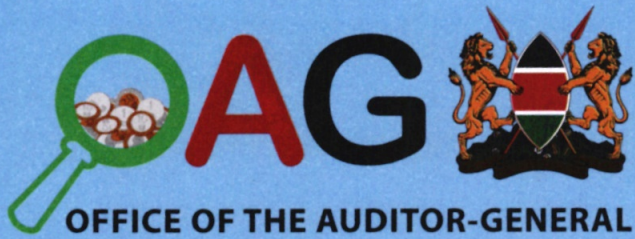


Scanned

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

PAPERS LAID	
DATE	14/11/2023
TABLED BY	Mganny thip
COMMITTEE	
MARK AT THE TABLE	Kawaka m.

ON

KISUMU COUNTY REFERRAL HOSPITAL

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

COUNTY GOVERNMENT OF KISUMU

08 AUG 2023

RECEIVED



KISUMU COUNTY REFERRAL Level 4 HOSPITAL
(Kisumu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Table of Contents

I. Key Entity Information and Management.....	iv
II. The Board of Management.....	vii
III. Management Team.....	ix
IV. Chairman’s Statement.....	x
V. Report Of The Chief Executive Officer	x
VI. Statement Of Performance Against Predetermined Objectives	xii
VII. Corporate Governance Statement	xvi
VIII. Management Discussion and Analysis.....	xvii
IX. Environmental And Sustainability Reporting.....	xix
X. Report Of The Board Of Management.....	xxi
XI. Statement Of Board of Management’s Responsibilities.....	xxii
XII. Report of the Independent Auditor (specify entity name)	xxiv
XIII. Statement Of Financial Performance for The Year Ended 30 June 2022	1
XIV. Statement of Financial Position as of 30 th June 2022	3
XV. Statement of Changes in Net Asset for The Year Ended 30 June 2022.....	5
XVI. Statement of Cash Flows for The Year Ended 30 June 2022	6
XVII. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022.....	8
XVIII. Notes To the Financial Statements.....	10
XIX. Appendices.....	50

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

I. Key Entity Information and Management

(a) Background information

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

(b) Principal Activities

The principal activity/mission/ mandate of the *hospital* is to

- i. Provide affordable and accessible universal health coverage
- ii. To modernize infrastructure, machinery and equipment
- iii. To attain financial sustainability
- iv. To strengthen human resource capability
- v. To develop facility health management information system

Vision

A centre of excellence in healthcare delivery, training and research.

Mission

To promote and participate in the provision of integrated and high quality, promotive, preventive and rehabilitative health care services to all

Mandate

To implement policies, set standards, provide healthcare services, create an enabling environment and regulate provision of health service delivery within our are of jurisdiction

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Roseline Atieno
2.	Deputy Medical Superintendent	Dr. Thaddeus Massawa
3.	Hospital Administrator	Evans Oloo
4.	Director Nursing	Millicent Oloo
5.	Head of finance	Bella Oyugi
6.	Head of supply chain	Charles Ogunde

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

(e) Fiduciary Oversight Arrangements

Fiduciary Oversight arrangement is as described below

- Clinical Research and Standards Committee.
- Audit committee
- County Assembly
- Other oversight committees
- Hospital Management Committee
Oversight roles and resource mobilization to the facility
- Hospital Management Team
Runs the facility through ensuring that all procedures are adhered to through monthly HMT meetings
- Hospital finance Committee
Goes through departmental budget proposals and ensure the allocations are done putting into consideration priorities,

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

(f) Entity Headquarters

P.O. Box 1818-40100
KCRH Building
Ang'awa Avenue

(g) Entity Contacts

Telephone: (+254)0572020171
E-mail: medsupkdh09
Website: www.go.ke

(h) Entity Bankers

Cooperative Bank Of Kenya

Kenya Commercial Bank Of Kenya

(i) Independent Auditors

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









(j) Principal Legal Adviser

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


(k) County Attorney

P.O. Box.2738
Kisumu Kenya








II. The Board of Management

Ref	Directors	Details
1.	 Samuel Okumu	Chairperson Date of birth :1971 Qualification: Bachelor of Commerce
2.	 Sally Hawi	Vice Chairperson Represents Professional Organization
3.	 Dr. Atieno Roseline	Secretary Medical Superintendent
4.	 Dr. Chris Oyoo -	Member Represents Health Care Service Delivery
5.	 Edward Ajwang Onguka-	Member Finance Committee
6.	 Phillip Ogendi -Member	Represents Persons With Disability
7.	 Rev. John Apul	Member Represents Faith Based
8.		Member

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	George Anayo	
9.	 Collins Owuor	Member

III. Management Team

Ref	Management	Details
1.	 Dr. Roseline Atieno	Medical Superintendent (served between February 2021 to February 2023)
2.	 Dr. Tom Nyangwara	Medical Superintendent (Deployed in February 2023 to date)
3.	 Dr. Thaddeus Massawa	Deputy Medical Superintendent
4.	 Evans Oloo	Hospital Administrator
5.	 Millicent Oloo	Director Nursing
6.	 Bella Oyugi	Head of finance
7.	 Charles Ogunde	Head of supply chain

IV. Chairman's Statement

INTRODUCTION

It is my pleasure to present the Hospital 2021/2022 annual report and financial statements. The Board of Management is proud of the achievements realized by the hospital in this period towards a world class patient centred specialized care Hospital. KCRH as the public hospital of choice in Kisumu and beyond offers quality health care to patients from the Lake region and beyond. Building on the gains made in the previous years, reinforced by clear systems and processes as well as enabling environment the year 2021/2022 reaffirmed our strong sense of purpose in delivering high quality personalized care with sharp edge of innovation.

REGULATORY ENVIRONMENT

Management and operations of the hospital is guided by the existing legal policy and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the hospital. The Kenyans Constitution 2010 under the Bill of rights provides the rights to the highest attainable standard of health including reproductive health care and emergency medical treatment.

In addition, the Health Act 2016 establishes a unified health system that coordinates the inter-relationship between the National Government and County Government health systems, provides for regulations of health care service providers, health products and health technologies for connected purposes. It also provides for health financing, Research, E-Health, Human organ and tissue transplant; Traditional and alternative medicine, mental; Environmental and Public health; standards of health; Reproductive health, and Emergency treatment. With this in mind and the strategic placement of KCRH in the health sector, the Board is committed to ensure continued quality service delivery to the citizens.

STRATEGY AND PERFORMANCE

During the year 2021/2022 period under review, the hospital completed the implementation of various programs within the strategic plan 2021/2022 and will develop the KCRH strategic plan for 2022-2025 for seamless transition. This New Strategic Plan will consider the provisions of UHC and factor in all initiatives that will keep KCRH play its role in realizing the anticipated results of this Agenda on evaluation the hospital has exhibited continuous improvements in performance over the years further, I'm happy to report that the management not only achieved most of the performance targets pursuant to performance contract with the County Government but also put emphasis on the measures that are directed at realizing the KCRH vision.

On behalf of the Board, I would like to thank all our stakeholders especially the County Government Department of Health, Development Partners for the support they continue to accord the Hospital without which our achievements would not have been realized. As we move into the New Financial Year, I would like to express my gratitude to KCRH staff, specialists' team leader and the Board who take such pride in their work, and who exemplify our hospital's mission and values each day.

.....
Mr. Samuel Okumu
Chairman
Board of Management

V. Report of The Chief Executive Officer

During the year under review the management received sum of K.shs 70,681,923 from County treasury out of which Kshs.47,895,155 was for the facility and balance Kshs.22,286,768 was for expenditures pertaining to the department of health and other facilities. In addition the management collected Kshs.63,050,478 of which K.shs.15,823,862 was collection including waiver and exemption from July to December 2021 which relates to the period prior to enactment of FIF act and was deposited to county revenue collection account

in respect to rendering of services hence total receipt of Kshs.104,274,667 and expended 88,033,470 for payment of goods and services leaving cash and cash equivalent of Kshs.17,740,346 as at 30th June 2022. Included in the Statement of Financial performance are receivables of Kshs.12,104,845 which the treasury failed to disburse at the end of the year, K.shs.4,884,247 expected from NHIF and Kshs.3,168,533 from Kisumu County Social Protection Scheme, MARWA.

The management implemented various activities e.g. painting of external walls of the Hospital (Mch, outpatient, fee section, radiology, referral clinic) procured ICT equipment, dental chair and various therapy equipment's as budgeted, renovation of drugs store, overhaul of electrical works in laboratory, maternity, theatre and new-born unit, and equipping maternity, theatre, and setting of a new theatre (WALLANT Theatre), renovation of Psychiatric ward among others. The management has also embarked on Upgrade of Hospital Management Information System (Funsoft) in order to maximise revenue collection and also improve on inventory management and dispensing of commodities. Other benefits include enhanced information security, records management, improved reporting and accountability among others.

Major challenges faced during the year include delayed disbursement of exchequer funds and failure to disburse 4th quarter funds which has led to accumulation of pending payments due to suppliers.

The hospital did not receive funds to offset huge previous years pending bills dating back to 2018 which remains unpaid in our books.

Going forward the management plans to complete external and internal painting of the hospital, renovate the kitchen and put up new toilets and renovates the existing toilets for staff in the outpatient department.

.....
Dr. Tom Mboya Nyangwara

Dr. Tom Mboya Nyangwara
Medical Superintendent

**Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

VI. 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.

Kisumu County Referral Hospital has 5 Objectives within the current strategic plan for the year 2019 – 2024, they are as follows;

OBJECTIVES;

1. To offer quality healthcare services under one roof in a most effective and efficient for the satisfaction of the customer.
2. Modernize infrastructure machinery and equipment.
3. To attain financial sustainability
4. To strengthen the human resource capacity.
5. To develop the facility health management information system.

Kisumu County Referral Hospital develops its annual work plans based on the above 5 objectives.

Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Kisumu County Referral Hospital achieved its performance targets set for the FY 2020/2021 period for its strategic pillars, as indicated in the table below:

Pillar- To Provide Integrated Accessible and Quality Healthcare Services Through Effective and Efficient Infrastructure, Training Research and Partnership.	1. To offer quality Health Services under one roof in a most effective and efficient to the satisfaction of the customer.	-To reduce referrals to other facilities. -To diversify range of services offered by KCRH. -To fast-track efficiency and staff satisfaction through the use of modern	-Establish quality healthcare standards. (accreditation) -Strengthen client follow up mechanism and systems (Referral clinics established). -Strengthen	-Improved quality of healthcare. -Expanded client base. -Improved facility reputation. -Strengthened partnership with communities, public and
-------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------

**Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

		facility.	partnership with communities, public and private sectors. -Initiate provider driven insurance.	private sector.
	2. Modernise infrastructure, machinery and equipment	-To develop an infrastructure master plan. -Fully equip the facility.	-To develop a master plan. -Obtain equipment and maintain through the MESS program.	-Investor identified by the county government to help with development of master plan. MESS programme under the National Government operation.
	3. To attain financial sustainability	-Cost rationalization. Institutionalize resource mobilization. -Enhance internal control	Conduct market survey for costing of commodities during the tendering process.	-All our clients are able to receive services irrespective of mode of healthcare financing.

**Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

		<p>mechanism.</p> <p>-Diversification of revenue generation streams.</p>	<p>-Incorporating various modes of revenue generation cash, N.H.I.F, MARWA, Edu Afya.</p> <p>-Upgrade health instruction software to improve internal control and hence revenue collection.</p>	
	<p>4. To strengthen the human resource capacity.</p>	<p>-Staff retention. Full potential and optimal utilization of staff.</p> <p>-To enhance Hospital performance by training and motivation of staff.</p> <p>-Upscale leadership and management for increased performances.</p> <p>-Focus on</p>	<p>Keep staff informed of any development in the hospital through circulars and holding regular meetings.</p> <p>Holding weekly continuous medical education.</p> <p>Staff appraisal</p>	<p>Improved service delivery.</p> <p>Improved staff retention.</p>

**Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

	<p>5. To develop facility Health Management Information System.</p>	<p>partnership with other Health Service Providers for technical support.</p> <p>-Up scaling quick and efficient service delivery.</p> <p>-ICT systems in place.</p> <p>-Build staff ICT capacity.</p> <p>-Install HMIS.</p> <p>-Improve access to ICT materials.</p>	<p>system in place.</p> <p>Collaborating with external Orthopaedic surgeons for provision of Orthopaedic services.</p> <p>-Upgrade ICT systems.</p> <p>-Build staff ICT capacity by training.</p> <p>-Install HMIS.</p> <p>-Improve access to IEC materials.</p>	<p>-Efficient data collection, management and dissemination.</p> <p>-Improved diagnosis and treatment.</p> <p>-Improved access to relevant health infrastructure and data.</p>
--	----------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

VII. Corporate Governance Statement

The facility holds quarterly board meetings with sub-committee meetings as need may arise. The sub committees include

- i. Audit Sub Committee with the following as members
 - a. Mr. George Anayo Chair
 - b. Ms. Sally Hawi
 - c. Mr. Edward Onguka
 - d. Dr. Chris Oyoo
- ii. Resource Mobilization Sub Committee
 - e. Mr. Samwel Akumu Chair
 - f. Medical Superintendent
 - g. Mr. Edward Onguka
 - h. Rev. John Apul
 - i. Dr. Chris Oyoo
 - j. Mr. Phillip Ogendi
 - k. Finance Officer
 - l. Administrator
- iii. Finance and General Purpose Sub Committee
 - m. Edward Onguka Chair
 - n. Mr. George Anayo
 - o. Dr. Chris Oyoo
 - p. Mr. John Apul
 - q. Medical Superintendent
 - r. Procurement Officer
 - s. Finance Officer
 - t. Administrator
- iv. Quality Assurance Sub Committee
 - u. Dr. Chris Oyoo Chair
 - v. Ms. Sally Hawi
 - w. Mr. Edward Onguka
 - x. Mr. Phillip Ogendi
 - y. Hospital Matron
 - z. Medsupt, Deputy Medsupt and Records Officer

The above sub committees help in oversight in the various departments.

Board members appointment, is done by the CEC Finance through the guidance of the Governor and their appointment done through the Kenya Gazette Notice

The CEC Finance on advice from the Governors can also remove the board members through Kenya gazette Notice.

Roles of the board members are clearly stipulated in their appointment and mostly they offer oversight role and resource mobilization.

Members are always advised on any conflict of interest and if any a member will always withdraw where there is conflict of interest.

Board members remuneration is well stipulated in the finance bill that includes transport, lunches and allowances per individual.

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

The board must have a well-represented membership putting into consideration, faith based, youths, and women and people living with disabilities, professional with health and financial backgrounds as this will help it function effectively.

During the year under review the board held 4 meetings as required by law attended by all members.

VIII. Management Discussion and Analysis

The management has used of tables to make the information as understandable as possible. The information does not show a trend for the last three years because this is the first time the management is preparing financial statement.

Some of the details to be included under this section are;

Clinical/operational performance

KCRH a level 4 health facility has previously and continuously attained greater and higher performance. The health facility has a bed capacity of 180 and during the period of august 2021 to July 2022 the performance was as follows.

- Average outpatient attendance - 221692 pts.
- In-patient attendance – 9346pts.
- Average length of stay (ALOS) – 8.4days
- Bed Occupancy Rate – 110.1%
- Accident and emergency attendance – 352pts
- Specialized clinic attendance – 101480pts.
- Mortality Rate – 7 deaths in every 1000 population.
- No. of surgeries done – 1276 cases

This shows that;

- the health facility surpassed the 100% bed occupancy by 10.1%
- 8.4days ALOS due to mental illness cases and maternal cases of caesarean sections and surgical cases.
- Medical cases contributed to high mortality by over 60% of the total cases.

Financial performance that includes

Sources 30.6.22	Actual amount received	Actual expenditure	Cash & cash equivalent	Trade - Payables – accrued expenses	receivables
Transfers	70,681,923				
Revenue for rendering service	34,592,744				
Total	105,274,667	88,033,470	17,740,346	148, 808,525	20,157,625

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Revenue for rendering service to county revenue account	15,823,862				
---------------------------------------------------------	------------	--	--	--	--

Revenue sources include transfer from County and receipts in rendering services totalling to Kshs. 105,274,667. During the year the management utilised sum of Kshs.88,033,470 in respect to payment of supplies of goods and services leaving cash and cash equivalent of Kshs.17,740,346 as at 30th June 2022. Included in these Financial Statements are historical trade payables of Kshs.148, 808,525 out of which Kshs. 96,228,690 relates to historical pending bills not yet settled. The management expects to receive Kshs.20,157,625 i.e.Kshs.12,104,845 from County transfers,K.shs.8,52,780 for both NHIF and Kisumu County Social Protection Scheme MARWA.

-
-



.....
Dr. Tom Mboya Nyangwara
Medical Superintendent

IX. Environmental and Sustainability Reporting

Kisumu County Referral Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

Sustainability strategy and profile

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

i) Environmental performance

The organization has environmental policy in the county environment department guiding the organisation. The hospital also manages its waste within the facility through public health in collaboration with department of environment. During the year the facility has did maintenance for the existing incinerator.

ii) Employee welfare

The hospital implements policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. It also ensures that employees are supported in improving skills and managing careers, appraisal and reward systems. The organisation has in place policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

iii) Market place practices-

a) Responsible competition practice.

The organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors by competitively awarding contract.

b) Responsible Supply chain and supplier relations

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

The management maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) *Responsible marketing and advertisement*

The hospital maintains ethical marketing practices.

d) *Product stewardship*

iv) Corporate Social Responsibility / Community Engagements

The hospital management has from time to time provided waiver to patients who are not able to pay hospital bills as well as mortuary bills based on investigations and report done by social services department as stated in the waiver policy.

X. Report of The Board of Management

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

Principal activities

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

- vi. Provide affordable and accessible universal health coverage
- vii. To modernize infrastructure, machinery and equipment
- viii. To attain financial sustainability
- ix. To strengthen human resource capability
- x. To develop facility health management information system

Results

The results of the entity for the year ended June 30 are set out on page 1

Board of Management

The members of the Board who served during the year are shown on page viii. During the year 2021/22 no board member retired/ resigned and none was appointed.

Auditors

The Auditor General is responsible for the statutory audit of the Kisumu County Referral Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 nominated by the Auditor General to carry out the audit of the Kisumu County Referral Hospital for the year ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....
.....

Dr. Dr. Tom Mboya Nyangwara
Secretary of the Board

XI. 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 Kisumu County Referral Hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year and the operating results of the hospital for that year. The Board of Management is also required to ensure that Kisumu County Referral Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The board members are also responsible for safeguarding the assets of the Kisumu County Referral Hospital.

The Board of Management is responsible for the preparation and presentation of the hospital financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 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 hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

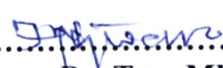
The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of Kisumu County Referral Hospital's transactions during the financial year ended June 30, 2022, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 29/6/2023 and signed on its behalf by:

.....
Name: Mr. Samuel Okumu
Chairperson
Board of Management


.....
Name: Dr. Tom Mboya Nyangwara
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KISUMU COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF KISUMU

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 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 Kisumu County Referral Hospital set out on pages 1 to 50, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement comparison of budget actual amounts for

the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kisumu County Referral Hospital as at 30 June, 2022 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.

Basis for Qualified Opinion

1.0. Unexplained Variance in Transfers from the County Government

The statement of financial performance reflects transfers from the County Government amount of Kshs.60,500,000. However, the financial statements of Kisumu County Executive indicated that the transfers to Kisumu County Referral Hospital during the year under review amounted to Kshs. Nil, resulting in an unexplained or unreconciled variance of Kshs.60,500,000.

In the circumstances, the accuracy and completeness of the transfers from the County Government amount of Kshs.60,500,000 could not be confirmed.

2.0. Unexplained Variance in Transfers from Other Government Entities

The statement of financial performance reflects transfers from other Government entities amount of Kshs.22,286,768 which, as disclosed in Note 9 to the financial statements, was transferred from the County Department of Health for Universal Health Care (UHC). However, the financial statements of Kisumu County Executive indicated that transfers to Kisumu County Referral Hospital during the year under review for UHC amounted to Kshs.Nil, resulting in an unexplained or unreconciled variance of Kshs.22,286,768.

In the circumstances, the accuracy and completeness of the transfers from the County Government amount of Kshs.60,500,000 could not be confirmed.

3.0. Inaccuracies in Property, Plant and Equipment Balance

The statement of financial position as at 30 June, 2022 reflects property, plant and equipment balance of Kshs.307,928,929 which, as disclosed in Note 31 to the financial statements, comprises buildings and civil works, ICT equipment, and plant and medical equipment balances of Kshs.305,515,565, Kshs.1,543,427 and Kshs.869,938 respectively. However, the following matters were noted:

- i. Management explained that the balance of Kshs.307,928,929 was derived by estimating fair values of some assets and using those fair values as deemed costs. However, the balance does not include the fair values of the land occupied by the

Hospital and 12 categories of asset listed below whose values had not been estimated and included in the fixed assets register provided for audit.

No.	Category	Count
1.	Motor vehicles	4
2.	Hospital Furniture	113
3.	General Office Equipment	92
4.	Rehabilitation	15
5.	Surgical Instruments	10
6.	Sterilization	15
7.	Treatment Surgery	43
8.	Plants	6
9.	Diagnostic Equipment	100
10.	Others	14
11.	Treatment Therapy	22
12.	General Assets	77

This was contrary to Paragraph 64(c) of the International Public Sector Accounting Standards (IPSAS) 33, which provides that a first-time adopter of accrual basis of accounting may elect to measure property, plant and equipment at their fair value when reliable cost information about the assets is not available, and use that fair value as they deemed.

- ii. Further, Note 31 to the financial statements reflects total cost opening balance of Kshs.Nil as at 1 July, 2021 which differs with the closing balance of Kshs.313,349,297 as at 30 June, 2021, resulting in an unexplained variance of Kshs.313,349,297. Similarly, the Note reflects total cost balance of Kshs.2,566,570 as at 30 June, 2022, which differs with the recomputed balance Kshs.315,915,867, resulting in an unexplained variance of Kshs.313,349,297.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.307,928,929 could not be confirmed.

4.0. Unsupported Balances in the Financial Statements

The statement of financial position and statement of changes in net assets reflects capital fund balance of Kshs.207,163,232 which, according to Management, comprises the following opening balances:

Item	Opening Balance (Kshs.)
Opening Property, Plant and Equipment	313,349,297
Opening Trade Payables	(96,228,690)
Opening Receivables	9,726,458
Employees cost	(4,359,119)
Revenue from Rendering Service	(15,823,863)
Opening Bank Balance	499,149
Total	207,163,232

However, apart from the opening property, plant and equipment balance of Kshs.313,349,297, supporting documents for the rest of the opening balances were not provided for audit.

Further, the statement of cash flows reflects cash and cash equivalents balance of Kshs.499,149 as at 1 July, 2021, whose supporting cash books and bank reconciliation statements were not provided for audit.

In the circumstances, the accuracy and completeness of the balances could not be confirmed.

5.0 Unexplained Variance in the Statement of Cash Flows

The statement of cash flows reflects rendering of services – medical service income of Kshs.34,592,744. However, the statement of financial performance reflects Kshs.63,050,478, resulting to a difference of Kshs.28,457,734. Further, Management explained that included in the difference of Kshs.28,457,734 is an amount of Kshs.15,823,862 relating to revenue collections for the period between July and December, 2021 and therefore a receivable from exchange transactions as at 30 June, 2022. The balance is at variance with the reported receivable from exchange transactions balance of Kshs.8,052,780 reflected in the statement of financial position resulting in unexplained variance of Kshs.7,771,082.

In addition, it was explained that the amount of Kshs.28,457,734 includes waivers and exemptions of Kshs.5,349,900 and Kshs.8,052,780 respectively, all totaling Kshs.13,402,680. However, the amounts have not been reported in statement of financial performance and the supporting documents and approvals for waivers and exemptions were not provided for audit verification.

In the circumstances, the legality of the waivers and exemptions and the accuracy of the statement of cash flows as at 30 June, 2022 could not be confirmed.

6.0 Material Uncertainty Related to Sustainability of Services

The financial statements indicate that the Hospital reported a deficit of Kshs.342,077 for the year under review. In addition, the Hospital's current liabilities totalling Kshs.148,808,525 exceeded its current assets totalling Kshs.46,680,060 as at 30 June, 2022, resulting to a negative working capital amounting to Kshs.102,128,465. These conditions indicate the existence of a material uncertainty, which may lead to significant doubt on the Hospital's ability to continue to sustain its services. However, this material uncertainty and any mitigating measures put in place by the Management to reverse the undesirable financial position have not been disclosed in the financial statements.

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

Key Audit Matters

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

Other Matter

1.0. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget of Kshs.116,879,512 and actual on comparable basis amount of Kshs.105,274,667, resulting in an underfunding of Kshs.11,604,845 (or 10% of the revenue budget). Similarly, the Hospital spent Kshs.88,033,470 against an approved budget of Kshs.101,499,546, resulting in an under expenditure of Kshs.13,466,076 or (3% of the expenditure budget).

Further, the revenue budget of Kshs.116,879,512 exceeds the expenditure budget of Kshs.101,499,546, resulting in a variance of Kshs.15,379,966, an indication that the approved budget was not balanced. This was contrary to Regulation 31 of the Public Finance Management (County Governments) Regulations, 2015, which provides that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, the following guidelines shall be observed at all times during budget formulation and approval— (c) budget revenue and expenditure appropriations shall be balanced; (e) total budget revenue shall cover total budget expenditure.

The underfunding and underexpenditure affected planned activities and may have negatively impacted on service delivery to the public. Also, Management was in breach of Law.

2.0. Failure by the County Treasury to Remit 2020/2021 Exchequer Funds

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.12,104,845. The balance relates to accrued transfers from the County Government of Kisumu which had not been received as at the time of audit in June, 2023.

Failure by the County Government to remit funds affected planned activities for the Hospital and may have negatively impacted on service delivery to the public.

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

1.0. Lack of Statute Guiding Existence and Operation of Health Facilities

Article 2 (a) of Part 2 of the Constitution of Kenya, 2010 states that 'the functions and powers of the County are County health services, including, in particular County health facilities and pharmacies'. However, there is no Act of Parliament or County Assembly regulating or guiding the establishment and operations of health facilities in the Counties.

In the circumstances, it was not been possible to establish whether the existence and operation of the Kisumu County Referral Hospital is legal.

2.0. Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.148,808,525 as disclosed in Note 33 to the financial statements. However, the following unsatisfactory matters were noted:

2.1. Casual Wages in Arrears

The balance of Kshs.148,808,525 includes employee dues totalling Kshs.6,330,480 relating to wages that had been in arrears for seven months from December, 2021 to June, 2022. This was contrary to Regulation 47(1)(d) of the Public Finance Management (County Governments) Regulations, 2015, which prohibits reallocation of voted provisions from wage to non-wage expenditure. Management indicated, without providing evidence, the arrears of Kshs.6,330,480 had been paid by 12 June, 2023.

In the circumstances, Management was in breach of the law. Also, legal suits may arise resulting to fines and penalties.

2.2. Long Outstanding Pending Bills

The balance of Kshs.148,808,525 includes long outstanding other trade payable – historical creditors balance of Kshs.82,924,792 which had not been settled as at the time of audit in June, 2023. This was contrary to Section 74(4)(d) of the Public Finance Management Act, 2012, which states that 'for the purposes of this section, a Public Officer or Accounting Officer engages in improper conduct in relation to a National Government entity if the officer fails, without reasonable excuse, to pay eligible and approved bills promptly in circumstances where funds are provided for'.

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

3.0. Failure to Meet Level 4 Hospital Requirements

According to the self-assessment questionnaire on Kenya Quality Model for Health's Checklist for Level 4 Hospitals, the Hospital did not satisfy all the requirements for a level 4 hospital as indicated below:

	Level 4 standard	No in Hospital	Shortage
Medical Officers	16	4	12
Anesthesiologists	2	0	2
Radiologists	2	0	2

In addition, the Hospital lacked renal dialysis, intensive care unit and high dependency unit.

In the circumstances, the classification of the Hospital as a Level 4 Hospital could be irregular. Also, Universal Health Care Services may not be effectively delivered at the Hospital.

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

1.0. Board of Management Operating After Expiry Term in Office

The Governor County Government of Kisumu appointed the Board of Management through a Gazette Notice on 11 November, 2019 for a term of three (3) years which expired in October, 2022. However, examination of Board records revealed that Board meetings were held after October, 2022 without any evidence of extension of the appointment of Board members. This was contrary to Part 1.1 (11) of the Mwongozo Code of Governance, which requires that each Board member shall be appointed through a Gazette Notice and thereafter a letter.

In the circumstances, the effectiveness and regularity of governance in the Hospital could not be confirmed.

2.0. Inadequacies in the Management of Property, Plant and Equipment

The Hospital did not have title deed or allotment letter for the parcel of land it occupies. Management explained that the process of acquiring title deed was ongoing. In addition, part of the land was encroached by a private school, a mosque and market kiosks.

Further, the parcel of land had not been recorded in the fixed assets register provided for audit. This was contrary to Regulation 136(2) of the Public Finance Management (County Governments) Regulations, 2015, which provides that, the register of land and buildings shall record each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details.

Similarly, the assets register did not have the assets cost, date of purchase, construction or donation, location, unique identification mark, depreciation among other details.

In addition, audit verification of sampled assets revealed that assets in the new administration block were not tagged with unique identification marks.

In the circumstances, the effectiveness of internal controls in the management of property plant and equipment could not be confirmed.

3.0. Lack of Effective Controls on Cash Collections

Audit inspection undertaken at the revenue collection office revealed the following anomalies:

- i. Out of the six (6) cashiers in the main cash office, three (3) were casuals while two (2) were students on attachment. Enquiries for the staff indicated that the casuals had more than 6 months' salary arrears.
- ii. Cash surrenders from various cashiers were not supported by any evidence of amount collected, surrendered and an acknowledgement by the officer in-charge.
- iii. The safe box used for safe keeping daily cash collections had broken lock.
- iv. The cashier at the collection point did not have a ledger book to record the daily cash collections.
- v. At the cash collection office, there were no proper internal controls put in place such as CCTV cameras to safeguard and secure the cash collected.

In the circumstances, the existence and/ or effectiveness of the internal controls over cash collections could not be confirmed.

4.0. Use of Manual Accounting System

The Hospital maintained its financial records including cash book and ledgers in manual form, despite the existence of a Financial Management System (Funsoft). Management explained that the expenditure module of the System had not been procured due to lack of funds.

In the circumstances, the effectiveness of internal controls over recording of transactions in manual records could not be confirmed.

5.0. Poor System of Filing Documents

The Hospital had no systematic filing system for both financial and procurement records. In addition, most procurement files were still in the custody of a former officer who had left the Hospital.

In the circumstances, the existence and/ or effectiveness of internal controls over filing of documents 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 processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

Because of its inherent limitations, internal 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 the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to 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 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 October, 2023

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

	Notes	2021/22 Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	60,500,000
In- kind contributions from the County Government	7	-
Grants from donors and development partners	8	-
Transfers from other Government entities	9	22,286,768
Public contributions and donations	10	-
		82,786,768
Revenue from exchange transactions		
Rendering of services- Medical Service Income	11	63,050,478
Revenue from rent of facilities	12	
Finance /Interest Income	13	
Other income (<i>specify</i>)	14	
Revenue from exchange transactions		63,050,478
Total revenue		145,837,246
Expenses		
Medical/Clinical costs	15	68,549,354
Employee costs	16	11,143,116
Board of Management Expenses	17	219,000
Depreciation and amortization expense	18	7,986,938
Repairs and maintenance	19	6,152,850
Grants and subsidies	20	-
General expenses	21	46,278,166
Finance costs	22	-
Transfer to MOH Kisumu		500,000
Total expenses		140,829,424
Other gains/(losses)		
Gain on disposal of non-Current assets	23	-

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

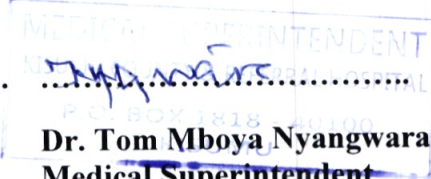
Unrealized gain on fair value of investments	24	-
Medical services contracts Gains/Losses	25	5,349,900
Impairment loss	26	-
Gain on foreign exchange transactions		-
Total other gains/(losses)		5,349,900
Net Surplus for the year		(342,077)
Attributable to:		
Surplus/(deficit) attributable to minority interest		0
Surplus attributable to owners of the controlling entity		0
		0

(The notes set out on pages 10 to 49 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 29/6/2023 and signed on its behalf by:

.....
Mr. Samuel Okumu
Chairman
Board of Management

.....
CPA Bella Oyugi
Head of Finance
ICPAK No:8608

.....

Dr. Tom Mboya Nyangwara
Medical Superintendent

XIV. Statement of Financial Position as of 30th June 2022

Description	Notes	2021/22 Kshs
Assets		
Current assets		
Cash and cash equivalents	27	17,740,346
Receivables from exchange transactions	28	8,052,780
Receivables from non-exchange transactions	29	12,104,845
Inventories	30	8,782,089
Total Current Assets		46,680,060
Non-current assets		
Property, plant, and equipment	31	307,928,929
Intangible assets	32	1,020,690
Investment property	33	
Total Non-current Assets		308,949,619
Total assets		355,629,679
Liabilities		
Current liabilities		
Trade and other payables	34	148,808,525
Refundable deposits from customers/Patients	35	
Provisions		
Finance lease obligation	37	
Current portion of deferred income	38	
Current portion of borrowings	39	
Total Current Liabilities		148,808,525
Non-current liabilities		
Provisions	36	
Non-Current Finance lease obligation	37	
Non-Current portion of deferred income	38	
Non - Current portion of borrowings	39	
Service concession liability	40	
Total Non-current Liabilities		

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Total Liabilities		148,808,525
Net assets		206,821,155
Revaluation reserve		
Accumulated surplus/Deficit		(342,077)
Capital Fund		207,163,232
Total Net Assets and Liabilities		206,821,155

(The notes set out on pages 10 to 49 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 29/6/2023 and signed on its behalf by:

.....
Mr. Samuel Okumu
Chairman
Board of Management

.....
CPA Bella Oyugi
Head of Finance
ICPAK No:8608

.....
Dr. Tom Mboya Nyangwara
Medical Superintendent

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

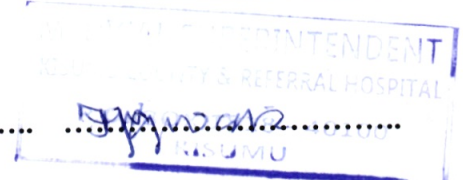
	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020				
Revaluation gain				
Surplus/(deficit) for the year				
Capital/Development grants				
As at June 30, 2021				
At July 1, 2021			207,163,232	207,163,232
Revaluation gain		0.00	0.00	0.00
Surplus/(deficit) for the year	0	(342,077)	0.00	(342,077)
Capital/Development grants		0.00	0.00	-
At June 30, 2022		(342,077)	207,163,232	206,821,155

(The notes set out on pages 10 to 49 form an integral part of the Annual Financial Statements.)
 The Hospital's financial statements were approved by the Board on 29/6/2023 and signed on its behalf by:

.....
Mr. Samuel Okumu
 Chairman
 Board of Management

.....
CPA Bella Oyugi
 Head of Finance
 ICPAK No:8608

.....
Dr. Tom Mboya Nyangwara
 Medical Superintendent



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

Description	Note	2021/22 Kshs
Cashflows from operating activities		
Receipts		
Transfers from the County Government		48,395,155
Grants from donors and development partners		
Transfers from other Government entities		22,286,768
Public contributions and donations		
Rendering of services- Medical Service Income		34,592,744
Revenue from rent of facilities		
Finance / interest income		
Total Receipts		105,274,667
Payments		
Medical/Clinical costs		49,250,014
Employee costs		9,171,755
Board of Management Expenses		219,000
Repairs and maintenance		4,716,803
Grants and subsidies		
General expenses		20,963,888
Finance costs		
Refunds paid out-Transfer to MOH		500,000
Total Payments		84,821,460
Net cashflows from operating activities	41	20,453,207
Cash flows from investing activities		
Purchase of property, plant, equipment, & intangible assets		3,212,010
Proceeds from the sale of property, plant, and equipment		
Acquisition of investments		
Net cashflows used in investing activities		(3,212,010)
Cashflows from financing activities		
Proceeds from borrowings		
Repayment of borrowings		0

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

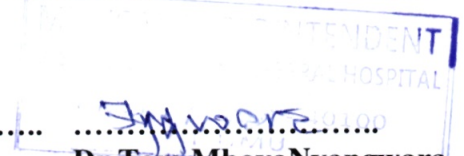
Capital grants received		
Net cash flows used in financing activities		0
Net increase/(decrease) in cash and cash equivalents		17,241,197
Cash and cash equivalents at 1 July	27	499,149
Cash and cash equivalents at 30 July	27	17,740,346

The notes set out on pages 10 to 49 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 29/6/2023 and signed on its behalf by:

.....
Mr. Samuel Okumu
Chairman
Board of Management

.....
CPA Bella Oyugi
Head of Finance
ICPAK No:8608

.....
Dr. Tom Mboya Nyangwara
Medical Superintendent



XVII. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	60,000,000.00		60,500,000.00	48,395,155.00	11,604,845.00	80.66%
Grants from donors and development partners	0	0	0	0	0	
Transfers from other Government entities		22,286,768	22,286,768	22,286,768	0	
Public contributions and donations					0	
Rendering of services- Medical Service Income		34,592,744	34,592,744	34,592,744	0	100.00%
Revenue from rent of facilities	0	0	0	0	0	
Finance / interest income	0	0	0	0	0	
Other receipts (<i>specify</i>)	0	0	0	0	0	
Total income	60,000,000	56,879,512	116,879,512	105,274,667	11,604,845	90.07%
Expenses						
Medical/Clinical costs	23,476,300	31,842,975	55,319,275	49,250,014	6,069,261	89.03%
Employee costs	10,800,000	1,307,158	12,107,158	9,171,755	2,935,403	75.75%
Remuneration of directors	400,000		400,000	219,000	181,000	54.75%
Repairs and maintenance	2,440,000	3,472,383	5,912,383	4,716,803	1,195,580	79.78%
Grants and subsidies						
General expenses	20,910,000	3,638,720	24,548,720	20,963,888	3,584,832	85.40
Finance costs	0	0	0	0	0	
Refunds-Transfer to MOH	0	0	0	500,000	(500.00)	

Purchase of Property, plant & equipment	1,973,700.00	1,238,310.00	3,212,010.00	3,212,010.00		
Surplus for the period	0	15,379,966	15,379,966	17,241,197	(1,861,231)	112.10
Capital expenditure						

Budget notes

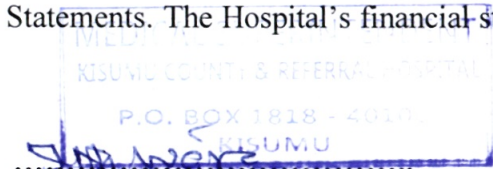
1. The difference between actual receipts and budgeted is over 10% due to failure to remit the 4th quarter budget allocation.
2. The difference between budgeted and actual expenditure is also due to non-payment of all expenditure as budgeted at the end of the financial year. Such payments are treated as accrued expenses at the close of the financial year, hence payables in the statement of financial position.
3. Changes between the original and final budget is as a result adjustments made on the revenue retained at the facility due to operationalization of Kisumu County FIF Act 2022 in January 2022. All collection from rendering of service income is banked and AIE is issued at the end other quarter for utilization.

The notes set out on pages 10 to 49 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 29/6/2023 and signed on its behalf by:

.....
Mr. Samuel Okumu
 Chairman
 Board of Management

.....
CPA Bella Oyugi
 Head of Finance
 ICPAK No:8608

.....
Dr. Tom Mboya Nyangwara
 Medical Superintendent



XVIII. Notes To the Financial Statements

1. General Information

Kisumu County Referral entity is established by and derives its authority and accountability from County Government Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Provide affordable and accessible universal health coverage.

2. Statement Of Compliance And Basis Of Preparation

The financial statements have been prepared on a historical cost basis .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 the context of International Public Sector Accounting Standards (IPSAS) 33 First Time Adoption of Accrual.

3. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Notes to the Financial Statements (Continued)

Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021/22 was approved by Board. 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 reallocation of funds on the FY 2021 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 actual as per the statement of financial performance has been presented under section of xvii these financial statements.

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period. 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.

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

It's important to **note** that Plant, Property and Equipment recognized in this financial report include estimated values of the old buildings and actual cost of two buildings constructed in the recent past, depreciated at 2.5% and a photocopier at 30% and therapy equipment and dental equipment at 12.5% acquired during the last quarter of year. The values of other equipment including land could not be ascertained, therefore not included in the Financial statements. This is because most of the equipment were donated/ transferred by National Government. The management need time and other resources to carry out valuation of the other equipment, land and buildings. The List of equipment attached; **annex vii**

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. The intangible asset relates to upgrade of the Software (Hospital Information Management System) which is a work in progress and has been partially paid. No amortization has been provided because it is still work in progress.

Notes to the Financial Statements (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

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

Loans and receivables

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

Notes to the Financial Statements (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Notes to the Financial Statements (Continued)

Loans and borrowing

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

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

i) Inventories

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

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

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

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

j) Provisions

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

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

Notes to the Financial Statements (Continued)

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

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

Notes to the Financial Statements (Continued)

r) Cash and cash equivalents

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

s) Comparative figures

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

This is the first time the management is preparing financial statements therefore there are no comparative figures for the previous year

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

4. 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). Note that the values of old buildings included in these financial statements are estimated and correct values will be adjusted accordingly upon property valuation is done.

Notes to the Financial Statements (Continued)

Useful lives and residual values

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

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

Provisions

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

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.

No provision has been made in these financial statements.

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

5. Transfers From The County Government

Description	2021/22 KShs
Unconditional grants	
Operational grant	60,500,000
Level 5 grants	0
Other grants	0
	60,500,000
Conditional grants	
User fee forgone	0
Transforming health services for Universal care project (THUCP)	0
DANIDA	0
Wards Development grant	0
Paediatric block grant	0
Administration block grant	0
Laboratory grant	0
Total government grants and subsidies	60,500,000

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

6 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	Total 2020/21
			KShs	KShs	KShs
Kisumu County Government 07/10/2021	15,000,000			15,000,000	15,000,000
Kisumu County Government 07/10/2021	500,000			500,000	500,000
Kisumu C Government 18/1/2022	15,000,000			15,000,000	15,000,000
Kisumu C Government 4/5/2022	17,895,155			17,895,155	17,895,155
Accrued transfer from County	12,104,845		12,104,845		12,104,845
Total	60,500,000		12,104,845	48,395,155	60,500,000

6. In Kind Contributions from The County Government

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

7. Grants From Donors and Development Partners

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

Notes to the Financial Statements (Continued)

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	Total 2020/21
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

9. Transfers From Other Government Entities

Description	2021/22
	KShs
Transfer from National Government department of Health)	0
Transfer from National Hospital	0
Transfer from Institute	0
Other transfer from county department of health-UHC	22,286,768
Total Transfers	22,286,768

10. Public Contributions and Donations

Description	2021/22
	KShs
Public donations	0
Donations from local leadership	0
Donations from religious institutions	0
Donations from other international organisations and individuals	0
Other donations(<i>specify</i>)	0
Donations in kind-amortised	0
Total donations and sponsorships	0

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

Description	2021/22
	KShs
Pharmaceuticals	3,682,023
Laboratory	4,875,562
Radiology	3,614,591
Orthopaedic and Trauma Technology	144,901
Theatre	3,098,246
Ear Nose and Throat service	8,350
Dental services	275,900
Reproductive health	192,065
Paediatrics services	428,760
Female Ward	1,963,730
Records Department	2,113,190
Mortuary	816,969
Male Ward	1,309,980
Psychiatric Ward	1,665,917
Gynaecology Ward	1,990,280
Surgical Ward	1,312,840
Out Patient	179,210
Maternity	4,106,619
Physiotherapy	159,000
Referral	107,110
Medical Examination	255,150
Occupational Therapy	56,680
Eye	4,850
Other medical services income (NHIF July to December 2021)	7,905,776
Other medical services income (Marwa July to December 2021)	2,519,378
Other medical services income	4,439,539

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Revenue deposited in County revenue account (July to December 2021)	15,823,862
Total revenue from the rendering of services	63,050,478

(Other medical services fee relates to other collection from nursing attachment and waste management)

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2021/22
	KShs
Residential property	0
Commercial property	0
Total Revenue from rent of facilities	0

13. Finance /Interest Income

Description	2021/22
	KShs
Cash investments and fixed deposits	0
Interest income from short- term/ current deposits	0
Interest income from Treasury Bills	0
Interest income from Treasury Bonds	0
Interest from outstanding debtors	0
Total finance income	0

14. Other Income

Description	2021/22
	KShs
Insurance recoveries	0
Income from sale of tender	0
Services concession income	0
Sale of goods (water, publications, containers etc)	0
Total other income	0

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2021/22
	KShs
Dental costs/ materials	0
Laboratory chemicals and reagents	3,366,403
Public health activities	0
Food and Ration	5,437,075
Uniform, clothing, and linen	294,000
Dressing and Non-Pharmaceuticals	8,040,408
Pharmaceutical supplies	22,929,304
Health information stationery	0
Reproductive health materials	0
Sanitary and cleansing Materials	5,303,430
Purchase of Medical gases	1,328,920
X-Ray/Radiology supplies	1,200,524
Other medical related clinical costs Fuel ,oil and lubricants, firewood	1,349,950
Accrued medical cost	27,583,689
Stock adjustment	(8,284,349)
Total medical/ clinical costs	68,549,354

16. Employee Costs

Description	2021/22
	KShs
Salaries, wages, and allowances	8,840,243
Contributions to pension schemes	
Service gratuity	
Performance and other bonuses	
Staff medical expenses and Insurance cover	
Group personal accident insurance and WIBA	
Social contribution	
Other employee costs (MARWA STAFF)	331,512
Accrued wages	6,330,480
Payables paid during the year- adjustment	(4 359,119)
Employee costs	11,143,116

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2021/22
	KShs
Chairman's Honoraria	0
Sitting allowance	219,000
Mileage	0
Insurance expenses	0
Induction and training	0
Travel and accommodation allowance	0
Airtime allowances	0
Total	219,000

18. Depreciation And Amortization Expense

Description	2021/22
	KShs
Property, plant and equipment	7,833,732
Intangible assets	
Plant and Medical equipment	28,063
ICT equipment	125,143
Total depreciation and amortization	7,986,938

19. Repairs And Maintenance

Description	2021/22
	KShs
Property- Buildings	2,597,968
Medical equipment	1,065,970
Office equipment	0
Furniture and fittings	0
Computers and accessories	716,084
Motor vehicle expenses	336,781
Maintenance of civil works	0
Accrued expense	1,436,047
Total repair sand maintenance	6,152,850

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	2021/22 KShs
Audit fees	
Bank charges	61,164
Contracted services	8,707,743
Contracted services-professional	445,414
Electricity expenses	1,725,000
Travel and accommodation allowance	2,654,070
Courier and postal services	9,000
Printing and stationery	1,428,980
General Office Supplies	1,275,000
Rent expenses	1,080,000
Water and sewerage costs	1,840,926
Telephone and mobile phone services	304,800
Internet expenses	98,392
Staff training and development	874,149
Subscriptions to professional bodies	
Subscriptions to newspapers periodical, magazines, and gazette notices	13,950
Purchase of household furniture and institutional equipment	445,300
Accrued general expense	25,812,018
Stock adjustment	(497,740)
Total General Expenses	46,278,166

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

22. Finance Costs

Description	2021/22
	KShs
Borrowings (amortized cost) *	0
Finance leases (amortized cost)	0
Interest on Bank overdrafts/Guarantees	0
Interest on loans from commercial banks	0
Total finance costs	0

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

Description	2021/22
	KShs
Property, plant, and equipment	0
Intangible assets	0
Other assets not capitalised (<i>specify</i>)	0
Total gain on sale of assets	0

24. Unrealized Gain On Fair Value Investments

Description	2021/22
	KShs
Investments at fair value	0
Total gain	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2021/22 KShs
Comprehensive care contracts with NHIF	0
Non- Comprehensive contracts care with NHIF	0
Linda Mama Program	0
Waivers and Exemptions	5,349,900
Total Gain/Loss	5,349,900

26. Impairment Loss

Description	2021/22 KShs
Property, plant, and equipment	0
Intangible assets	0
Total impairment loss	0

27. Cash And Cash Equivalents

Description	2021/22 KShs
Current accounts	17,740,346
On - call deposits	0
Fixed deposits accounts	0
Cash in hand	0
Others(<i>specify</i>)- Mobile money	0
Total cash and cash equivalents	17,740,346

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

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

Description		2021/22
Financial institution	Account number	KShs
a) Current account		
Kenya Commercial bank	110403993	210,023.65
Cooperative Bank Of Kenya	01141495253200	17,530,322.30
Sub- total		17,740,345.95
b) On - call deposits		0
Kenya Commercial bank		0
		0
Equity Bank – etc		0
Sub- total		0
c) Fixed deposits account		0
Bank Name		0
		0
Sub- total		0
d) Others(specify)		0
cash in hand		0
Mobile money- Mpesa, Airtel money		0
		0
Sub- total		0
Grand total		17,740,346

28. Receivables From Exchange Transactions

Description	2021/22
	KShs
Medical services receivables-NHIF	4,884,247
Rent receivables	0
Other exchange debtors-Marwa	3,168,533
Less: impairment allowance	0
Total receivables	8,052,780

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

29. Receivables From Non-Exchange Transactions

Description	2021/22
	KShs
Transfers from the County Government	12,104,845
Undisbursed donor funds	0
Other debtors (<i>non-exchange transactions</i>)	0
Less: impairment allowance	0
Total	12,104,845

30. Inventories

Description	2021/22
	KShs
Pharmaceutical supplies	5,819,931
Laboratory supplies	1,862,505
Maintenance supplies	0
Food supplies	208,568
Linen and clothing supplies	1,600
Cleaning materials supplies	391,745
General supplies	497,740
Less: provision for impairment of stocks	0
Total	8,782,089

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2020	0	313,349,297	0	0	0	0	0	313,349,297
Additions	0		0	0	0	0	0	
Disposals	0		0	0	0	0	0	
Transfers/adjustments	0		0	0	0	0	0	
At 30th June 2021	0	313,349,297	0.00	0.00	0.00	0.00	0.00	313,349,297
At 1 st July 2021	0				0	0	0	0
Additions	0	0	0	0	1,668,570	898,000	0.00	2,566,570
Disposals	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0
At 30th June 2022	0	0.00	0.00	0.00	1,668,570	898,000	0.00	2,566,570
Depreciation and impairment								
At 1 July 2020	0	0	0	0	0	0	0	0
Depreciation for the year	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment								

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Work in progress	Total
At 30 June 2021								
At July 2021	0	0	0	0	0	0	0	0
Depreciation	0	7,833,732	0	0	125,142.75	28,062.50	0.00	7,986,938
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0
At 30th June 2022	0	7,833,732	0	0	125,142.75	28,062.50	0	7,986,938
Net book values								
At 30 th June 2021	0	313,349,297	0	0	0	0	0	313,349,297
At 30 th June 2022	0	305,515,565	0	0	1,543,427	869,938		307,928,929

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2021/22
	KShs
Cost	
At beginning of the year	0
Additions	0
Additions-Internal development	1,020,690
Disposal	0
At end of the year	1,020,690
Amortization and impairment	
At beginning of the year	0
Amortization for the period	0
Impairment loss	0
At end of the year	0
NBV	1,020,690

33. Investment Property

Description	2021/22
	KShs
At beginning of the year	0
Additions	0
Fair value gain	0
Depreciation (<i>where investment property is at cost</i>)	0
At end of the year	0

34. Trade And Other Payables

Description	2021/22
	KShs
Trade payables-medical cost	27,583,689
Trade payables- general expense	25,812,018
Trade payables-repairs and maintenance	1,436,047
Employee dues	6,330,480
Third-party payments (<i>unremitted payroll deductions</i>)	
Audit fee	
Plant ,Property & Equipment-	375,250
Trade payables-historical- Buildings	4,346,249
Other Trade payables -historical	82,924,792
Total trade and other payables	148,808,525

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

Description	2021/22 KShs
Medical fees paid in advance	0
Credit facility deposit	0
Rent deposits	0
Others (<i>specify</i>)	0
Total deposits	0

36. Provisions

Description	Leave provision KShs	Bonus provision KShs	Other provision KShs	Total KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions	0	0	0	0
	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

37. Finance Lease Obligation

Description	2021/22 Kshs
Current Lease obligation	0
Long term lease obligation	0
Total	0

**Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

Notes to the Financial Statements (Continued)

38. Deferred Income

Description	2021/22
	KShs
Current Portion	0
Non-Current Portion	0
Total	0

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

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to statement of financial performance	0	0	0	0
Other transfers (<i>Specify</i>)	0	0	0	0
Balance C/F	0	0	0	0

39. Borrowings

Description	2021/22
	KShs
Balance at beginning of the period	0
External borrowings during the year	0
Domestic borrowings during the year	0
Repayments of external borrowings during the year	0
Repayments of domestic borrowings during the year	0
Balance at end of the period	0.00

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

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

Description	2021/22
	KShs
Current Obligation	0
Non-Current Obligation	0
Total	0

40. Service Concession Arrangements

Description	2021/22
	KShs
Fair value of service concession assets recognized under PPE	0
Accumulated depreciation to date	0
Net carrying amount	0
Service concession liability at beginning of the year	0
Service concession revenue recognized	0
Service concession liability at end of the year	0

41. Cash Generated from Operations

Description	2021/22
	KShs
Surplus for the year before tax	
Adjusted for:	(342,077)
Depreciation	7,986,938
Non-cash grants received	(0.)
Impairment	0.
Gains and losses on disposal of assets	(0)
Contribution to provisions	0
Contribution to impairment allowance	0
Working Capital adjustments	
Increase in inventory	(8,782,089)
Increase in receivables	(20,157,625)
Increase in deferred income	0
Increase in payables	
Increase in payments received in advance	0
Net cash flow from operating activities	20,453,207

Notes to the Financial Statements (Continued)

42. Financial Risk Management

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

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

(i) Credit risk

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

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020	0	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2022	0	0	0	0
Receivables from exchange transactions	8,052,780	8,052,780	0	0
Receivables from –non-exchange transactions	12,104,845.00	12,104,845.00	0	0
Bank balances	0	0	0	0
Total	20,157,625.00	20,157,625.00	0	0

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

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

The 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.

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	0	0	91,869,571	91,869,571
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	4,359,119	4,359,119
Total	0	0	96,228,690	96,228,690
At 30 June 2022	0	0		
Trade payables	0	0	55,207,004	55,207,004
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	6,330,480	6,330,480.
Total	0	0	61,537,484	61,537,484

(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.

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

**Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2021			
Euro	10%	0	0
USD	10%	0	0
2022		0	0
Euro	10%	0	0
USD	10%	0	0

Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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:

	2021/22	2020/21
	Kshs	Kshs

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/ (<i>excess cash and cash equivalents</i>)	0	0
Gearing	0.0%	0.00%

43. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

**Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

Notes to the Financial Statements (Continued)

- i) The National Government;
- ii) The Parent Ministry;
- iii) Department of health;
- iv) Key management;
- v) Board of directors;

Description	2021/22
	Kshs
Transactions with related parties	
a) Services offered to related parties	
Services to	0
Sales of services	0
Total	0
	0
b) Grants from the Government	0
Grants from County Government	0
Grants from the National Government Entities	0
Donations in kind	0
Total	0
	0
c) Expenses incurred on behalf of related party	0
Payments of salaries and wages for employees	0
Erroneous transfer to cooperative bank account from Kisumu County Government to MOH Kisumu refunded	500,000
Total	0
	0
d) Key management compensation	0
Directors' emoluments	0
Compensation to the medical Sup	0
Compensation to key management	0
	0
Total	0

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

44. Segment Information

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

45. Contingent Liabilities

Contingent liabilities	2021/22
	Kshs
Court case against the company	0
Bank guarantees in favour of subsidiary	0
Total	0

(Give details)

46. Capital Commitments

Capital Commitments	2021/22
	Kshs
Authorised For	0
Authorised And Contracted For Software –on going upgrade of Hospital Information Management System	2,195,000
Total	0.00

47. Events After The Reporting Period

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

48. Ultimate And Holding Entity

The entity is a Semi- Autonomous Government Agency under the Department of health its ultimate parent is the Government of Kenya.

49. Currency

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

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XIX. Appendices

Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

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.

.....
Accounting Officer
(To be signed by the accounting officer of the Hospital)

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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)

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

APPENDIX IV: Inter-Entity Confirmation Letter

REPUBLIC OF KENYA
COUNTY GOVERNMENT OF KISUMU

Telegrams: "DIST/HOSP"
 Telephone: 254-057 2020171
 Fax: 254-057-2024210
 Email : medsuptkdh09



DEPARTMENT OF HEALTH

Kisumu County Referral Hospital
 P.O. Box 1818 - 40100
KISUMU

The Kisumu County Referral Hospital wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Kisumu County Referral Hospital] as at 30th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [Kisumu County Revenue Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	07/10/2021	15,000,000.00					
	07/10/2021	500,000.00					
	18/01/2022	15,000,000.00					
	23/2/2022	22,286,768.35					

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Supt/MD/Head

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


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

Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	04/05/2022	17,895,155.00					
Total		70,681,923.35			70,681,923.35	70,681,923.35	0

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

Head of Accounts department of beneficiary entity:

Name Belle Oyugi Sign  Date..... 29/6/2023