

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NYAKACH COUNTY LEVEL IV HOSPITAL**

**FOR THE YEAR ENDED**

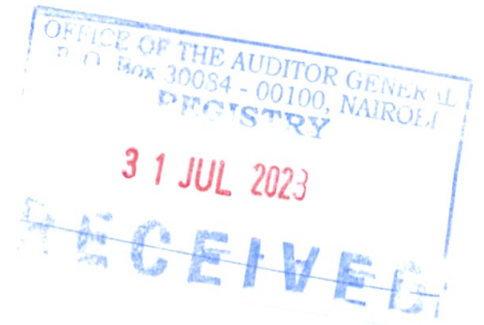
**30 JUNE, 2022**

**COUNTY GOVERNMENT OF**

**KISUMU**

| PAPERS LAID |                      |
|-------------|----------------------|
| DATE        | 22/11/2023           |
| TABLED BY   | Senate Majority Whip |
| COMMITTEE   | -                    |
| BY WHOM     | A. Madhwa            |

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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

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**I. Key Entity Information and Management**

**(a) Background information**

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

**(b) Principal Activities**

The principal activity/mission/ mandate of the hospital is to provide quality universal healthcare services to the catchment population and beyond.

**Vision**

- To be a centre of excellence in quality healthcare services

**Mission**

- To participate and provide promotive, preventable, curative and rehabilitative services that is accessible and affordable to the community.

**Quality Policy Statement**

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

**Key Management**

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

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

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**(c) Fiduciary Management**

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

| No. | Designation                        | Name                        |
|-----|------------------------------------|-----------------------------|
| 1.  | Medical Superintendent             | <b>Dr. Agwanda Anfilled</b> |
|     | Nursing Officer In charge          | <b>Mr. Julius O. Sako</b>   |
|     | Health Administrative Officer      | <b>Mr. Peter O. Opala</b>   |
|     | Pharmacist In Charge               | <b>Dr. Ceryl Oloo</b>       |
| 2.  | Dentist In Charge                  | <b>Dr. Edon Nyagudi</b>     |
| 3.  | Laboratory In Charge               | <b>Mr. Nicholas Omondi</b>  |
|     | Health Records Information Officer | <b>Ms. Sarah Akinyi</b>     |
|     | Public Health Officer              | <b>Ms. Marie Omollo</b>     |

**(d) Fiduciary Oversight Arrangements**

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

**(e) Entity Headquarters**

P.O. Box 79 - 40111  
Pap Onditi, KENYA

**(f) Entity Contacts**

Telephone: (+254) 726654252  
(+254) 722594948

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

**(g) Entity Bankers**

Cooperative Bank A/C No: 01141495253900

Kenya Commercial Bank A/C No:1104032481

**(h) Independent Auditors**

Auditor General

Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(i) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**(j) County Attorney**

P.O. Box. 2738 - 40100

Kisumu , Kenya

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**II. The Board of Management**

| <b>Ref</b> | <b>Directors</b>           | <b>Details</b>                                       |
|------------|----------------------------|--|
| 1.         | Mr. Charles Abondo         | Chairperson of the Hospital management Board.        |
| 2.         | Mr. Dalmas Osendo Ongere   | Board member representing professional Organisations |
| 3.         | Ms. Margret Tawa           | Board member representing women                      |
| 4.         | Mr. Arkipo Odhiambo Abende | Board member in charge of financial management       |
| 5.         | Mr. Henry Aloo Adem        | Board member representing Youth                      |
| 6.         | Ms Perez Achieng Agoro     | Independent member                                   |
| 7.         | Dr. Anffield Agwanda       | Medical Superintendent and Secretary to the Board    |
| 8.         | Ms Rose Akinyi Ngeta       | Board member representing H.C.S.D                    |

### III. Management Team

| Ref | Management           | Details  |
|-----|----------------------|--|
| 1.  | Dr. Agwanda Anffiled | The Medical Superintendent serving as the CEO. |
| 2.  | Mr. Julius O. Sako   | Nursing Officer Incharge                       |
| 3.  | Mr Peter A. Opala    | Heath Administration Officer                   |
| 4.  | Dr.  Edon Nyagudi    | Dentist Incharge                               |
| 5.  | Dr. Ceryl Oloo       | Pharmacy Incharge                              |

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

Nyakach County Hospital is a level 4 hospital located in Nyakach Sub-county, Kisumu County.

It has a catchment of 36,265 patients.

It has a bed capacity of 37, covering female ward, male ward and maternity ward and pediatric ward.

It offers varied healthcare services, including:

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

For the financial year 2021/2022, the hospital received a total of Kes. 10,221,443, of which, Kes. 9,041,428 were transfers from the County Government of Kisumu, while Kes. 1, 180,015 was out of own revenue collection.

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

#### **PROJECTS**

The hospital has the following projects ongoing/stalled:

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

#### **CHALLENGES**

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

1. Understaffing

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

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

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

## **PERFORMANCE OF THE HOSPITAL**

During the financial year under review, the hospital attended to 31, 265 patients. This included 20,526 general outpatients, 9,468 specialized clinic attendants, 27 accidents and emergency attendants, and 1,244 inpatients.

## **FINANCIAL PERFORMANCE**

The hospital managed to collect a total of Kes., from own source revenue and received Kes. , from the County Government exchequer.

The hospital expended the received revenue as follows:

1. Medical/Clinical cost, Kes. 4,199,978
2. Employee cost, Kes. 1,608,978
3. Board of management expenses, Kes. 188,000
4. Repairs and maintenance, Kes. 500,112
5. General expenses, Kes. 2,209,873

## **PROJECTS**

The hospital has the following projects ongoing/stalled:

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4. Administration block, proposed but not yet started.
5. Hospital drug store, proposed but not yet started.

## **CHALLENGES**


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

1. Understaffing

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4. Old and dilapidated structures with asbestos roofing that poses health hazard to healthcare workers.
5. No mortuary services.
6. condemned buildings and stalled projects.

#### **WAY FORWARD**

1. Understaffing- the hospital management is engaging the County Government of Kisumu to deploy more staff/specialists to meet the minimum requirements of a level 4 hospital.
2. Title deed- the hospital is in the process of acquiring a master plan of the hospital as the first step of acquiring the title deed.
3. Power Supply- the Chief Officer of Health has engaged regional Kenya Power office to ensure normalcy in power supply to the hospital.

  
.....  
**Medical Superintendent**

**Nyakach County Level IV Hospital**



## **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.

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

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

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

Nyakach County Hospital has 3 Annual Program Based Service Delivery Work plan and objectives within the current FY 2021-2022.

These 3 Annual Program Based Service Delivery are;

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

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

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

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

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

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

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

Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

Nyakach County Hospital achieved its performance targets set for the FY 2021/2022 period for its 12 sub programs under the 3 main program-based areas.

## **VII. Corporate Governance Statement**

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

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

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

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

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

### **BOARD OF MANAGEMENT**

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

The Board members are appointed by considering the various categories

|  |
|--|
| Role   |
| Chairperson of the Hospital management Board.      |
| Board member in charge of financial management     |
| Board member representing faith-based organisation |
| Board member representing H.C.S. D                 |
| Board member representing Professionals            |
| Board member representing Youths                   |
| Member   |
| Medical Superintendent & secretary to the Board.   |

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

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

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

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

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

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

**BOARD MEETINGS**

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

During the FY 2021-2022, the Board had 6 sittings; 4 being the quarterly planned board meetings while 2 being ad-hoc board meetings

**BOARD REMUNERATION**

Non-Executive directors provide services to the company to which they are entitled to a remuneration as provided for by the SRC guidelines and circulars on Remuneration of board members for level IV

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hospitals. They are paid sitting allowances for attending Board meetings, board committee meetings and any other entity's business that they may be called to undertake.

## VIII. Management Discussion and Analysis

### Clinical/operational performance

Data from the Health records and information department shows the following details as to clinical/operational performance of Nyakach County Hospital in the financial years of 2020/2021 and 2121/2022:

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

| Performance Item/<br>Activity   | Unit of count/ measure | Financial year |             |
|---|------------------------|----------------|-------------|
|   |                        | 2021 -2022     | 2020 - 2021 |
| Bed capacity of the hospital  | No. of beds            | 37             | 37          |
| Overall patient attendance during the year; both inpatient & outpatient | No. of patients        | 31,265         | 29,331      |
| Accident and emergency attendance                                       | No. of attendances     | 07             | 120         |

**Nyakach County Level IV Hospital (Kisumu County Government)**  
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|                                      |                    |       |       |
|--------------------------------------|--------------------|-------|-------|
| Specialised clinic attendance        | No. of attendances | 9,468 | 8,631 |
| Average length of stay for inpatient | No. of days        | 3     | 3     |
| Bed occupancy rate                   | Percentage         | 8%    | 8%    |
| Mortality rate                       | Percentage         | 0.2%  | 0.2%  |
| Surgical theatre utilisation         | No. of procedures  | 0     | 0     |
|                                      |                    |       |       |

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

**Financial performance that includes**

During the period the FY 2021-2022, Nyakach County Level IV Hospital generated its revenues from the on-source revenue collections (service charges), NHIF and MARWA disbursements as well as the Recurrent funds from the County Government of Kisumu.

The funds for the FY 2021 - 2022 were spent as per the details of this report

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

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

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

During the FY 2021-2022, the hospital strived to favourably achieve its objectives and mandate of providing universal healthcare to all citizens who visited the hospital. The recent COVID-19 pandemic did put pressure on the hospitals capacity to deliver services due to high numbers of patient with covid related complications whilst at the same time there was upsurge of pharmaceuticals and PPEs during the period. The hospital throughout the year ensures compliance with the various rules and regulations governing the management of a public hospital within kenya

### **ii) Environmental performance**

In the FY 2021-2022, the hospital was committed to ensuring safe disposal of all medical and non-medical wastes as may be appropriate. The Septic tanks were regularly disinfected and the hazardous medical wastes were incinerated at the hospitals incinerator or transported to other hospital incinerators whenever there were breakdowns at the hospital.

### **iii) Employee welfare**

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

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

Being that hospital setups are hazardous, the management-ensured adequate provision of PPEs to all staffs during the FY 2021-2022 to date in line with the Occupational Safety and Health Act of 2007, (OSHA).

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

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

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

Core mandate of Nyakach county Hospital is to provide universal healthcare coverage to citizens. As such the hospital charge-list was in compliance with the Kisumu County

Finance Bill 2021-2022 and in our view it was made with a view of not making profits but rather to recover costs of service delivery.

In the spirit of universal healthcare coverage, the hospital assisted all the indigents who visited the hospital to access services through waivers and exemptions as per the presidential directive' As such no patient was turned away or detained for lack of hospital bill during FY 2021-2022.

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

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

The management strived to pay the suppliers as and when money was availed from County Treasury. Keen to note was that the transfers from County Treasury was not enough to adequately settle all invoices. The management seeks increase of disbursements from County Treasury.

**c) Responsible marketing and advertisement**

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

**d) Product stewardship**

Outline efforts to safeguard consumer rights and interests.

Health care sector is a highly regulated sector due to its essential nature. During the FY 2021-2022 to date, the hospital management has always ensured to only procure authorised pharmaceutical and non-pharmaceutical items from licenced suppliers. the hospital also ensures that all food and ration items and other items are inspected by the hospital inspection teams who ensure that only goods and services that meet the required standards and threshold are accepted for use at the hospital.

## **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 to provide universal healthcare services to all residents of Nyakach Sub-county and beyond.

### **Results**

The results of the entity for the year ended June 30, 2022 are set out on this report


### **Board Of Management**

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

### **Auditors**

The Auditor General is responsible for the statutory audit of Nyakach County Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the year ended June 30, 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

  
.....  
**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 Nyakach County Hospital, which give a true and fair view of the state of affairs at the end of the financial year and the operating results of the hospital for FY 2021/2022. The Board of Management is also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The council members are also responsible for safeguarding the assets of the Hospital.

The Board of Management is responsible for the preparation and presentation of the Hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 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 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.

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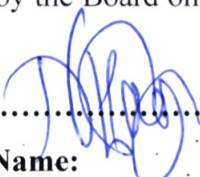
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Nothing has come to the attention of the Board of management to indicate that Nyakach County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 15/8/2022 and signed on its behalf by:

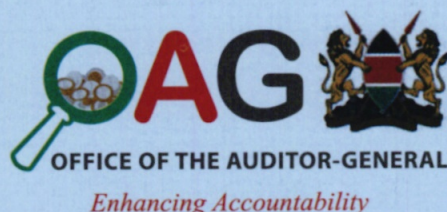
.....  
Name: Mr. Charles Abondo  
Chairperson  
Board of Management

.....  
Name:   
Accounting Officer



# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON NYAKACH COUNTY LEVEL IV HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 – COUNTY GOVERNMENT OF KISUMU**

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### **PREAMBLE**

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

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

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

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

## REPORT ON THE FINANCIAL STATEMENTS

### Adverse Opinion

I have audited the accompanying financial statements of Nyakach County Level 4 Hospital - County Government of Kisumu set out on pages 24 to 69, which comprise of 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 of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

### Basis for Adverse Opinion

#### 1. Non-Compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements

Review of the annual report and financial statements revealed the following anomalies on presentation and disclosure:

- i. The statement of changes in net assets and the statement of comparison of budget and actual amounts were omitted.
- ii. The statement of cash flows does not disclose the opening cash and cash equivalents balance.
- iii. Board of Management and Key Management information details on pages 6 and 7 respectively do not include members' passport size photos, key qualifications and work experience as required by the template.
- iv. There is no disclosure on transactions with related parties in Note 24 to the financial statements-Related parties.
- v. A trial balance was not provided for audit

In the circumstances, the preparation and presentation of the annual reports and financial statements do not comply with the format prescribed by the Public Sector Accounting Standards Board.

## **2. Unaccounted for Assets in the Financial Statements**

The statement of financial position reflects Nil balances in respect of property, plant and equipment, intangible assets, investment, property and inventory. However, review of records revealed that the Hospital had assets including fixed assets, intangible assets and inventories as at 30 June, 2022 of undetermined values which were not recognized in the financial statements.

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

## **3. Unreconciled Variances in Transfers from County Government**

The statement of financial performance reflects transfers from the County Government amount of Kshs.8,073,241 which is at variance with the balance of Kshs.5,576,651 reflected as transfers in the Kisumu County's Executive financial statements. The variance of Kshs.2,496,590 has not been reconciled.

In the circumstances, the accuracy and completeness of transfers from the County Government amount of Kshs.8,073,241 could not be confirmed.

## **4. Misstatement of Trade Payables**

The statement of financial position reflects trade and other payables balance of Kshs.2,450,775 and referenced under Note 34 to the financial statements. However, Note 34 refer to refundable deposits from customers/patients and had nil balance. Further review of the financial statements revealed that trade and other payables are classified under Note 33 to the financial statements and reflects an amount of Kshs.4,234,515 resulting to an unreconciled variance of Kshs.1,783,740.

In the circumstances, the accuracy of the trade and other payables balance of Kshs.2,450,775 could not be confirmed.

## **5. Unsupported Bank Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,723,410 which, as disclosed in Note 27 (a) to the financial statements, comprises balances of Kshs.1,556,612 and Kshs.166,798 held in two (2) local banks. However, the balances were not supported with bank reconciliation statements. In addition, the certificate of balance for one of the bank accounts reflected a balance of Kshs.1,543,672, while the bank statement reflected a balance of Kshs.1,556,613, resulting to an unexplained variance of Kshs.12,941.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs. 1,723,410 could not be confirmed.

## 6. Unsupported Rendering of Services-Medical Service Income Amount

The statement of financial performance reflects rendering of services-medical service income of Kshs.4,035,976. However. The supporting schedules provided for audit reflect total income from rendering of services-medical service care of Kshs. 3,067,789 resulting to an unreconciled variance of Kshs. 968,187

In the circumstances, the accuracy and completeness of rendering of services-medical service income Kshs.4,035,976 could not be confirmed.

## 7. Variances Between the Financial Statements and Supporting Schedules

The statement of financial performance reflects medical costs and general expenses items disclosed in Notes 15 and Note 21 to the financial statements which are at variance with their supporting schedules as listed below.

|                                      | Balance as per the Statement of Receipts & Payments | Balance as per supporting schedule | Variance |
|--------------------------------------|---|------------------------------------|----------|
| Component                            | (Kshs.)   | (Kshs.)                            | (Kshs.)  |
| Food and Ration                      | 1,366,016   | 1,341,016                          | 25,000   |
| Dressing and non-pharmaceuticals     | 352,360   | 317,950                            | 34,410   |
| Sanitary and cleansing               | 168,530   | 155,230                            | 13,300   |
| Refined fuels and Lubricant          | 381,458   | 381,263                            | 195      |
| Bank Charges                         | 3,821   | 0                                  | 3,821    |
| Contracted Service                   | 204,000   | 408,000                            | -204,000 |
| Other Fuels                          | 320,800   | 390,800                            | -70,000  |
| Travel and Accommodation             | 0   | 174,300                            | -174,300 |
| General office supplies              | 209,500   | 49,300                             | 160,200  |
| Printing and Stationery              | 179,250   | 0                                  | 179,250  |
| Telephone and Mobile phone services. | 63,000  | 0                                  | 63,000   |

In addition, the statement of financial performance reflects transfers to other Government entities-MOH Office amount of Kshs.500,000, while the supporting Note 20 to the financial statements and inter-entity confirmation letter at Appendix IV reflect Nil balance, resulting in an unexplained variance of Kshs.500,000.

In the circumstances, the accuracy and completeness of medical costs and general expenses could not be confirmed.

## 8. Inaccuracies in the Statement of Financial Position

The statement of financial position reflects total net assets and liabilities amount of Kshs.7,041,882 while the re-computed balance amounts to Kshs.6,346,952, resulting in an unexplained variance of Kshs.694,930. Further, the statement reflects total assets

balance of Kshs.5,596,480 while with the re-computed total net assets and liabilities balance is Kshs.6,346,952, resulting in a variance of Kshs.750,472 and an unbalanced statement of financial position.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyakach County Hospital - County Government of Kisumu 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 adverse opinion.

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1.0. Incomplete Assets Register**

Review of the Hospital's asset register revealed that details of three (3) motor vehicles, all buildings and four (4) of the seven (7) parcels of land occupied by the Hospital were not recorded in the assets register. This is 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.

Further, the Hospital did not have ownership documents for six (6) parcels of land and other assets were not tagged with unique identification codes. In addition, land Information indicates that one (1) parcel of land is in dispute with the community.

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

## **2.0. Irregular Management of Imprests**

Review of imprest records revealed that the Hospital did not maintain an imprest register, as required by Regulation 93(4)(c) of the Public Finance Management (County Governments) Regulations, 2015 which stipulates that 'before issuing temporary imprests under paragraph (2), the Accounting Officer shall ensure that the applicant imprest has been recorded in the imprest register including the amount applied for'. Further, it was noted that imprest was issued to an officer on behalf of other staff, contrary to Regulation 91(2), which requires an officer authorized to hold and operate an imprest to make formal application for the imprest through an imprest warrant.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Long Outstanding Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kes.2,450,775 out of which balances amounting to Kshs.1,244,375 are long outstanding with some relating to the year 2020 and earlier years.

In the circumstances, Management controls over payables may not be effective and the hospital risks legal suits from unpaid suppliers.

## **2. Control Weaknesses in Revenue Collection System**

The Hospital maintains its financial records including cash book and ledgers in manual form despite having a financial management system((Funsoft).

Further, review of the revenue collection system revealed that the Cashier was also the billing clerk and there was no evidence of daily reconciliation between the revenue recorded in the financial information system and Mpesa statement transactions while the Mpesa password was still in possession of the former hospital administrator.

In the circumstances, the effectiveness of internal controls over revenue collection could not be confirmed

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

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

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

In the circumstances, the existence and an end of year or effectiveness of internal controls over inventories could not be confirmed.

## **4. Weaknesses in the Filing System**

The Hospital did not have a systematic filing system for both financial and procurement records. Consequently, it was not possible to retrieve information for audit purposes. In addition, most procurement files were still in custody of a former officer.

In the circumstances, effectiveness and efficiency of the filling system could not be confirmed.

## **5. Failure to Meet Level 4 Hospital Requirements**

Review of records maintained by the facility and physical inspection of medical equipment's available at the facility revealed that the facility only had twenty-two (22) members of staff against the seventy-five (75) various medical professionals required as per Kenya Quality Model for Health. Further, the hospital does not offer all services required of a level 4 hospital such as surgical unit; renal dialysis; intensive care unit; high dependency units while the x-ray and ultrasound machines had broken down.

In addition, the Hospital had no procurement officer nor an accountant. The hospital administrator doubled up as the procurement officer.

In the circumstances, universal health care may not be effectively delivered at the Hospital.

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

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using 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.

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue 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**

**13 October, 2023**

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

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

| Description                                       | Notes | 2021/22           |
|---|-------|-------------------|
|   |       | Kshs              |
| <b>Revenue from non-exchange transactions</b>     |       |                   |
| Transfers from the County Government              | 6     | 8,073,241         |
| In- kind contributions from the County Government | 7     | 0                 |
| Grants from donors and development partners       | 8     | 0                 |
| Transfers from other Government entities          | 9     | 0                 |
| Public contributions and donations                | 10    | 0                 |
|   |       |                   |
| <b>Revenue from exchange transactions</b>         |       |                   |
| Rendering of services- Medical Service Income     | 11    | 4,035,976         |
| Revenue from rent of facilities                   | 12    | 0                 |
| Finance /Interest Income                          | 13    | 0                 |
| Other income (specify)                            | 14    | 0                 |
| <b>Revenue from exchange transactions</b>         |       |                   |
| <b>Total revenue</b>                              |       | <b>12,109,217</b> |
|   |       |                   |
| <b>Expenses</b>                                   |       |                   |
| Medical/Clinical costs                            | 15    | 4,587,696         |
| Employee costs                                    | 16    | 955,290           |
| Board of Management Expenses                      | 17    | 188,000           |
| Depreciation and amortization expense             | 18    | 0                 |
| Repairs and maintenance                           | 19    | 476,090           |
| Transfer to Other Government Entity- MOH Office   | 20    | 500,000           |
| General expenses                                  | 21    | 1,505,964         |
| Finance costs                                     | 22    | 0                 |
| <b>Total expenses</b>                             |       | <b>8,213,040</b>  |
| <b>Other gains/(losses)</b>                       |       | <b>0</b>          |

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

|  |    |                  |
|--|----|------------------|
| Gain on disposal of non-Current assets                   | 23 | 0                |
| Unrealized gain on fair value of investments             | 24 | 0                |
| Medical services contracts Gains/Losses                  | 25 | 0                |
| Impairment loss  | 26 | (0)              |
| Gain on foreign exchange transactions                    |    | 0                |
| <b>Total other gains/(losses)</b>                        |    | <b>0</b>         |
| <b>Net Surplus for the year</b>                          |    | <b>3,896,177</b> |
| Attributable to:   |    |                  |
| Surplus/(deficit) attributable to minority interest      |    |                  |
| Surplus attributable to owners of the controlling entity |    |                  |
|  |    | <b>3,896,177</b> |

The Hospital's financial statements were approved by the Board on 15/8/2022 and signed on its behalf by:

*Mr. Charles Abondo*

**Chairman**

**Board of Management**

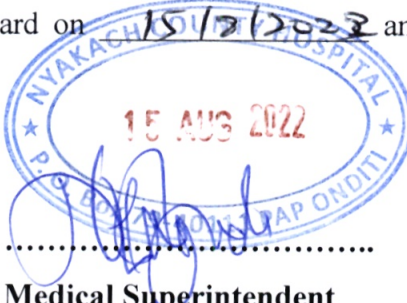
*Ezekiel Onunga*

**Head of Finance**

**ICPAK No:**

*[Signature]*

**Medical Superintendent**



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

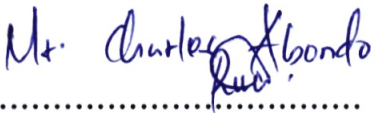
| Description                                 | Notes | 2021/22          |
|---|-------|------------------|
|   |       | Kshs             |
| <b>Assets</b>                               |       |                  |
| <b>Current assets</b>                       |       |                  |
| Cash and cash equivalents                   | 27    | 1,723,410        |
| Receivables from exchange transactions      | 28    | 3,873,070        |
| Receivables from non-exchange transactions  | 29    | 0                |
| Inventories                                 | 30    | 0                |
| <b>Total Current Assets</b>                 |       | <b>5,596,480</b> |
| <b>Non-current assets</b>                   |       |                  |
| Property, plant, and equipment              | 31    |                  |
| Intangible assets                           | 32    |                  |
| Investment property                         | 33    |                  |
| <b>Total Non-current Assets</b>             |       |                  |
| <b>Total assets</b>                         |       | <b>5,596,480</b> |
| <b>Liabilities</b>                          |       |                  |
| <b>Current liabilities</b>                  |       |                  |
| Trade and other payables                    | 34    | 2,450,775        |
| Refundable deposits from customers/Patients | 35    | 0                |
| Provisions                                  | 36    | 0                |
| Finance lease obligation                    | 37    | 0                |
| Current portion of deferred income          | 38    | 0                |
| Current portion of borrowings               | 39    | 0                |
| <b>Total Current Liabilities</b>            |       | <b>2,450,775</b> |
| <b>Non-current liabilities</b>              |       |                  |
| Provisions                                  | 36    | 0                |
| Non-Current Finance lease obligation        | 37    | 0                |

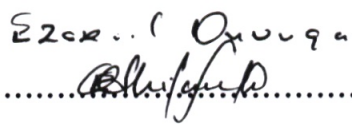
**Nyakach County Level IV Hospital (Kisumu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

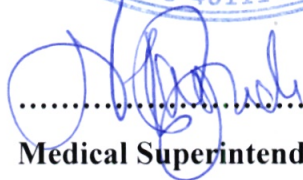
| Description                             | Notes | 2021/22          |
|---|-------|------------------|
|   |       | Kshs             |
| Non-Current portion of deferred income  | 38    | 0                |
| Non - Current portion of borrowings     | 39    | 0                |
| Service concession liability            | 40    | 0                |
|   |       |                  |
| <b>Total Non-current liabilities</b>    |       | <b>0</b>         |
| <b>Total Liabilities</b>                |       | <b>2,450,775</b> |
|   |       |                  |
| <b>Net assets</b>                       |       | <b>3,145,705</b> |
| Revaluation reserve                     |       |                  |
| Accumulated surplus/Deficit             |       | 3,896,177        |
| Capital Fund                            |       |                  |
|   |       |                  |
| <b>Total Net Assets and Liabilities</b> |       | <b>7,041,882</b> |

The Hospital's financial statements were approved by the Board on 15/8/2022 and signed on its behalf by:



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

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

 .....  
**Medical Superintendent**

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

| Description   |      | 2021/22           |
|---|------|-------------------|
|   | Note | Kshs              |
| <b>Cash flows from operating activities</b>                 |      |                   |
| <b>Receipts</b>   |      |                   |
| Transfers from the County Government                        | 6    | 8,073,241         |
| Grants from donors and development partners                 | 8    | 0                 |
| Transfers from other Government entities                    | 9    | 0                 |
| Public contributions and donations                          | 10   | 0                 |
| Rendering of services- Medical Service Income               | 11   | 4,035,976         |
| Revenue from rent of facilities                             | 12   | 0                 |
| Finance / interest income                                   | 13   | 0                 |
| Other receipts(specify)                                     |      |                   |
| <b>Total Receipts</b>                                       |      | <b>12,109,217</b> |
|   |      |                   |
| <b>Payments</b>   |      |                   |
| Medical/Clinical costs                                      | 15   | 4,587,696         |
| Employee costs  | 16   | 955,290           |
| Board of Management Expenses                                | 17   | 188,000           |
| Repairs and maintenance                                     | 19   | 476,090           |
| Grants and subsidies  | 20   | 0                 |
| General expenses  | 21   | 1,305,775         |
| Finance costs   | 22   | 0                 |
| Refunds paid out  |      | 0                 |
| <b>Total Payments</b>                                       |      | <b>7,512,851</b>  |
| <b>Net cash flows from operating activities</b>             | 41   | <b>4,596,366</b>  |
| <b>Cash flows from investing activities</b>                 |      |                   |
| Purchase of property, plant, equipment, & intangible assets |      | (0)               |
| Proceeds from the sale of property, plant, and equipment    |      | 0                 |

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

|   |           |                  |
|---|-----------|------------------|
| Acquisition of investments                                  |           | (0)              |
| <b>Net cash flows used in investing activities</b>          |           | <b>(0)</b>       |
| <b>Cash flows from financing activities</b>                 |           |                  |
| Proceeds from borrowings                                    |           | 0                |
| Repayment of borrowings                                     |           | (0)              |
| Capital grants received                                     |           | 0                |
| <b>Net cash flows used in financing activities</b>          |           | <b>(0)</b>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |           | <b>4,596,366</b> |
| Cash and cash equivalents at 1 July                         | 27        |                  |
| <b>Cash and cash equivalents at 30 July</b>                 | <b>27</b> |                  |

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

*Mr. Charles Abondo*  
*Chairman*

*Ezekiel Oduro*  
*Head of Finance*



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

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

**Medical Superintendent**

## **XVI. Notes To the Financial Statements**

### **1. General Information**

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

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

The Board and the Hospital management discloses that it prepared its first annual reports and financial statements in the FY 2021-2022. At the same time, the management explicitly discloses that FY 2021-2022 financial statements have been prepared on First time adoption of Accrual basis IPSAS.

Being first time preparation of annual financial statement and first time adoption of the Accrual basis IPSASs, the 2021-2022 Financial statements do not fully comply with accrual basis IPSASs. The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the MCH.

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

### **3. Adoption of New and Revised Standards**

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

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

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

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

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

|  |  |
|--|--|
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |
|--|--|

*ii. Early adoption of standards*

The entity did not early – adopt any new or amended standards in the year 2021/2022

**4. Summary Of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other Government entities**

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

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

**Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

**Rental income**

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

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

**b) Budget information**

The hospital management did not prepare a comprehensive annual budget for the FY 2021-2022. It was a common practise that quarterly budgets are appropriated using available funds in the hospital account and Request for Authority to Incur Expenditure (AIE) sought from the Chief Officer-Health.

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

**c) Taxes**

**Sales tax/ Value Added Tax**

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

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

**d) Investment property**

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

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant

parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts

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

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

##### **f) Leases**

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

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

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

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

##### **g) Intangible assets**

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

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

**h) Research and development costs**

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

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

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

**i) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

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

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

**Loans and receivables**

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

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

### **Held-to-maturity**

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

### **Impairment of financial assets**

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

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

### **Financial liabilities**

#### **Initial recognition and measurement**

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

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

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

**Loans and borrowing**

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

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

**i) Inventories**

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

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

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

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

**j) Provisions**

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

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

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

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

**Contingent liabilities**

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

**Contingent assets**

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

**k) Nature and purpose of reserves**

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

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

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

**m) Employee benefits**

**Retirement benefit plans**

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

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

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Service concession arrangements**

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

**r) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also

include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**s) Comparative figures**

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

**t) Subsequent events**

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

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

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

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

**6. Transfers From The County Government**

| Description   | 2021/22          |
|---|------------------|
|   | KShs             |
| <b>Unconditional grants</b>                                     |                  |
| Operational Recurrent grant                                     | 8,073,241        |
| Level 5 grants  | 0                |
| Other grants  | 0                |
|   | <b>0</b>         |
| <b>Conditional grants</b>                                       |                  |
| 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                |
| <b>Total government grants and subsidies</b>                    | <b>8,073,241</b> |

**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<br>KShs | Amount deferred under deferred income<br>KShs | Amount recognised in capital fund. | Total grant income during the year |
|--------------------------------------|---|---|------------------------------------|------------------------------------|
|                                      |   |   |                                    |                                    |
|                                      |   |   | KShs                               | KShs                               |
| Kisumu County Government             | 8,073,241   | 0   | 0                                  | 8,073,241                          |
| <b>Total</b>                         | <b>8,073,241</b>  | <b>0</b>                                      | <b>0</b>                           | <b>8,073,241</b>                   |

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

| Description                 | 2021/22  |
|-----------------------------|----------|
|                             | KShs     |
| <b>Total grants in kind</b> | <b>0</b> |

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

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

| Description                                   | 2021/22  |
|---|----------|
|   | KShs     |
| <b>Total grants from development partners</b> | <b>0</b> |

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

9. Transfers From Other Government Entities

| Description            | 2021/22  |
|------------------------|----------|
|                        | KShs     |
| <b>Total Transfers</b> | <b>0</b> |

10. Public Contributions and Donations

| Description                             | 2021/22  |
|---|----------|
|   | KShs     |
| <b>Total donations and sponsorships</b> | <b>0</b> |

10 (a) Reconciliations of amortised grants

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

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

| <b>Description</b>                                  | <b>2021/22</b>   |
|---|------------------|
|   | <b>KShs</b>      |
| Pharmaceuticals                                     | 390,584          |
| Female ward   | 223,930          |
| Laboratory  | 742,452          |
| Radiology   | 132,000          |
| Orthopedic and Trauma Technology                    | 4,500            |
| Theatre   | 7,100            |
| In-patient  | 238,790          |
| Male ward   | 267,900          |
| Ear Nose and Throat service                         | 2,700            |
| Maternity ward                                      | 190,050          |
| Medical examination                                 | 2,500            |
| Dental services                                     | 62,650           |
| Occupational therapy                                | 28,925           |
| Paediatrics services                                | 167,900          |
| Farewell home services                              | 277,800          |
| Out-patient   | 39,150           |
| physiotherapy                                       | 39,580           |
| RDF pharmacy  | 54,758           |
| Records   | 194,520          |
| NHIF claims   | 968,187          |
| <b>Total revenue from the rendering of services</b> | <b>4,035,976</b> |

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

**12. Revenue From Rent of Facilities**

| Description                                  | 2021/22  |
|--|----------|
|  | KShs     |
| Residential property                         | 0        |
| Commercial property                          | 0        |
| <b>Total Revenue from rent of facilities</b> | <b>0</b> |

**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        |
| <b>Total finance income</b>                        | <b>0</b> |

(Provide brief explanation for this revenue)

**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        |
| <b>Total other income</b>                           | <b>0</b> |

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

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**15. Medical/ Clinical Costs**

| <b>Description</b>                               | <b>2021/22</b>   |
|--|------------------|
|  | <b>KShs</b>      |
| Dental costs/ materials                          | 34,350           |
| Laboratory chemicals and reagents                | 540,950          |
| Public health activities                         | 0                |
| Food and Ration                                  | 1,366,016        |
| Uniform, clothing, and linen                     | 0                |
| Dressing and Non-Pharmaceuticals                 | 352,360          |
| Pharmaceutical supplies                          | 1,163,332        |
| Health information stationery                    | 517,000          |
| Reproductive health materials                    | 0                |
| Sanitary and cleansing Materials                 | 168,530          |
| Purchase of Medical gases                        | 10,000           |
| X-Ray/Radiology supplies                         | 38,700           |
| Other medical i.e. purchase of medical equipment | 15,000           |
| Refined fuels                                    | 381,458          |
| <b>Total medical/ clinical costs</b>             | <b>4,587,696</b> |

**16. Employee Costs**

| <b>Description</b>                         | <b>2021/22</b> |
|--|----------------|
|  | <b>KShs</b>    |
| Salaries, wages, and allowances            | 823,040        |
| Staff medical expenses and Insurance cover | 54,800         |
| Social contribution                        | 77,450         |
|  |                |
| <b>Employee costs</b>                      | <b>955,290</b> |

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

**17. Board of Management Expenses**

| <b>Description</b> | <b>2021/22</b> |
|--------------------|----------------|
|                    | <b>KShs</b>    |
| Sitting allowance  | 188,000        |
| <b>Total</b>       | <b>188,000</b> |

**18. Depreciation And Amortization Expense**

| <b>Description</b>                         | <b>2021/22</b> |
|--|----------------|
|  | <b>KShs</b>    |
| Property, plant and equipment              | 0              |
| Intangible assets                          | 0              |
| Investment property carried at cost        | 0              |
| <b>Total depreciation and amortization</b> | <b>0</b>       |

**19. Repairs And Maintenance**

| <b>Description</b>                   | <b>2021/22</b> |
|--------------------------------------|----------------|
|                                      | <b>KShs</b>    |
| Property- Buildings                  | 103,000        |
| Medical equipment                    | 100,000        |
| Motor vehicle expenses               | 273,090        |
| <b>Total repairs and maintenance</b> | <b>476,090</b> |

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

**20. Grants And Subsidies**

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

**21. General Expenses**

| <b>Description</b>                  | <b>2021/22</b>   |
|-------------------------------------|------------------|
|                                     | <b>KShs</b>      |
| Bank charges                        | 3,821            |
| Contracted services                 | 204,000          |
| Electricity expenses                | 478,554          |
| Other fuels ( charcoal & firewood)  | 320,800          |
| General office supplies             | 209,500          |
| Courier and postal services         | 28,350           |
| Printing and stationery             | 179,250          |
| Water and sewerage costs            | 28,000           |
| Telephone and mobile phone services | 63,000           |
| <b>Total General Expenses</b>       | <b>1,505,954</b> |

**22. Finance Costs**

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

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

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

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

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

| Description               | 2021/22 |
|---------------------------|---------|
|                           | KShs    |
| Investments at fair value |         |
| <b>Total gain</b>         |         |

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

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

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

**26. Impairment Loss**

| Description                    | 2021/22 |
|--------------------------------|---------|
|                                | KShs    |
| Property, plant, and equipment |         |
| Intangible assets              |         |
| <b>Total impairment loss</b>   |         |

**27. Cash And Cash Equivalents**

| Description                            | 2021/22          |
|--|------------------|
|  | KShs             |
| Current accounts                       | 1,723,410        |
| <b>Total cash and cash equivalents</b> | <b>1,723,410</b> |

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

| Description                |                | 2021/22          |
|----------------------------|----------------|------------------|
| Financial institution      | Account number | KShs             |
| <b>a) Current account</b>  |                |                  |
| Kenya Commercial bank      |                | 166,798          |
| Cooperative bank Bank, etc |                | 1,556,612        |
|                            |                |                  |
| <b>Sub- total</b>          |                | <b>1,723,410</b> |
| <b>Grand total</b>         |                | <b>1,723,410</b> |

**28. Receivables From Exchange Transactions**

| Description                  | 2021/22          |
|------------------------------|------------------|
|                              | KShs             |
| Medical services receivables | 3,873,070        |
| Rent receivables             |                  |
| Other exchange debtors       |                  |
| Less: impairment allowance   |                  |
| <b>Total receivables</b>     | <b>3,873,070</b> |

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

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

**30. Inventories**

| Description                              | 2021/22  |
|--|----------|
|  | KShs     |
| Pharmaceutical supplies                  | 0        |
| Maintenance supplies                     | 0        |
| Food supplies                            | 0        |
| Linen and clothing supplies              | 0        |
| Cleaning materials supplies              | 0        |
| General supplies                         | 0        |
| Less: provision for impairment of stocks | 0        |
| <b>Total</b>                             | <b>0</b> |

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

**31. Intangible Assets-Software**

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

**32. Investment Property**

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

**33. Trade And Other Payables**

| <b>Description</b>                    | <b>2021/22</b>   |
|---------------------------------------|------------------|
|                                       | <b>KShs</b>      |
| Trade payables                        | 4,234,515        |
| <b>Total trade and other payables</b> | <b>4,234,515</b> |

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

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

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

**35. Provisions**

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

**36. Finance Lease Obligation**

| <b>Description</b>         | <b>2021/22</b> |
|----------------------------|----------------|
|                            | <b>Kshs</b>    |
| Current Lease obligation   |                |
| Long term lease obligation |                |
| <b>Total</b>               | <b>0</b>       |

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

**37. Deferred Income**

| Description         | 2021/22 |
|---------------------|---------|
|                     | KShs    |
| Current Portion     |         |
| Non-Current Portion |         |
| <b>Total</b>        |         |

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

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

**38. Borrowings**

| Description                                       | 2021/22 |
|---|---------|
|   | KShs    |
| <b>Balance at beginning of the period</b>         |         |
| External borrowings during the year               |         |
| Domestic borrowings during the year               |         |
| Repayments of external borrowings during the year |         |
| Repayments of domestic borrowings during the year |         |
| <b>Balance at end of the period</b>               |         |

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

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

| <b>Description</b>     | <b>2021/22</b> |
|------------------------|----------------|
|                        | <b>KShs</b>    |
| Current Obligation     |                |
| Non-Current Obligation |                |
| <b>Total</b>           |                |

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

**39. Service Concession Arrangements**

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

**40. Cash Generated from Operations**

|  | <b>2021/22</b> |
|--|----------------|
| <b>Surplus for the year before tax</b> | <b>KShs</b>    |
| <b>Adjusted for:</b>                   |                |
| Depreciation                           |                |
| Non-cash grants received               |                |
| Impairment                             |                |

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|  |  |
|--|--|
| Gains and losses on disposal of assets         |  |
| Contribution to provisions                     |  |
| Contribution to impairment allowance           |  |
| <b>Working Capital adjustments</b>             |  |
| Increase in inventory                          |  |
| Increase in receivables                        |  |
| Increase in deferred income                    |  |
| Increase in payables                           |  |
| Increase in payments received in advance       |  |
| <b>Net cash flow from operating activities</b> |  |

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

**41. 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:

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

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

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

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

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

**(ii) Liquidity risk management**

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed

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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.

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

**(iii) Market risk**

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

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

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

**a) Foreign currency risk**

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

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

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

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

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

**Foreign currency sensitivity analysis**

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

|             | <b>Change in<br/>currency rate</b> | <b>Effect on Profit<br/>before tax</b> | <b>Effect on<br/>equity</b> |
|-------------|------------------------------------|--|-----------------------------|
|             | <b>Kshs</b>                        | <b>Kshs</b>                            | <b>Kshs</b>                 |
| <b>20xx</b> |                                    |  |                             |
| Euro        | 10%                                |  |                             |
| USD         | 10%                                |  |                             |
| <b>20xx</b> |                                    |  |                             |
| Euro        | 10%                                |  |                             |
| USD         | 10%                                |  |                             |

**Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

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

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

**iv) Capital Risk Management**

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

|  | 2021/22 | 2020/21 |
|--|---------|---------|
|  | Kshs    | Kshs    |
| Revaluation reserve                          |         |         |
| Retained earnings                            |         |         |
| Capital reserve                              |         |         |
| <b>Total funds</b>                           |         |         |
|  |         |         |
| Total borrowings                             |         |         |
| Less: cash and bank balances                 |         |         |
| Net debt/ (excess cash and cash equivalents) |         |         |
| <b>Gearing</b>                               |         |         |

**42. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

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

| Description  | 2021/22 |
|--|---------|
|  | Kshs    |
| <b>Transactions with related parties</b>               |         |
|  |         |
| <b>a) Services offered to related parties</b>          |         |
| Services to xxx  |         |
| Sales of services to xxx                               |         |
| <b>Total</b>   |         |
|  |         |
| <b>b) Grants from the Government</b>                   |         |
| Grants from County Government                          |         |
| Grants from the National Government Entities           |         |
| Donations in kind                                      |         |
| <b>Total</b>   |         |
|  |         |
| <b>c) Expenses incurred on behalf of related party</b> |         |
| Payments of salaries and wages for xxx employees       |         |
| Payments for goods and services for xxx                |         |
| <b>Total</b>   |         |
|  |         |
| <b>d) Key management compensation</b>                  |         |
| Directors' emoluments                                  |         |
| Compensation to the medical Sup                        |         |
| Compensation to key management                         |         |
|  |         |
| <b>Total</b>   |         |

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

**43. 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)

**44. Contingent Liabilities**

| <b>Contingent liabilities</b>           | <b>2021/22</b> |
|---|----------------|
|   | <b>Kshs</b>    |
| Court case xxx against the company      |                |
| Bank guarantees in favour of subsidiary |                |
| <b>Total</b>                            |                |

**45. Capital Commitments**

| <b>Capital Commitments</b>    | <b>2021/22</b> |
|-------------------------------|----------------|
|                               |                |
| Authorised For                |                |
| Authorised And Contracted For |                |
| <b>Total</b>                  |                |

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

**46. Events After The Reporting Period**

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

**47. Ultimate And Holding Entity**

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

**48. Currency**

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

**XVII. 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:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|-----------------------------------|---------------------|--------------------------------------|---|
|  |                                   |                     |                                      |   |
|  |                                   |                     |                                      |   |

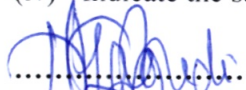
**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.

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(iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

  
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**Accounting Officer**

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



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

**Projects**

Projects implemented by the Hospital Funded by development partners

| Project title | Project Number | Donor | Period/<br>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 |         |                    |                        |                      |        |        |                  |

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

**[Insert your Letterhead]**

[Insert name of beneficiary entity]

[Insert Address]

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

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

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|       |  |  |  |  |  |  |  |
|-------|--|--|--|--|--|--|--|
| Total |  |  |  |  |  |  |  |
|-------|--|--|--|--|--|--|--|

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

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

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

**APPENDIX V Reporting of Climate Relevant Expenditures**

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

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

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

**APPENDIX VI Disaster Expenditure Reporting Template**

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



