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

Analysis of Receivables From Non-Exchange Transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	xxx	%	xxx	%
Between 1- 2 years	xxx	%	xxx	%
Between 2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total (a+b)	xxx	%	xxx	%

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

30. Inventories

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Pharmaceutical supplies	xxx	xxx
Maintenance supplies	xxx	xxx
Food supplies	xxx	xxx
Linen and clothing supplies	xxx	xxx
Cleaning materials supplies	xxx	xxx
General supplies	xxx	xxx
Less: provision for impairment of stocks	(xxx)	(xxx)
Total	xxx	xxx

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023
Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 20XX (previous year)	xxx	Xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	Xxx	xxx	xxx	xxx	xxx	xxx	xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	-	-	xxx	xxx
Transfers/adjustments	xxx	Xxx	(xxx)	xxx	(xxx)	(xxx)	(xxx)	(xxx)
At 30 th Jun 20XX	xxx	Xxx	xxx	xxx	xxx	xxx	xxx	(xxx)
								xxx
At 1 July 20XX (current year)	xxx	Xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	Xxx	xxx	xxx	xxx	xxx	xxx	xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	xxx	xxx	xxx	xxx
Transfer/adjustments		Xxx		xxx	(xxx)	(xxx)	(xxx)	(xxx)
At 30 th Jun 20XX	xxx	Xxx	xxx	xxx	xxx	xxx	(xxx)	-
Depreciation and impairment						xxx	xxx	xxx
At 1 July 20XX (previous year)		Xxx	xxx	xxx	xxx	xxx		xxx
Depreciation for the year		Xxx	xxx	xxx	xxx	xxx		xxx
Disposals		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		xxx
Impairment		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xxx)
At 30 June 20XX		Xxx	xxx	xxx	xxx	xxx		(xxx)
								Xxx

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At July 20XX (current year)		Xxx	xxx	xxx	xxx	xxx		
Depreciation		Xxx	xxx	xxx	xxx	xxx		xxx
Disposals		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		xxx
Impairment		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xxx)
Transfer/adjustment		Xxx	-	xxx	-	-	(xxx)	(xxx)
At 30 th June 20XX		Xxx	xxx	xxx	xxx	xxx	xxx	xxx
Net book values								
At 30 th Jun 20XX (previous)	xxx	Xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 th Jun20XX (current)	xxx	Xxx	xxx	xxx	xxx	xxx	xxx	xxx

Management to make policies and plan on valuation of property, plant and equipment for the next financial year. Amortization, depreciation and rates and policies to be established.

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Cost		
At beginning of the year	xxx	xxx
Additions	xxx	xxx
Additions-Internal development	xxx	xxx
Disposal	(xxx)	(xxx)
At end of the year	xxx	xxx
Amortization and impairment		
At beginning of the year	xxx	xxx
Amortization for the period	xxx	xxx
Impairment loss	xxx	xxx
At end of the year	xxx	xxx
NBV	xxx	xxx

33. Investment Property

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
At beginning of the year	xxx	xxx
Additions	xxx	xxx
Disposals during the year	(xxx)	(xxx)
Fair value gain	xxx	xxx
Depreciation (where investment property is at cost)	(xxx)	(xxx)
Impairment	(xxx)	(xxx)
At end of the year	xxx	xxx

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Soini sub-county Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Total trade and other payables				-
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	xxx	%	xxx	%
1-2 years	xxx	%	xxx	%
2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total	xxx	%	xxx	%

35. Refundable Deposits from Customers/Patients

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

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

36. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	xxx	xxx	xxx	xxx
Additional Provisions	xxx	xxx	xxx	xxx
Provision utilised	(xxx)	(xxx)	(xxx)	(xxx)
Change due to discount & time value for money	(xxx)	(xxx)	(xxx)	(xxx)
Total provisions	xxx	xxx	xxx	xxx
Current Provisions	xxx	xxx	xxx	xxx
Non-Current Provisions	xxx	xxx	xxx	xxx
Total Provisions	xxx	xxx	xxx	xxx

37. Finance Lease Obligation

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Current Lease obligation	xxx	xxx
Long term lease obligation	xxx	xxx
Total	Xxx	xxx

38. Deferred Income

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Current Portion	xxx	xxx
Non-Current Portion	xxx	xxx
Total	xxx	xxx

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

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

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f	xxx	xxx	xxx	xxx
Additions during the year	xxx	xxx	xxx	xxx
Transfers to Capital fund	(xxx)	(xxx)	(xxx)	(xxx)
Transfers to statement of financial performance	(xxx)	(xxx)	(xxx)	(xxx)
Other transfers (<i>Specify</i>)	(xxx)	(xxx)	(xxx)	(xxx)
Balance C/F	xxx	xxx	xxx	xxx

39. Borrowings

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Balance at beginning of the period	xxx	xxx
External borrowings during the year	xxx	xxx
Domestic borrowings during the year	xxx	xxx
Repayments of external borrowings during the year	(xxx)	(xxx)
Repayments of domestic borrowings during the year	(xxx)	(xxx)
Balance at end of the period	xxx	xxx

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

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Current Obligation	xxx	xxx
Non-Current Obligation	xxx	xxx
Total	xxx	xxx

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

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Surplus for the year before tax	xxx	xxx
Adjusted for:		
Depreciation	xxx	xxx
Non-cash grants received	(xxx)	(xxx)
Impairment	xxx	xxx
Gains and losses on disposal of assets	(xxx)	(xxx)
Contribution to provisions	xxx	xxx
Contribution to impairment allowance	xxx	xxx
Working Capital adjustments		
Increase in inventory	(xxx)	(xxx)
Increase in receivables	(xxx)	(xxx)
Increase in deferred income	xxx	xxx
Increase in payables	xxx	xxx
Increase in payments received in advance	xxx	xxx
Net cash flow from operating activities	xxx	xxx

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

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

4.3. 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:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 20XX (previous year)				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 20XX (current year)				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

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

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 20xx				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

Soin sub-county Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
20XX (current year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

b) Interest rate risk

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

Management of interest rate risk

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

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	<u>xxx</u>	<u>xxx</u>
Service concession liability at beginning of the year	xxx	xxx
Service concession revenue recognized	(xxx)	(xxx)
Service concession liability at end of the year	<u>xxx</u>	<u>xxx</u>

41. Social Benefit Liabilities

Description	Insert Current FY	Insert previous FY
	Kshs	Kshs
Health social benefit scheme	xxx	xxx
Unemployment social benefit scheme	xxx	xxx
Orphaned and vulnerable benefit scheme	xxx	xxx
People Living with Disabilities benefit Scheme	xxx	xxx
Elderly social benefit scheme	xxx	xxx
Bursary social benefits	xxx	xxx
Total	xxx	xxx
Current social benefits	xxx	xxx
Non- current social benefits	xxx	xxx
Total (tie to totals above)	xxx	xxx

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

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Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	xxx	xxx
Retained earnings	xxx	xxx
Capital reserve	xxx	xxx
Total funds	xxx	xxx
Total borrowings	xxx	xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/ (excess cash and cash equivalents)	xxx	xxx
Gearing	xx%	xx%

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Directors' emoluments	xxx	xxx
Compensation to the medical Sup	xxx	xxx
Compensation to key management	xxx	xxx
Total	xxx	xxx

45. Segment Information

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

46. Contingent Liabilities

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Court case xxx against the company	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
Total	xxx	xxx

(Give details)

47. Capital Commitments

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised For	xxx	xxx
Authorised And Contracted For	xxx	xxx
Total	xxx	xxx

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

48. Events after the Reporting Period

Soin sub-county Hospital (Nakuru County Government)
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There were no material adjusting and non- adjusting events after the reporting period.

49. **Ultimate and Holding Entity**

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

50. **Currency**

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

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

9. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

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

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

Soin sub-county Hospital (Nakuru County Government)
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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 30th June 20XX as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 th June 20XX							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 20XX				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 20XX(E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial(C)	Total (D)=(A+B+C)		
Total							

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

Head of Accounts Department of the beneficiary entity:

Name SignDate.....

Soin sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions.

Related parties include management personnel, their associates, and close family members.

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

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	xxx	xxx
Sales of services to xxx	xxx	xxx
Total	xxx	xxx
b) Grants from the Government		
Grants from County Government	xxx	xxx
Grants from the National Government Entities	xxx	xxx
Donations in kind	xxx	xxx
Total	xxx	xxx
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	xxx	xxx
Payments for goods and services for xxx	xxx	xxx
Total	xxx	xxx
d) Key management compensation		

Soin sub-county Hospital (Nakuru County Government)
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 Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

XX Hospital (XX County Government)
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Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (KSHs)	Comments