

REPUBLIC OF KENYA



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**REPORT**

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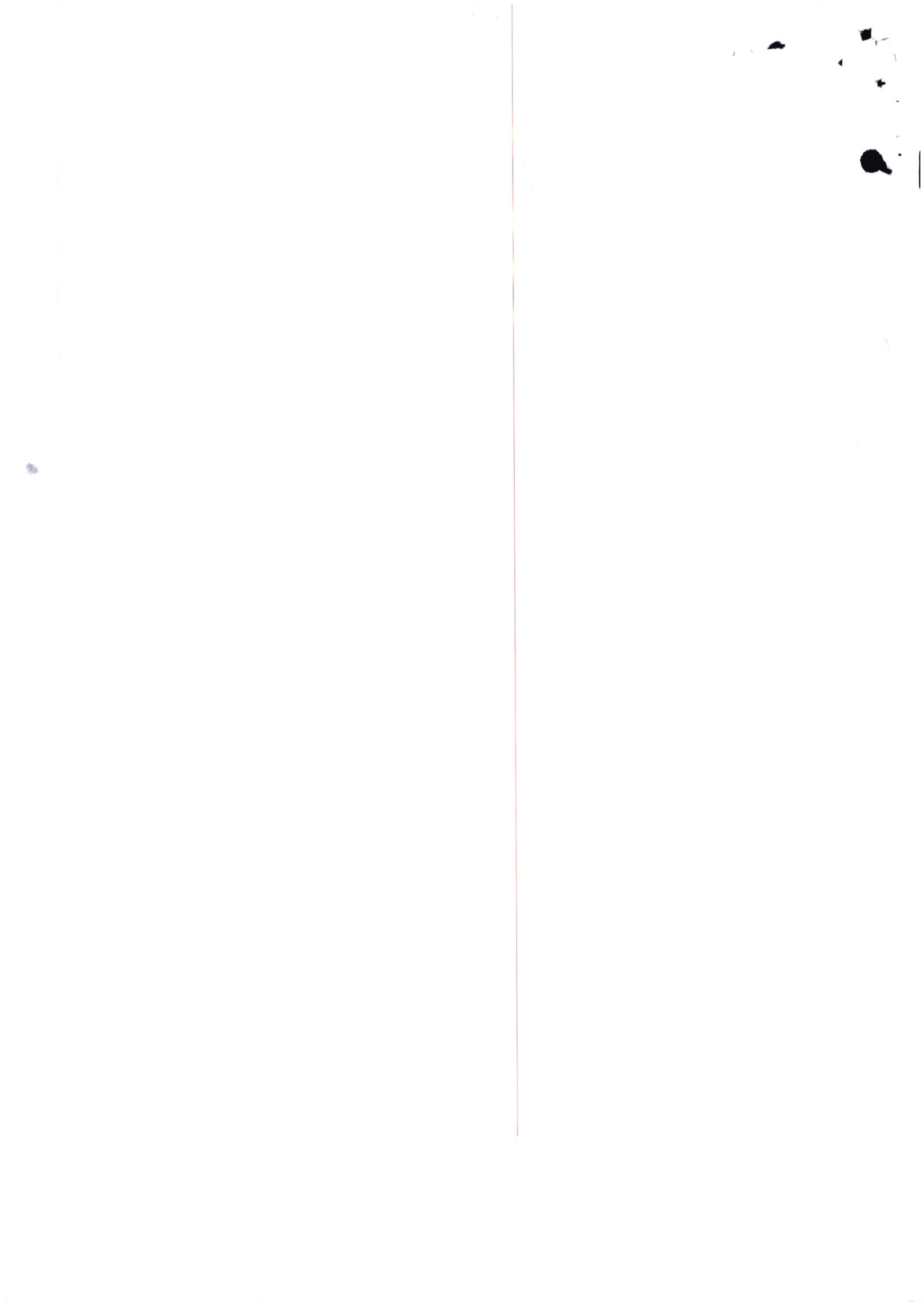
**THE AUDITOR-GENERAL**

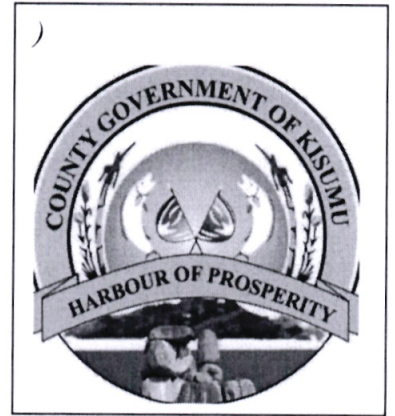
**ON**

**NYAHERA SUB-COUNTY  
LEVEL 4 HOSPITAL**

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

**COUNTY GOVERNMENT OF KISUMU**





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# NYAHERA SUBCOUNTY HOSPITAL

(Kisumu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

DATE	18/09/24
TABLED BY	M. Leader
COMMITTEE	—
CLERK AT THE TABLE	Angela

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**1. Acronyms & Glossary of Terms**

*Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.*

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

## 2. Key Entity Information and Management

### (a) Background information

Nyahera Sub- County Hospital is a level IV hospital established under gazette notice number of 2017 and is domiciled in Kisumu County under the Health & Sanitation Department. The hospital is governed by a Board of Management.

### (b) Principal Activities

#### **Mission:**

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

#### **Vision**

Adynamic, excellent, and globally competitive county health services, that contribute to a healthy and productive population

### V Management

No.	Designation	Name
1.	Medical Superintendent	Everlyne Metobwa
2.	Health Administrative Officer	Stephen Okoth Otieno
3.	Nursing officer In-charge	Serfina Omolo Ogutu

**(a) Fiduciary Management**

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

<b>Designation</b>	<b>Name</b>
Medical Superintendent	<b>Everlyne Metobwa</b>
Health Administrative Officer	<b>Stephen Okoth Otieno</b>
Nursing officer In-charge	<b>Serfina Omolo Ogutu</b>

**(c) Fiduciary Oversight Arrangements**

Audit committee; this consist of internal auditors attached to the department of health who reviews the financial documents and give the reports thereon.

**(d) Entity Headquarter**

P.O. Box 40100-22

Rabuor, KENYA

**(e) Entity Contacts**

Telephone: (+254)721239048

E-mail: [kisumucdh@gmail.com](mailto:kisumucdh@gmail.com)

**(f) Entity Banker**

Corporative Bank

**(g) Independent Auditors**

Auditor General



Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(h) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**(i) County Attorney**

P.O. Box. 40100-721

Kisumu, Kenya

**3. The Board of Management**

<b>Ref</b>	<b>Directors</b>	<b>Details</b>
	James Owili Ngesa	Chairman
	Gordon Onyii Okora	HCSD
	Latiffah Said Kombo	Women Representative
	Samson Abik	Youth Representative
	Rawlings Angira	Sub County Ward Administrator
	Everlyne Metobwa	Med Supt/Secretary

**4. Key Management Team**

<b>Ref</b>	<b>Management</b>	<b>Details</b>
	Everlyne Kerubo Metobwa	Medical Superintendent
	Stephen Okoth Otieno	HAO
	Serfina Omolo Ogutu	Nursing Officer In-charge

**5. Chairman's Statement**

The F/Y 2022/2023 was a year where a number activities were undertaken including having board meetings to deliberate on both development and recurrent issues. A lot of progress has been witnessed more so in the area of infrastructure development, increase in staff capacity and even in collection due to introduction of Facility Improve Fund act.

Name: *JAMES OWIL NGESA*

Sign: *[Signature]*.....

## 6. Report of medical Superintendent

### BACKGROUND

Nyahera Sub-County Hospital has been in existence for more than a century, having been established in the early 2000s to cater for the health needs of the workers at the then port town of Kisumu. Since then, it has grown to become the referral hospital serving various Sub-Counties within its locality. The hospital's revenue is derived from Facility improvement funds (FIF) and monies appropriated from the county Treasury.

The total expenditures during the period amounted to Kshs <sup>3,153,832</sup> ~~4,718,842~~ representing 100% total approved budget. Top drivers of the budget were medical drugs, Staff remunerations, non-pharmaceuticals, patient's food, Laboratory, Contracted Services among others. High Utilization rate realized

### *Revenue*

The HMB and hospital management realized great achievement in terms of revenue generation, which has grown compared to the previous financial year 2020/2021, infrastructural development.

### Challenges

<sup>Nyahera</sup>  
~~Rabat~~ based on the population that it serves is faced with a lot of challenges ranging from Global issues, financial constraints, inadequate human resource, environmental challenges, infrastructural i.e. dilapidated buildings, and technological growth that the hospital have to adopt in order to succeed in the healthcare service delivery

### Looking forward

Modern Technology transformation is one of the pillars of the Strategic Plan. The hospital has embarked on this journey to increase operational efficiencies, enhance customer experience through consistent and patient-focused service delivery and informed decision-making aided by business intelligence. Crucial to this will be the implementation of the key operational systems, the Hospital Information Management System (HMIS)).

**APPRECIATION**

I take this opportunity to express my sincere gratitude and appreciation to the Ministry of health, county government of Kisumu, development partners, stakeholders, management and staff for their continued support, which made us, achieves these results.

I look forward to your continued support in the year 2022/2023.

*Evaline Metobwa- Medsupt*

Sign.....

## 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.

**Nyahera** has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022- FY 2023. These strategic pillars/ themes/ issues are as follows;

1. Clinical services and products
2. Healthcare financing and sustainability
3. Quality improvement
4. Human resource development
5. Infrastructure development

develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board’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 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical Services Delivery and Infrastructural development	To Establish and enhance good clinical governance	Hospital Drug formulary in place <input type="checkbox"/> No of stock-out tracer drugs <input type="checkbox"/> No of prescription reviewed <input type="checkbox"/> Updated SOPs	Rational use of Medications <input type="checkbox"/> Rational use of blood and blood products <input type="checkbox"/> Provision of Health products <input type="checkbox"/> Monthly Clinical Audits and mortality Meetings	Hospital Drug formulary in place. <input type="checkbox"/> %reduction in morbidity and mortality
Healthcare Financing and	To increase revenue	Revenue Reports	Diversify Revenue Streams	Revenue improved

Sustainability	Generation	<input type="checkbox"/> %increase in revenue	<input type="checkbox"/> Review User Fee Charges <input type="checkbox"/> Increase Customer Base <input type="checkbox"/> Develop Concept papers and proposals to development partners	compared to previous year <input type="checkbox"/> Review of user fees continuous and on progress
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## **8. Corporate Governance Statement**

Nyahera Board of Management is responsible for the corporate governance of the Hospital and is accountable to Ministry of Health, County department of health Kisumu County for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics. The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance

### **a) Board of Management**

The Board of Management is composed of non-executive members elected by the governor of Kisumu County. The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the hospital. Members of the Board have a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions. The board term is two years renewal subject to performance contract.

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

Approve and adopt strategic plans and annual budgets, set objectives and review

key risk and performance areas.

Resource Mobilization

Determine overall policies and processes to ensure integrity of the Hospital's

management of risk and internal contracts; and

Review at regular meetings Management's performance against approved

budget.

The full Board meets at least 4 times a year and the Chairperson has bi-weekly meetings/Consultations with the Medsupt. The Board members are given appropriate and timely information so that they can



maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Medsupt. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework

**b) Board Meetings**

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 agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines. The Main Board held 10 meetings attended by selected members.

**I. Management Discussion and Analysis**

The considerations in restructuring an organization are effective coordination of roles and responsibilities to avoid overlap and duplication of roles and effort; clear accountability for results; enhanced teamwork and effective communication; and career development for staff. Appropriate structures also allow the organization to resource and sustain essential skills and expertise in the organization. The overall leadership and governance of Nyahera will be vested in the Hospital Management Board. The Board members are appointed in accordance with the policies of the County Government of Kisumu. The day-to-day management of the hospital is vested on the Medsupt.

## **II. Environmental And Sustainability Reporting**

### **Environmental performance**

Nyahera is using the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization and we have a copy of the policy. Successes

- We are having colour-coded bins [receptacles] at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We have waste treatment equipment within the organization that helps us treat

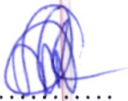
our waste and we only dispose off non-contaminated waste to the dumping site.

### **Employee welfare**

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission Human Resource Manual and procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers.

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.



.....  
Evaline Metobwa

**Board Secretary**

**I. 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 and affordable preventive, promotive, rehabilitative and curative health services in both east and central Africa.

**Results**

The results of the entity for the year ended June 30 are set out on page 1 to 9 Board of Management The members of the Board who served during the year are shown on page xii.

**Auditors**

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

By Order of the Board

Evaline Metobwa

  
**SECRETARY OF THE BOARD**

V. **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 *Nyahera*, which give a true and fair view of the state of affairs of the *Nyahera* at the end of the financial year 2022/2023 and the operating results of the for that year/period. The Board of Management is also required to ensure that the *Nyahera* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Nyahera*. The council members are also responsible for safeguarding the assets of the *Nyahera*.

The Board of Management is responsible for the preparation and presentation of the *Nyahera financial* statements, which give a true and fair view of the state of affairs of the *Nyahera* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *Nyahera*; (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 *Nyahera* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the *Nyahera* financial statements give a true and fair view of the state of Nyahera transactions during the financial year ended June 30, 2023, and of the *Nyahera* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *Nyahera*, which have been relied upon in the preparation of the *Nyahera* financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Board of management to indicate that the *Nyahera* will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

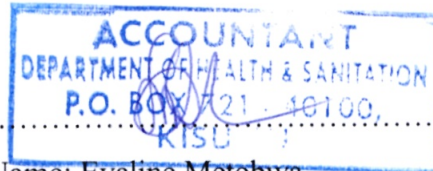
The Hospital's financial statements were approved by the Board on 28/9/2023 and signed on its behalf by:

JAMES OWILI NGEA

Name: JAMES OWILI NGEA

Chairperson

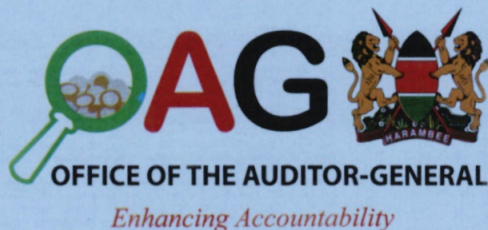
Board of Management



Name: Evaline Metobwa

Accounting Officer

# REPUBLIC OF KENYA



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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
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NAIROBI

## REPORT OF THE AUDITOR GENERAL ON NYAHERA SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 – COUNTY GOVERNMENT KISUMU

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Nyahera Sub-County Hospital – County Government of Kisumu set out on pages 1 to 37, which comprise of the statement

of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net asset, 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 Nyahera Sub-County Hospital - County Government of Kisumu as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Statement of Financial Position**

The statement of financial position reflects Nil balance in respect of prior year comparative balance on trade and other payables. However, prior years' financial statements indicate a balance of Kshs.98,761. Further, the statement reflects a Nil balance under inventories which differs from Note 16 which reflect Kshs.544 and Kshs.103,888 in respect of trade and other payables which was not supported with a disclosure Note.

In addition, the statement reflects Nil balance in respect of net assets however a re-computation of the same results in Kshs.788,522. The re-computed balance on total assets differs with the total net assets and liabilities balance of Kshs.793,105 resulting into unexplained and unreconciled variance of Kshs.4,583. Further, the same statement reflects Kshs.896,993 in respect of total assets and liabilities however, computation of the same balance results in Kshs.793,105.

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

#### **2. Variances between Financial Statements Amounts and the Ledgers**

The statement of financial performance and the statement of financial position reflects balances on various components which differ with balances indicated in the ledger resulting into unreconciled variances as tabulated below;



Component	Item Description	Statement Figure (Kshs)	Ledger Figure (Kshs)	Variance (Kshs)
Rendering of Services	Pharmaceuticals	251,160	294,010	(42,850)
Rendering of Services	In-Patient Services	223,820	96,030	127,790
Rendering of Services	Maternity	-	12,100	(12,100)
Rendering of Services	NHIF and UHC	1,308,043	155,043	1,153,000
Rendering of Services	Medical Records	227,550	24,100	203,450
Medical/Clinical Costs	Health Information Stationery	75,784	-	75,784
Board of Management Expenses	Sitting Allowance	64,500	84,000	(19,500)
Repairs and Maintenance	Property- Buildings	66,950	10,000	56,950
General Expenses	Contracted Services	294,491	328,396	(33,905)
Cash and Cash Equivalents	Co-operative Bank Account	829,410	892,411	(63,001)
Receivables from Exchange Transactions	Transfers from the County Government	-	1,603,100	(1,603,100)
Trade and Other Payables	Trade and Other Payables	103,888	29,700	74,188

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

### 3. Unsupported Cash and Cash Equivalents Balance

The statement of financial position as disclosed in Note 15 to the financial statements reflects a balance of Kshs.892,410 in respect of cash and cash equivalents which was held in the Hospital's operation account. However, Management did not provide monthly bank reconciliation statements to support the balance reflected in the financial statements.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.892,410 could not be confirmed.

### 4. Undisclosed Receivables from Exchange Transactions

The statement of financial position reflects Nil balance in respect of receivables from exchange transactions. However, data obtained from the National Health Insurance Fund (NHIF) indicates that the Fund owes the Nyahera Sub-County Hospital an amount of Kshs.3,142,060 resulting into non-disclosure of the same balance in the financial statements. In addition, support schedules indicate that during the financial year the Hospital received Kshs.256,000 in form of NHIF rebates however, data obtained from the National Health Insurance Fund indicate that Kshs.1,247,100 had been transferred to the facility resulting to understatement of receipts by Kshs.991,100.

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

## **5. Non-Disclosure of Grants from Donors and Development Partners**

The statement of financial performance reflects Nil balance in respect of grants from donors and development partners. However, information available from Kenya Medical Supplies Agency revealed that the Hospital during the 2022-2023 financial year received medical and pharmaceutical drugs valued at Kshs.8,607,792 and Kshs.684,499 all totalling Kshs.9,292,291 from International Donors and Government of Kenya respectively. This revenue in kind was not recognized in the financial statements.

In the circumstances, the revenue amount for the year had been understated by a similar amount and the accountability for the medical drugs could not be confirmed.

## **6. Inaccuracies in the Statement of Cash Flows**

The statement of cash flows reflects Kshs.544 in respect of purchase of property, plant and equipment however, the balance has not been reflected in the statement of financial position. Further, the statement reflects Kshs.374,322 on net cash flows from investing activities however, a re-computation of the balance indicates Kshs.544. The variance of Kshs.373,778 has not been explained or reconciled.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

## **7. Unconfirmed Inventory Balance**

The statement of financial position reflects Nil balance for inventories. However, no inventory valuation report was provided for audit and no evidence of conducting of the annual stock take to confirm the quantities, value and status of closing inventory balances as at 30 June, 2023.

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

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

The statement of financial position reflects Nil property, plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit.

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

### **Key Audit Matters**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-Compliance with the Prescribed Reporting Format**

Review of the financial statements revealed the following anomalies;

- (i) The Accounting Officer did not sign and indicate the date the financial statements were approved in the statement of Board of Management's responsibilities.
- (ii) The statement of financial performance, the statement of financial position, the statement of changes in net assets and the statement of comparison of budget and actual amount were not signed by the head of finance and whose ICPAK number was also not indicated.
- (iii) The title on the cover page of the financial statements indicates annual financial reports and financial statements instead of annual reports and financial statements provided for in the Public Sector Accounting Standards Board reporting template.
- (iv) The header on page one to the financial statements contains the caption XX County Government instead of indicating the actual name of the county.

- (v) The statement of financial position indicates the statement as of 30 June 2023 instead of as at 30 June 2023 required under Implementation Guideline 1 under IPSAS 1.
- (vi) The components in the financial statements refers to supporting notes ranging from Note 22 to 27 whereas the notes to the accounts ranges from Note 6 to 21 thereby misleading the users of the financial statements.

In the circumstances, the financial statements were not prepared In a format that complies with the Public Sector Accounting Standards Board reporting template.

## 2. Irregular Procurements

The statement of financial performance reflects an amount of Kshs.1,593,869 and Kshs.1,140,754 in respect of medical/clinical costs and general expenses respectively. Included in these balances is Kshs.525,006 incurred in procurement of goods and services which were not supported with procurement records such as awards to the firms that were engaged. It is therefore, not possible to confirm whether the procurements were competitive.

In the circumstances, Management was in breach of the law and value for money on the procurements could not be confirmed.

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

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 100 staff requirements or 99% of the authorized establishment.

Staff Requirements	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	0	16	100
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	1	74	99
	<b>101</b>	<b>1</b>	<b>100</b>	<b>99</b>

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

<b>Service</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage (%)</b>
Bed Capacity	150	22	128	85
Incubators (Newborn)	5	0	5	100
Cots	5	1	4	80
Resuscitaire in Theatre	1	0	1	100
Resuscitaire In Labour Ward	2	1	1	50
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Functional Operating Theatres - Maternity and General Wards	2	0	2	100

These deficiencies contravene the First Schedule of the 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.

#### **4. Failure to Transfer Revenue to the County Revenue Fund Account**

The statement of financial performance reflects rendering services- medical services income of Kshs.2,371,843 as disclosed in Note 22 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81(1-3) of Public Finance and Management (County Governments) Regulations, 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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. Weaknesses in Implementation of Universal Health Coverage (UHC)

Review of the Hospital's facilities and interviews with Management revealed difficulties in achieving the Universal Health Coverage goals, which was attributed to the following challenges;

- i. Lack of adequate funds to purchase medical supplies that are issued to community health providers who carry out household medical visits.
- ii. Community health providers experience delays in receiving their stipends which negatively affects the performance of their mandate.
- iii. There were no clear modalities put in place for repair and replacement of damaged or lost equipment issued to community health workers like MUAC tapes, thermometers, BP machines and smartphones.

In the circumstances, the Universal Health Coverage may not be effectively implemented and quality health care delivered at the Hospital.

#### 2. Lack of Board of Management Charter

Review of Board of Management records revealed that the Board of Management did not have a charter that defines the specific role, responsibilities and functions of the board. In addition, Management did not submit appointment letters for Board members.

In the circumstances, the effectiveness of overall governance of the Hospital could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.



- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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 Gatundu, SBS  
AUDITOR-GENERAL

Nairobi

10 July, 2024

*Nyahera Sub County Hospital (Kisumu County Government)  
Annual Report and Financial Statement for The Year Ended 30th June 2023*

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

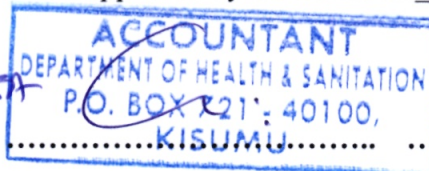
Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	1,557,878.00	2,541,035.00
In-kind contributions from the County Government	7	800,000.00	00
Grants from donors and development partners	8	00	00
Transfers from other Government entities	9	1,270,130.00	972,890.00
Public contributions and donations	10	00	00
		<b>3,628,008.00</b>	<b>3,513,925.00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	1,293,232.00	163,770.00
Revenue from rent of facilities	12	00	00
Finance /Interest Income	13	00	00
Miscellaneous Income	14	00	00
<b>Revenue from exchange transactions</b>		<b>1,293,232.00</b>	<b>163,770.00</b>
<b>Total revenue</b>		<b>4,921,240.00</b>	<b>4,650,585.00</b>
<b>Expenses</b>			
Medical/Clinical costs	15	1,694,863.00	1,819,150.00
Employee costs	16	493,250.00	563,435.00
Board of Management Expenses	17	42,000.00	65,000.00
Depreciation and amortization expense	18	00	00
Repairs and maintenance	19	41,724.00	529,985.00
Grants and subsidies	20	00	00
General expenses	21	881,995.00	638,425.00
Finance costs	22	00	00
<b>Total expenses</b>		<b>3,153,832.00</b>	<b>3,615,995.00</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23		

**Nyahera Sub County Hospital (Kisumu County Government)**  
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Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Unrealized gain on fair value of investments	24	00	00
Medical services contracts Gains/Losses	25	00	00
Impairment loss	26	(00)	00
Gain on foreign exchange transactions		00	00
<b>Total other gains/(losses)</b>		<b>00</b>	<b>00</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>1,767,408.00</b>	<b>(61700)</b>

The Hospital's financial statements were approved by the Board on 28/9/2023 and signed on its behalf by:

*JAMES DWILI NGEA*



*[Signature]*

**Chairman** *[Signature]*  
**Board of Management**

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

**Medical Superintendent**

*Nyahera Sub County Hospital (Kisumu County Government)*  
*Annual Report and Financial Statement for The Year Ended 30th June 2023*

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	829,410.50	00
Receivables from exchange transactions	28	3,563,400.00	00
Receivables from non-exchange transactions	29	1,557,878.00	00
Inventories	30	00	00
<b>Total Current Assets</b>		<b>5,950,688.50</b>	<b>00</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	00	00
Intangible assets	32	00	00
Investment property	33	00	00
<b>Total Non-current Assets</b>		<b>00</b>	<b>00</b>
<b>Total assets</b>		<b>00</b>	<b>00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	243,801.00	00
Refundable deposits from customers/Patients	35	00	00
Provisions	36	00	00
Finance lease obligation	37	00	00
Current portion of deferred income	38	00	00
Current portion of borrowings	39	00	00
Social Benefits	41	<b>00</b>	<b>00</b>
<b>Total Current Liabilities</b>		<b>243,801.00</b>	<b>00</b>
<b>Non-current liabilities</b>			
Provisions	36	00	00
Non-Current Finance lease obligation	37	00	00
Non-Current portion of deferred income	38	00	00
Non - Current portion of borrowings	39	00	00
Service concession liability	40	<b>00</b>	<b>00</b>

**Nyahera Sub County Hospital (Kisumu County Government)**  
**Annual Report and Financial Statement for The Year Ended 30th June 2023**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Social Benefits	41	00	00
<b>Total Non-current liabilities</b>		<b>00</b>	<b>00</b>
<b>Total Liabilities</b>		<b>243,801.00</b>	<b>00</b>
<b>Net assets</b>			
Revaluation reserve		00	00
Accumulated surplus/Deficit		00	00
Capital Fund		00	00
		<b>00</b>	<b>00</b>
<b>Total Net Assets and Liabilities</b>		<b>5,950,688.50</b>	<b>00</b>

The Hospital's financial statements were approved by the Board on 28-9-2023 and signed on its behalf by:

*JAMES OWILI NGESI*  
*HOPE*

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

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

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

*[Signature]*

.....  
**Medical Superintendent**

*Nyahera Sub County Hospital (Kisumu County Government)*  
*Annual Report and Financial Statement for The Year Ended 30th June 2023*

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

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capital Fund</b>	<b>Total</b>
<b>As at July 1, 2022 (previous year)</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Revaluation gain	00	-	-	00
Surplus/(deficit) for the year	-	00	-	00
Capital/Development grants	-	-	00	00
<b>As at June 30, 2022 (previous year)</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>At July 1, 2023(current year)</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Revaluation gain	00	-	-	00
Surplus/(deficit) for the year	-	<b>1,767,408.00</b>	-	<b>1,767,408.00</b>
Capital/Development grants	-	-	00	00
<b>At June 30, 2023 (current year)</b>	<b>00</b>	<b>1,767,408.00</b>	<b>00</b>	<b>1,767,408.00</b>

*Nyahera Sub County Hospital (Kisumu County Government)*  
*Annual Report and Financial Statement for The Year Ended 30th June 2023*

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		1,557,878.00	2,541,035.00
Grants from donors and development partners		00	00
Transfers from other Government entities		1,270,130.00	972,890.00
Public contributions and donations		00	00
Rendering of services- Medical Service Income		1,293,232.00	163,770
Revenue from rent of facilities		00	00
Finance / interest income		00	00
Miscellaneous receipts( <i>specify</i> )		00	00
<b>Total Receipts</b>		<b>4, 121, 240.00</b>	<b>3,677,695</b>
<b>Payments</b>			
Medical/Clinical costs		1,694,863.00	1,819,150
Employee costs		493,250.00	563,435
Board of Management Expenses		42,000.00	65,000
Repairs and maintenance		41,724.00	529,985
Grants and subsidies		00	00
General expenses		881,995.00	638,425
Finance costs		00	00
Refunds paid out		00	00
<b>Total Payments</b>		<b>3,153,832</b>	<b>3,615,995</b>
<b>Net cash flows from operating activities</b>	42	<b>(967408)</b>	<b>(61,700)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		(00)	(00)
Proceeds from the sale of property, plant, and equipment		00	00
Acquisition of investments		(00)	(00)
<b>Net cash flows used in investing activities</b>		<b>(00)</b>	<b>(00)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		00	00
Repayment of borrowings		(00)	(00)
Capital grants received		00	00

**Nyahera Sub County Hospital (Kisumu County Government)**  
**Annual Report and Financial Statement for The Year Ended 30th June 2023**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Net cash flows used in financing activities		(00)	(00)
Net increase/(decrease) in cash and cash equivalents		00	(00)
Cash and cash equivalents as at 1 July	27	00	00
<b>Cash and cash equivalents as at 30 June</b>	27	<b>829,410.50</b>	<b>00</b>



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

Description	Original budget	Adj ust men ts	Final budget	Actual on comparable basis	Performance difference	% of utilisati on
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Ksh s</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
<b>Revenue</b>						
Transfers from the County Government	1,557,878.00	00	1,557,878.0 0	1,557,878.0 0	00	100%
Grants from donors and development partners	00	00	00	00	00	%
Transfers from other Government entities	1,270,130.00	00	1,270,130.0 0	1,270,130.0 0	00	100%
Public contributions and donations	00	00	00	00	00	%
Rendering of services- Medical Service Income	1,293,232.00	00	1,293,232.0 0	1,293,232.0 0	00	100%
Revenue from rent of facilities	00	00	00	00	00	%
Finance / interest income	00	00	00	00	00	%
Miscellaneous receipts ( <i>specify</i> )	00	00	00	00	00	%
<b>Total income</b>	<b>4,121,240.00</b>	<b>00</b>	<b>4,121,240 .00</b>	<b>4,121,240 .00</b>	<b>00</b>	<b>100%</b>
<b>Expenses</b>						
Medical/Clinical costs	1,694,863.00	00	1,694,863.0 0	1,694,863.0 0	00	100%
Employee costs	493,250.00	00	493,250.00	493,250.00	00	100%
Remuneration of directors	42,000.00	00	42,000.00	42,000.00	00	100%
Repairs and maintenance	41,724.00	00	41,724.00	41,724.00	00	100%

**Nyahera Sub County Hospital (Kisumu County Government)  
Annual Report and Financial Statement for The Year Ended 30th June 2023**

Grants and subsidies	00	00	00	00	00	00	00	00	%
General expenses	881,995.00	00	881,995.00	881,995.00	881,995.00	00	00	00	100%
Finance costs	00	00	00	00	00	00	00	00	%
Refunds	00	00	00	00	00	00	00	00	%
<b>Surplus for the period</b>	<b>967,408.00</b>	<b>00</b>	<b>967,408.00</b>	<b>967,408.00</b>	<b>967,408.00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>001%</b>
<b>Capital expenditure</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>%</b>

**Budget notes**

1. The budget was based based on the actuals

*Nyahera Sub County Hospital (Kisumu County Government)*  
*Annual Report and Financial Statement for The Year Ended 30th June 2023*

Grants and subsidies	00	00	00	00	00	%
General expenses	881,995.00	00	881,995.00	881,995.00	00	100%
Finance costs	00	00	00	00	00	%
Refunds	00	00	00	00	00	%
<b>Surplus for the period</b>	<b>967,408.00</b>	<b>00</b>	<b>967,408.00</b>	<b>967,408.00</b>	<b>00</b>	<b>001%</b>
<b>Capital expenditure</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>%</b>

**Budget notes**

1. The budget was based based on the actuals

:

## **14. Notes to the Financial Statements**

### **1. General Information**

Nyahera Sub County Hospital is established by and derives its authority and accountability from Finance Act. The entity is wholly owned by the Kisumu County Government and is domiciled in County in Kenya. The entity's principal activity is00.

### **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 2023.**

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

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

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

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

<b>Standard</b>	<b>Effective date and impact</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires:-</p> <ol style="list-style-type: none"> <li><b><i>i.</i></b> Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</li> <li><b><i>ii.</i></b> Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</li> </ol> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></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 00 was approved by Board on 00x. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of 00x on the FY 00 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 00 under section 00 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 *00* 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)*

**l. Social Benefits**

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

**m. Contingent liabilities**

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

**n. Contingent assets**

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

**o. Nature and purpose of reserves**

The entity creates and maintains reserves in terms of specific requirements. *(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, 2023.

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

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

### **Estimates and assumptions.**

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

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

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 00. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	2022/2023	2021/2022
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	1,557,878	2,541,035
Level 5 grants	0	00
Unconditional development grants	0	00
Other grants	0	00
	<b>1,557,878.0 0</b>	2,541,035
<b>Conditional grants</b>		
User fee forgone	00	00
Transforming health services for Universal care project (THUCP)	0	00
DANIDA	0	00
Wards Development grant	0	00
Paediatric block grant	0	00
Administration block grant	0	00
Laboratory grant	0	00
<b>Total government grants and subsidies</b>	<b>1,557,878.0 0</b>	2,541,035

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kisumu County Government	1,557,878.00	0	0	0	2,541,035
<b>Total</b>	<b>1,557,878.00</b>	<b>0</b>	<b>00</b>	<b>00</b>	<b>2,541,035</b>

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2022/23	2021/22
	KShs	KShs
Salaries and wages	00	00
Medical supplies-Drawings Rights (KEMSA)	800,000.00	00
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	00	00
Utility bills	00	00
<b>Total grants in kind</b>	<b>800,000.00</b>	<b>00</b>

8. Grants From Donors and Development Partners

Description	2022/23	2021/22
	KShs	KShs
Cancer Centre grant- DANIDA	00	00
World Bank grants	00	00
Paediatric ward grant- JICA	00	00
Research grants	00	00
Other grants ( <i>specify</i> )	00	00
<b>Total grants from development partners</b>	<b>00</b>	<b>00</b>

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	00	00	00	00	00
JICA	00	00	00	00	00
World Bank	00	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

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Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2022/23	2021/22
	KShs	KShs
Transfer from National Government (Ministry of Health)		100,000
Transfer from National Hospital Fund	1,270,130	872,890
Transfer from 00 Institute	00	00
<b>Total Transfers</b>	<b>1,270,130</b>	<b>972,890</b>

10. Public Contributions and Donations

Description	2022/23	2021/22
	KShs	KShs
Public donations	00	00
Donations from local leadership	00	00
Donations from religious institutions	00	00
Donations from other international organisations and individuals	00	00
Other donations( <i>specify</i> )	00	00
Donations in kind-amortised	00	00
<b>Total donations and sponsorships</b>	<b>00</b>	<b>00</b>

10 (a) Reconciliations of amortised grants

Description	2022/23	2021/22
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	<b>00</b>	<b>00</b>
Current year receipts	00	00
Amortised and transferred to revenue	00	00
<b>Conditions to be met – remain liabilities</b>	<b>00</b>	<b>00</b>

**Notes to Financial Statements Continued**

**11. Rendering of Services-Medical Service Income**

Description	2022/23	2021/22
	Kshs	Kshs
Pharmaceuticals	293860	00
Non-Pharmaceuticals	00	00
Laboratory	303800	00
Compassionate Buoye/Gee	37690	00
Male Ward	82760	00
Records Dept.	203450	00
Accident and Emergency Service	00	00
Marwa	155562	00
Female Ward	32930	00
Occupational Therapy	15150	00
Cancer centre service	00	00
Medical Examination	24100	00
Reproductive health	10800	00
Paediatrics services	00	00
Outpatient	25000	00
Other medical services income- Inpatient	108130	00
<b>Total revenue from the rendering of services</b>	<b>1,293,232.00</b>	<b>0</b>

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

**12. Revenue From Rent of Facilities**

Description	2022/23	2021/22
	Kshs	Kshs
Residential property	00	00
Commercial property	00	00
<b>Total Revenue from rent of facilities</b>	<b>00</b>	<b>00</b>

*(Provide brief explanation for this revenue)*

**13. Finance /Interest Income**

Description	2022/23	2021/22
	Kshs	Kshs
Cash investments and fixed deposits	00	00

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Interest income from short- term/ current deposits	00	00
Interest income from Treasury Bills	00	00
Interest income from Treasury Bonds	00	00
Interest from outstanding debtors	00	00
<b>Total finance income</b>	<b>00</b>	<b>00</b>

(Provide brief explanation for this revenue)

**14. Miscellaneous Income**

Description	2022/23	2021/22
	KShs	KShs
Insurance recoveries	00	00
Income from sale of tender	00	00
Services concession income	00	00
Sale of goods (water, publications, containers etc)	00	00
Write backs (Deposits, payments in advance etc)	00	00
Bad debts recovered	00	00
<i>Others (Specify)</i>	00	00
<b>Total Miscellaneous income</b>	<b>00</b>	<b>00</b>

(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).

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

**15. Medical/ Clinical Costs**

Description	2022/23	2021/22
	Kshs	Kshs
Dental costs/ materials	00	00
Laboratory chemicals and reagents	204,105.00	208050
Public health activities	00	00
Food and Ration	332,798.00	510627
Uniform, clothing, and linen	00	00
Dressing and Non-Pharmaceuticals	464,440.00	525123
Pharmaceutical supplies	413,420.00	375850
Health information stationery	198,998.00	165000
Reproductive health materials	00	00
Sanitary and cleansing Materials	34,877.00	34500
Purchase of Medical gases	00	00
X-Ray/Radiology supplies	00	00



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Other medical related clinical costs (Refined Fuels)	46,225.00	00
<b>Total medical/ clinical costs</b>	<b>1,694,863.00</b>	<b>1,819,150.00</b>

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

**16. Employee Costs**

Description	2022/23	2021/22
	Kshs	Kshs
Salaries, wages, and allowances	474,200.00	563435
Contributions to pension schemes	00	00
Service gratuity	00	xx
Performance and other bonuses	00	00
Staff medical expenses and Insurance cover	19,050.00	00
Group personal accident insurance and WIBA	00	00
Social contribution	00	00
Other employee costs ( <i>specify</i> )	00	00
<b>Employee costs</b>	<b>493,250.00</b>	<b>563435</b>

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

**17. Board of Management Expenses**

Description	2022/23	2021/22
	Kshs	Kshs
Chairman's Honoraria	00	00
Sitting allowance	42,000.00	65,000.00
Mileage	00	00
Insurance expenses	00	00
Induction and training	00	00
Travel and accommodation allowance	00	00
Airtime allowances	00	00
<b>Total</b>	<b>42,000.00</b>	<b>65,000.00</b>

**18. Depreciation and Amortization Expense**

Description	2022/23	2021/22
	Kshs	Kshs
Property, plant and equipment	00	00
Intangible assets	00	00
Investment property carried at cost	00	00
<b>Total depreciation and amortization</b>	<b>00</b>	<b>00</b>

## 19. Repairs And Maintenance

Description	2022/23	2021/22
	Kshs	Kshs
Property- Buildings	00	468045
Medical equipment	15,724.00	43440
Office equipment	00	00
Maintenance Plant & Machinery	6,000.00	00
Computers and accessories	10,000.00	18500
Motor vehicle expenses	00	00
Maintenance of Computer Software	10,000.00	00
<b>Total repairs and maintenance</b>	<b>41,724.00</b>	<b>529985</b>

### Notes to the Financial Statements (Continued)

## 20. Grants And Subsidies

Description	2022/2023	2021/2022
	Current FY	Comparative FY
	Kshs	Kshs
Community development and social work	00	00
Education initiatives and programs	00	00
Free/ subsidised medical camp	00	00
Disability programs	00	00
Free cancer screening	00	00
Social benefit expenses	00	00
Other grants and subsidies( <i>specify</i> )	00	00
<b>Total grants and subsidies</b>	<b>00</b>	<b>00</b>

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

## 21. General Expenses

Description	2022/2023	2021/2022
	Kshs	Comparative FY
	Kshs	Kshs
Advertising and publicity expenses	00	00
Catering expenses	00	00
Waste management expenses	00	00
Insecticides and rodenticides	00	00
Audit fees	00	00
Bank charges	7,420.00	1460
Conferences and delegations	00	00

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Description	2022/2023	2021/2022
	Kshs	Comparative FY Kshs
Consultancy fees	00	00
Contracted services	360,827.00	310500
Electricity expenses	288,000.00	126000
Fuel and Lubricants	00	16500
Insuarance	00	00
Research and development expenses	00	00
Travel and accommodation allowance/DSA	45,000.00	72400
Other Fuels	29,457.00	22500
Licenses and permits	00	00
Courier and postal services	00	00
General Office Supplies	85,291.00	27350
Hire charges	00	00
Rent expenses	00	00
Water and sewerage costs	37,000.00	45000
Skills development levies	00	00
Telephone and mobile phone services	29,000.00	16715
Internet expenses	00	00
Staff training and development	00	00
Subscriptions to professional bodies	00	00
Subscriptions to newspapers periodical, magazines, and gazette notices	00	00
Library books/Materials	00	00
Parking charges	00	00
<b>Total General Expenses</b>	<b>881,995.00</b>	<b>638,425.00</b>

**22. Finance Costs**

Description	2022/2023	2021/2022
	Current FY KShs	Comparative FY KShs
Borrowings (amortized cost) *	00	00
Finance leases (amortized cost)	00	00
Interest on Bank overdrafts/Guarantees	00	00
Interest on loans from commercial banks	00	00
<b>Total finance costs</b>	<b>00</b>	<b>00</b>

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

Description	2022/2023	2021/2022
	KShs	Comparative FY KShs
Property, plant, and equipment	00	00
Intangible assets	00	00
Other assets not capitalised ( <i>specify</i> )	00	00
<b>Total gain on sale of assets</b>	<b>00</b>	<b>00</b>

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

Description	2022/2023	2021/22
	KShs	Comparative FY KShs
Investments at fair value	00	00
<b>Total gain</b>	<b>00</b>	<b>00</b>

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

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

Description	2022/23	2021/22
	KShs	KShs
Comprehensive care contracts with NHIF	00	00
Non- Comprehensive contracts care with NHIF	00	00
Linda Mama Program	00	00
Waivers and Exemptions	00	00
<b>Total Gain/Loss</b>	<b>00</b>	<b>00</b>

**26. Impairment Loss**

Description	2022/23	2021/22
	KShs	KShs
Property, plant, and equipment	00	00
Intangible assets	00	00
<b>Total impairment loss</b>	<b>00</b>	<b>00</b>

**27. Cash And Cash Equivalents**

Description	2022/23	2021/22
	KShs	KShs
Current accounts	829,410.50	4583
On - call deposits	00	00
Fixed deposits accounts	00	00

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Cash in hand	00	00
Treasury Disbursement	0	300000
<b>Total cash and cash equivalents</b>	<b>829,410.50</b>	<b>304583</b>

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

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

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Cooperative Bank Of Kenya	01141495252700	829,410.50	4583
		00	00
<b>Sub- total</b>		<b>829,410.50</b>	<b>00</b>
<b>b) On - call deposits</b>		<b>0</b>	
		00	00
		0	
		00	00
<b>Sub- total</b>		<b>00</b>	<b>00</b>
<b>c) Fixed deposits account</b>		0	
Bank Name		00	00
		0	
<b>Sub- total</b>		<b>00</b>	<b>00</b>
<b>d) Others(specify)</b>		00	00
cash in hand		00	00
Treasury Disbursement		0	300000
		0	
<b>Sub- total</b>		<b>00</b>	<b>00</b>
<b>Grand total</b>		<b>829,410.50</b>	<b>304583</b>

**28. Receivables From Exchange Transactions**

Description	2022/23	2021/22
	KShs	KShs
Medical services receivables	00	00
Rent receivables	00	00
Other exchange debtors	00	00
Less: impairment allowance	(00)	(00)

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Total receivables	00	00
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**Analysis of Receivables From Exchange Transactions**

Description	2022/2023		2021/2022 Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	00	%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total (a+b)</b>	<b>00</b>	<b>%</b>	<b>00</b>	<b>%</b>

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

Description	2022/23	2021/22
	KShs	KShs
Transfers from the County Government	682,647.00	00
Undisbursed donor funds	00	00
Other debtors ( <i>non-exchange transactions</i> )	00	00
Less: impairment allowance	(00)	(00)
<b>Total</b>	<b>682,647.00</b>	<b>00</b>

*(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	2022/2023		2021/2022 Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	682,647.00	41%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total (a+b)</b>	<b>682,647.00</b>	<b>%</b>	<b>00</b>	<b>%</b>

**30. Inventories**

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Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies	00	00
Maintenance supplies	00	00
Food supplies	00	00
Linen and clothing supplies	00	00
Cleaning materials supplies	00	00
General supplies	00	00
Less: provision for impairment of stocks	(00)	(00)
<b>Total</b>	<b>00</b>	<b>00</b>

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**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
<b>Cost</b>								
At 1 July 2023 (previous year)	00	00	00	00	00	00	00	00
Additions	00	00	00	00	-	-	00	00
Disposals	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Transfers/adjustments	00	00	(00)	00			00	(00)
<b>At 30<sup>th</sup> Jun 2023</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
At 1 July 2023 (current year)	00	00	00	00	00	00	00	00
Additions	00	00	00	00	00	00	00	00
Disposals	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Transfer/adjustments		00		00			(00)	-
<b>At 30<sup>th</sup> Jun 2023</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>Depreciation and impairment</b>								
At 1 July 2023 (previous year)		00	00	00	00	00		00
Depreciation for the year		00	00	00	00	00		00
Disposals		(00)	(00)	(00)	(00)	(00)		(00)
Impairment		(00)	(00)	(00)	(00)	(00)		(00)
<b>At 30 June 2023</b>		<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>		<b>00</b>



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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
At July 2023 (current year)		00	00	00	00	00		00
Depreciation		00	00	00	00	00		00
Disposals		(00)	(00)	(00)	(00)	(00)		(00)
Impairment		(00)	(00)	(00)	(00)	(00)		(00)
Transfer/adjustment		00	-	00	-	-	(00)	(00)
<b>At 30<sup>th</sup> June 2023</b>		<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2023 (previous)	00	00	00	00	00	00	00	00
At 30 <sup>th</sup> Jun 2023 (current)	00	00	00	00	00	00	00	00

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2022/23	2021/22
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	00	00
Additions	00	00
Additions-Internal development	00	00
Disposal	(00)	(00)
<b>At end of the year</b>	<b>00</b>	<b>00</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	00	00
Amortization for the period	00	00
Impairment loss	00	00
<b>At end of the year</b>	<b>00</b>	<b>00</b>
<b>NBV</b>	<b>00</b>	<b>00</b>

33. Investment Property

Description	2022/23	2021/22
	KShs	KShs
<b>At beginning of the year</b>	<b>00</b>	<b>00</b>
Additions	00	00
Disposals during the year	(00)	(00)
Fair value gain	00	00
Depreciation ( <i>where investment property is at cost</i> )	(00)	(00)
Impairment	(00)	(00)
<b>At end of the year</b>	<b>00</b>	<b>00</b>

Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2022/2023	2021/2022
	KShs	KShs
Trade payables	243,801.00	00
Employee dues	90,250.00	00
Third-party payments ( <i>e.g. unremitted payroll deductions</i> )	00	00
Audit fee	00	00

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Description	2022/2023		2021/2022	
	KShs		KShs	
Doctors' fee	00		00	
<b>Total trade and other payables</b>	<b>334051</b>		<b>00</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Compa rative FY</b>	<b>% of the total</b>
Under one year	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total</b>	<b>00</b>	<b>%</b>	<b>00</b>	<b>%</b>

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

Description	2022		2023	
	KShs		KShs	
Medical fees paid in advance	00		00	
Credit facility deposit	00		00	
Rent deposits	00		00	
Others ( <i>specify</i> )	00		00	
<b>Total deposits</b>	<b>00</b>		<b>00</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total</b>	<b>00</b>	<b>%</b>	<b>00</b>	<b>%</b>

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

**36. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Additional Provisions	00	00	00	00
Provision utilised	(00)	(00)	(00)	(00)
Change due to discount & time value for money	(00)	(00)	(00)	(00)

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Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Total provisions</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Current Provisions	00	00	00	00
Non-Current Provisions	00	00	00	00
<b>Total Provisions</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

**37. Finance Lease Obligation**

Description	2022/23	2021/22
	Kshs	Kshs
Current Lease obligation	00	00
Long term lease obligation	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**38. Deferred Income**

Description	2022/23	2021/22
	KShs	KShs
Current Portion	00	00
Non-Current Portion	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**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
<b>Balance b/f</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Additions during the year	00	00	00	00
Transfers to Capital fund	(00)	(00)	(00)	(00)
Transfers to statement of financial performance	(00)	(00)	(00)	(00)
Other transfers ( <i>Specify</i> )	(00)	(00)	(00)	(00)
<b>Balance C/F</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

**39. Borrowings**

Description	2022/23	2021/22
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	KShs	KShs
<b>Balance at beginning of the period</b>	<b>00</b>	<b>00</b>
External borrowings during the year	00	00
Domestic borrowings during the year	00	00
Repayments of external borrowings during the year	(00)	(00)
Repayments of domestic borrowings during the year	(00)	(00)
<b>Balance at end of the period</b>	<b>00</b>	<b>00</b>

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

Description	2022/23	2021/22
	KShs	KShs
Current Obligation	00	00
Non-Current Obligation	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

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

**40. Service Concession Arrangements**

Description	2022/23	2021/22
	KShs	KShs
Fair value of service concession assets recognized under PPE	00	00
Accumulated depreciation to date	(00)	00
Net carrying amount	<u>00</u>	<u>00</u>
Service concession liability at beginning of the year	00	00
Service concession revenue recognized	(00)	(00)
Service concession liability at end of the year	<u>00</u>	<u>00</u>

**41. Social Benefit Liabilities**

Description	2022/23	2021/2022
	Kshs	Kshs
Health social benefit scheme	00	00
Unemployment social benefit scheme	00	00
Orphaned and vulnerable benefit scheme	00	00
People Living with Disabilities benefit Scheme	00	00
Elderly social benefit scheme	00	00
Bursary social benefits	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

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Current social benefits	00	00
Non- current social benefits	00	00
<b>Total (tie to totals above)</b>	<b>00</b>	<b>00</b>

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

**42. Cash Generated from Operations**

Description	2022/23	2021/2022 Comparative FY
	KShs	KShs
Surplus for the year before tax	00	00
<b>Adjusted for:</b>		
Depreciation	00	00
Non-cash grants received	(00)	(00)
Impairment	00	00
Gains and losses on disposal of assets	(00)	(00)
Contribution to provisions	00	00
Contribution to impairment allowance	00	00
<b>Working Capital adjustments</b>		
Increase in inventory	(00)	(00)
Increase in receivables	(00)	(00)
Increase in deferred income	00	00
Increase in payables	00	00
Increase in payments received in advance	00	00
<b>Net cash flow from operating activities</b>	<b>00</b>	<b>00</b>

Notes to the Financial Statements (Continued)

**43. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Receivables from exchange transactions	00	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
At 30 June 2023 (current year)				
Receivables from exchange transactions	00	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

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

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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 00x. 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
<b>At 30 June 2023</b>				
Trade payables	00	24380	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred income	00	00	00	00
Employee benefit obligation	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>At 30 June 2023</b>				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred income	00	00	00	00
Employee benefit obligation	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>



**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
<b>At 30 June 2023</b>			
Financial assets (investments, cash, debtors)	00	00	00
Liabilities			
Trade and other payables	00	00	00
Borrowings	00	00	00
Net foreign currency asset/(liability)	<b>00</b>	<b>00</b>	<b>00</b>

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

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2023</b>			
Financial assets (investments, cash, debtors)	00	00	00
Liabilities			
Trade and other payables	00	00	00
Borrowings	00	00	00
Net foreign currency asset/(liability)	<b>00</b>	<b>00</b>	<b>00</b>

**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
<b>2023 (previous year)</b>			
Euro	10%	00	00
USD	10%	00	00
<b>2023 (current year)</b>			
Euro	10%	00	00
USD	10%	00	00

**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.

**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 00 (2023: KShs 00). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 00 (2023 – KShs 00).

**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	00	00
Retained earnings	00	00
Capital reserve	00	00
<b>Total funds</b>	00	00
Total borrowings	00	00
Less: cash and bank balances	(00)	(00)
Net debt/ <i>(excess cash and cash equivalents)</i>	00	00
<b>Gearing</b>	xx%	xx%

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**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.

00 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	2022 /23	2021/22
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to 00	00	00
Sales of services to 00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
<b>b) Grants from the Government</b>		
Grants from County Government	00	00
Grants from the National Government Entities	00	00
Donations in kind	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for 00 employees	00	00
Payments for goods and services for 00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
<b>d) Key management compensation</b>		

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Description	2022 /23	2021/22
	Kshs	Kshs
Directors' emoluments	00	00
Compensation to the medical Sup	00	00
Compensation to key management	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**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	2022/23	2021/22
	Kshs	Kshs
Court case 00 against the company	00	00
Bank guarantees in favour of subsidiary	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

*(Give details)*

**47. Capital Commitments**

Capital Commitments	2022/23	2021/22
	Kshs	Kshs
Authorised For	00	00
Authorised And Contracted For	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

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

**48. Events after the Reporting Period**

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 00. Its ultimate parent is the County Government of 00.

**50. Currency**

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

**15. 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.

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

**Guidance Notes:**

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

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**Accounting Officer**

**Nyahera Sub County Hospital (Kisumu County Government)**  
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**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							