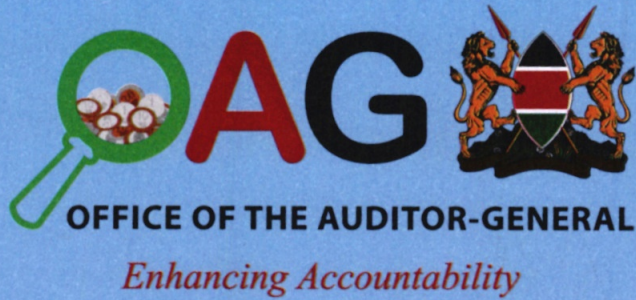


REPUBLIC OF KENYA



REPORT

OF

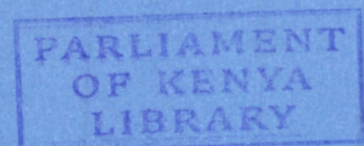
THE AUDITOR-GENERAL

ON

**LOKITAUNG SUB-COUNTY
LEVEL 4 HOSPITAL**

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

**COUNTY GOVERNMENT
OF TURKANA**





RECEIVED
TOKYO
10/05/2024



**LOKITAUNG SUB COUNTY HOSPITAL
(Turkana County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

Lokitaung Sub County Hospital (Turkana County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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1. Acronyms & Glossary of Terms

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

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

2. Key Entity Information and Management

(a) Background information

Lokitaung Sub County Hospital is a level 4 hospital established under gazette notice number 36 of 2010 and is domiciled in Turkana County under the Medical Service Department. The hospital is governed by a Board of Management.

The hospital serves as a referral facility for the larger Turkana North Sub County, providing specialized medical care and services to the community. The hospital serves a large number of patients from the region, many of whom are from marginalized and disadvantaged communities with limited access to healthcare. The hospital is a key healthcare facility in the region, and it plays an important role in providing essential health services to the population.

(b) Principal Activities

The principal activity mandate of Lokitaung sub county hospital is to provide high standard health care and provide community linkage to hospital services, including essential and specialized surgical care.

Mission

To promote and participate in the provision of integrated and high quality, promotive preventive, curative, rehabilitative healthcare services to all Kenyans.

Vision

Efficient and high quality healthcare system that is accessible and affordable for every Kenyan.

Core objectives

- i. Provide integrated services.
- ii. Provide safe patient centered care.
- iii. Provide efficient community linkage

(c) Key Management

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

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

Key Entity Information and Management (continued)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Hillary Cheruiyot
2.	Hospital Administrative Officer	Lomodei J.Paul
3.	Clinical Officer in Charge	Hillary Kiboi
4.	Nursing Officer In charge	Emily Cheserek
5.	Laboratory Services In charge	Ambrose Kanali
6.	Pharmacy in Charge	Lawrence Komen

(e) Fiduciary Oversight Arrangements

Quality Improvement Team

There is a quality improvement team comprising of various heads of departments, the CEO being the chairperson and the matron being the secretary. This team is obliged to improve the speed of decision-making and increase commitment for quality improvement. The roles and responsibilities of this committee is training of hospital staff, conducting situation analysis before implementation of QI approach, implementing Quality Improvement activities for common problems of the hospital, providing necessary inputs for QI activities, reviewing situation and the action plan et cetera.

The team implements changes, monitors their effects, and continuously evaluates and adjusts their approach to drive ongoing improvements in quality of care. Additionally, they ensure compliance with regulatory standards and accreditation requirements.

Waiver Committee

There is a waiver committee in place which is typically responsible for reviewing and approving requests for waivers or exceptions to established policies, procedures, or guidelines. These committees often consist of the CEO who serves as the chairperson, social worker- who serves as the secretary, and the administrator, accountant and the matron who

are members. The primary role of the waiver committee is to assess the justification for the waiver request, evaluate potential risks and benefits, and make informed decisions that align with the hospital's mission, values, and regulatory requirements. Waiver committees play a crucial role in ensuring that exceptions to standard protocols are made judiciously and with careful consideration of patient safety, legal implications, and ethical considerations.

(f) Entity Headquarters

P.O. Box 3- 30504
Lokitaung Lowarengak road
Lokitaung, KENYA

(g) Entity Contacts

Telephone: (+254) 700333239
E-mail: lokitaungschos@gmail.com
Website: www.lokitaungschos.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Lodwar Branch
Lodwar

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box 11-30500
 Lodwar, Kenya

3. The Board of Management

Ref	Board Members	Details
1.	Mr. John Lotonia 	John holds a Bachelor of Arts degree in Education from the University of Nairobi. He is currently a teacher at with vast experience in management both in public and private institutions. He is the board Chairman.
2.	Dr. Hillary Cheruiyot. 	Dr. Cheruiyot holds a Bachelor of medicine and surgery (mbchb) degree from Egerton University. He possesses vast experience in health administration and has worked in various hospitals and health facilities. He is the secretary to the board.
3.	Mrs. Agnes Mana	Vice Chairperson
4.	Mrs. Lydia Lobolia	Member
5.	Mr James Lobeck	Member
6.	Mr Simon Emanman	Member
7.	Mr. David M. Omukoko	Member

4. Key Management Team

No.	Designation	Name
1.	Medical Superintendent	Dr. Hillary Cheruiyot
2.	Hospital Administrative Officer	Lomodei J.Paul
3.	Clinical Officer in Charge	Hillary Kiboi
4.	Nursing Officer In charge	Emily Cheserek
5.	Laboratory Services In charge	Ambrose Kanali
6.	Pharmacy in Charge	Lawrence Komen

5. Chairman's Statement

Introduction

Greetings to all members, partners, and friends of Lokitaung Sub County Hospital. It is with great pleasure that I present the annual Chairman of the Board's report, reflecting the accomplishments, challenges, and initiatives undertaken by our dedicated team over the past year. At the heart of our endeavours is the unwavering commitment to providing quality healthcare services to the community we serve.

Our Core Mandate as the Board

The Lokitaung Sub County Hospital Board is entrusted with the critical responsibility of overseeing the hospital's strategic direction, policy formulation, and operational excellence. Our core mandate revolves around ensuring that the hospital operates efficiently, offering accessible, affordable, and high-quality healthcare to our community.

Hospital Status

In the past year, Lokitaung Sub County Hospital has continued to be a pillar of healthcare delivery in Turkana north and some parts of Kibish sub county. We have consistently provided essential medical services to the local population, catering to a diverse range of medical needs including eye care and cataracts surgeries. Our dedicated medical professionals, support staff, and management team have strived to maintain high standards of patient care, even in the face of various challenges.

Businesses Conducted by the Board

During the year, the Board engaged in several crucial activities aimed at enhancing the hospital's performance and sustainability. We collaborated with various stakeholders to explore avenues for generating additional revenue mainly the members of the community covered by NHIF and other schemes. We have held several board meetings including one with the ministry of health heads in order to improve efficiency and operationalization of the hospital. These initiatives included the programs, partnerships with local businesses, and exploring grant opportunities for partnership with international organizations available in Turkana north.

Hospital Projects and Achievements

Our hospital has undertaken significant projects aimed at expanding and enhancing our services. Notable achievements include optimizing the use of the operating theatre, equipping the laboratory, initiate blood transfusions, installing the new incinerator, servicing the automatic change over generator and better staff management. The ongoing implementation of electronic health records and the recruitment of additional medical personnel to better serve our patients is paramount. Furthermore, we initiated health education campaigns to raise awareness about our services; preventive, promotive and curative interventions, contributing to increased utilization of our services.

Challenges Faced

While we celebrate our achievements, it's important to acknowledge the challenges that we have encountered on our journey. Healthcare financing remains a critical concern, as we strive to maintain quality care despite budget constraints. Water and sanitation infrastructure also require improvement to ensure a safe and hygienic environment for both patients and staff. Moreover, the increasing demand for our services necessitates urgent infrastructure expansion, which has its own set of challenges.

Healthcare Financing

Limited funding continues to be a significant obstacle, affecting our ability to invest in advanced medical equipment, staff training, and infrastructure development. We are actively exploring partnerships and grant opportunities to bridge this gap and secure sustainable funding for the hospital's operations.

Water and Sanitation

Access to clean water and proper sanitation facilities is essential for infection control and overall patient safety. We are committed to addressing this challenge by working closely with the ministry of health and sanitation through the directorate of health services and partners to improve water supply and sanitation infrastructure within the hospital premises. There is already financial allocation for the hospital borehole and renovation of the drainage systems.

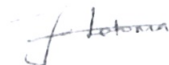
Infrastructure Expansion

As the demand for our services grows, we recognize the urgent need for infrastructure expansion. Our overcrowded facilities strain our ability to provide efficient care. We are happy the ministry of health is on the process of expanding the infrastructure and continue equipping the hospital. The Board is in the

process of developing a guiding frame work to guide in planning for adequate utilization of the hospital spaces, taking into account the needs of our patients and staff.

In conclusion, I want to express my gratitude to the entire Lokitaung Sub County Hospital team, our dedicated medical professionals, support staff, and management, for their tireless efforts in delivering healthcare services to our community. We are steadfast in our commitment to overcoming challenges and embracing opportunities to elevate the quality of healthcare we provide.

Thank you for your continued support, and we look forward to another year of growth, resilience, and service to humanity.



.....
John Lotonia

Chairman to the Board

6. Report of The Medical Superintendent

Introduction:

It is with great privilege and responsibility that as the Medical Superintendent of Lokitaung Sub County Hospital I present our annual financial report. This report serves as a testament to our commitment to transparency, accountability, and our unwavering dedication to providing quality healthcare services to our community.

Functions of the Medical Superintendent:

As the Medical Superintendent, my role encompasses a range of critical functions. I am entrusted with the overall management of the hospital, overseeing its daily operations, and ensuring the efficient delivery of healthcare services. My responsibilities extend to:

1. **Clinical Oversight:** I work closely with our dedicated medical professionals to maintain high standards of patient care, ensuring that medical services are provided with utmost diligence and compassion.
2. **Administrative Leadership:** I provide leadership to the hospital's administrative team, focusing on efficient resource allocation, staffing, and strategic planning working keenly under the directorate of medical services TCG.
3. **Financial Stewardship:** I play a pivotal role in the financial management of the hospital, which includes budgeting, financial reporting, and seeking sustainable funding sources to support our operations.
4. **Community Engagement:** I actively engage with our community, seeking their input and feedback to improve our services and ensure that we meet their healthcare needs effectively.
5. **Quality Assurance:** I oversee quality assurance programs to maintain and enhance the quality of care provided by the hospital, including adherence to medical standards and protocols.

The Hospital Status:

Over the past year, Lokitaung Sub County Hospital has continued to be a cornerstone of healthcare delivery in Turkana North and select areas of Kibish Sub County. Our hospital stands as a beacon of hope for our community, offering essential medical services that cater to a diverse range of healthcare needs.

Our team of medical professionals, support staff, and management have displayed unwavering dedication, ensuring that our patients receive the highest level of care. Even in the face of various challenges, we have upheld our commitment to excellence in healthcare service delivery. However as a level 4 hospital, we

have a limited number of critical staff distributed as follows; one medical officer (med sup.), four nursing officers, two clinical officers, one lab technician, one nutritionist, and one pharmacy technician.

The Hospital Financial Performance:

Focusing now on the 2021/22 financial performance of Lokitaung Sub County Hospital. Financial management is a critical aspect of our operations, and it plays a pivotal role in our ability to provide quality care and sustain our mission.

Our financial performance over the past year has been commendable in terms of improved collection however not adequate for daily running of the hospital. We have strived to achieve financial stability however it has not been possible to run the hospital on cost sharing funds only. Our revenue generation efforts, should including collaborations with stakeholders and grant-seeking initiatives from TCG.

While we remain committed to responsible financial management, it is important to acknowledge these challenges we face in securing the necessary funding to support our operations fully. Limited funding remains a persistent obstacle that impacts our ability to serve better. In this regard, we are actively exploring partnerships and grant opportunities to bridge the funding gap and secure sustainable support for the hospital. The summary for the amount received/collected during the financial year is as follows:

1. NHIF- 188,290
2. Partners - 0
3. Cost sharing
 - a. Bank – 30,370
 - b. Cash – 306,930

Achievements:

Our hospital has made significant strides in the past year, achieving several noteworthy milestones:

1. **Enhanced Services:** We are in the final process of optimizing the use of our operating theater, equipped our laboratory, initiated blood transfusion services, and installed a new incinerator, all of which have contributed to the improvement of patient care and safety.
2. **Staff Management:** Our efforts in better staff management together with the sub county HRM have led to improved staff morale and productivity, ultimately benefiting patient care.

3. **Electronic Health Records:** The ongoing plan to implement electronic health records will enhanced our ability to manage patient information efficiently, leading to improved healthcare outcomes.
4. **Health Education Campaigns:** We successfully initiated health education campaigns to raise awareness about our services, including preventive, promotive, and curative interventions. This has resulted in increased utilization of our facilities and increasing NHIF enrollment.

Challenges:

Despite our achievements, we have encountered several challenges:

1. **Healthcare Financing:** Limited funding remains a significant obstacle, affecting our capacity to invest in critical areas including patient mobility. We are actively seeking sustainable funding sources to address this challenge. We are requesting the TCG to consider quarterly funding of the hospital to support its operation.
2. **Infrastructure:** As the demand for our services continues to grow, we urgently require infrastructure expansion to alleviate overcrowding and enhance patient care. The Ministry of Health's ongoing efforts in this regard are appreciated.
3. **Water and Sanitation:** Access to clean water and proper sanitation facilities is essential for infection control and patient safety. We are committed to addressing this issue by improving our water supply and sanitation infrastructure.

Acknowledgment

Lokitaung Sub County Hospital remains steadfast in its commitment to providing quality healthcare services to our community. This annual financial report reflects our journey, achievements, and challenges, and we are dedicated to overcoming obstacles and seizing opportunities for the betterment of our hospital and the people we serve. We extend our heartfelt gratitude to our entire team, our community, and our partners for their continued support, and we look forward to another year of growth, resilience, and dedicated service to humanity.

.....
Dr Hillary Cheruiyot
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Section 149 subsection 2(g) of the PFM Act 2012, requires the Accounting Officer of Lokitaung Sub County Hospital to prepare a strategic plan in conformity with the medium-term fiscal framework and financial objectives of the County government.

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 Lokitaung Sub County Hospital performance against predetermined objectives

Lokitaung Sub County Hospital has four strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Health Service Delivery
- Pillar 2: Health Workforce
- Pillar 3: Health Financing
- Pillar 4: Leadership and Governance

Lokitaung Sub County Hospital develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Lokitaung Sub County Hospital achieved its performance targets set for the FY 2021/2022 period for its four strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Health Service Delivery:	Improve access to essential health services, especially for vulnerable populations	Tracking the percentage of the population accessing essential health services.	Enhance quality, accessibility, and equity of health services. Strengthen referral systems and emergency care.	70% of the vulnerable population are accessing the health services, and the referral system has been strengthened .
Pillar 2: Health Workforce	Enhance their competencies through training and	Evaluating the percentage of health workers	Increase the number of skilled health	Skilled staff have increased we are nearing

Lokitaung Sub County Hospital (Turkana County Government)
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	professional development.	completing required training.	workers. Improve retention and motivation.	to reach the set standard by WHO
Pillar 3: Health Financing	Improve financial risk protection for citizens	Evaluating the extent to which health costs are covered by insurance or other mechanisms.	Increase domestic funding for health. Explore innovative financing mechanisms.	In the process of making the entity autonomous in order to get more funding
Pillar 4: Leadership and Governance	Promote transparency and accountability in health management.	Evaluating adherence to governance principles.	Strengthen health sector leadership at all levels. Enhance coordination among stakeholders	60% achieved in strengthening leadership at all levels

8. Corporate Governance Statement

The board of directors is composed of competent, diverse and qualified members capable of exercising objective and independent judgement. The Board has appropriate autonomy and authority to exercise its functions are accountable and responsible to the stakeholders. The composition of the Board provides a diversity of gender, competencies and skills required for effective leadership of the organization.

During the period under review the Board held four meetings, nil special meetings.

S/No	Board Member	Classification	Designation	No.of Meetings	No.of Meetings attended
1.	John Lotonia	Independent	Board Chairperson	4	4/4
2.	Agnes Mana	Independent	Vice chairperson	4	3/4
3.	Lydia Lobolia	Independent	Member	4	4/4
4.	James Lobeck	Independent	Member	4	3/4
5.	Simon Emanman	Independent	Member	4	4/4
6.	Dr. Hillary Cheruiyot	Medical Sup.	Secretary	4	4/4
7.	David Omukoko	Administrator	Member	4	/6

Appointment and Removal of Directors/Board Members.

The board of directors are appointed by a transparent and formal process governed by the County Executive Committee Member (CECM) through a Gazette Notice and thereafter an appointment letter.

Roles and Function of the Board.

The Board of the has the following roles as outlined by Turkana County Health Services Administration Act:

- i. Responsible for the supervision of the funds allocated to the hospital;
- ii. Open and operate a bank account at a bank approved by CECM finance;
- iii. Consider recommended activities to be included in the hospital work plans based on the County health sector strategic plan.
- iv. Keep a permanent record of all deliberations

Induction and Training of the Board.

Lokitaung Sub County Hospital recognizes the governance leap made by the Government of Kenya through the development and issuance of Mwongozo- The Code of Governance for State Corporations. In this regard, once new board members are appointed, the Hospital provides them with information on the operations of Lokitaung Sub County Hospital.

Conflict of Interest

During every meeting of the board, members sign a declaration of conflict of interest. Where a member has conflicting interest, they are excluded from the deliberations of the said agenda.

Board Remuneration

The policy on remuneration of the board members is in place as provided for by relevant government regulations and guidelines. Allowances were paid when they fall due.

Ethics and Conduct

Board members received training on ethics and conduct during the induction training. There are no ethical and misconduct issues to declare.

Governance Audit

The Board is yet to established a Board Audit and Risk Committee in compliance with Mwongozo and government audit laws and regulation

9. Management Discussion and Analysis

During the year under review the hospital has been operating in accordance with the Turkana County Health Administrative Act through authority from the Chief Officer.

During the year under review, the Hospital received a total of Kshs. 574,432 out of which Kshs 188,290 was funds transferred from the NHIF, balance brought forward from the previous Financial Year Kshs. 48,842 and cost sharing fees of Kshs.337,300.

Over the past year, Lokitaung Sub County Hospital has continued to be a cornerstone of healthcare delivery in Turkana North and select areas of Kibish Sub County. Our hospital stands as a beacon of hope for our community, offering essential medical services that cater to a diverse range of healthcare needs.

Our team of medical professionals, support staff, and management have displayed unwavering dedication, ensuring that our patients receive the highest level of care. Even in the face of various challenges, we have upheld our commitment to excellence in healthcare service delivery. However as a level 4 hospital, we have a limited number of critical staff distributed as follows; one medical officer (med sup.), four nursing officers, two clinical officers, one lab technician, one nutritionist, and one pharmacy technician.

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While we remain committed to responsible financial management, it is important to acknowledge these challenges we face in securing the necessary funding to support our operations fully. Limited funding remains a persistent obstacle that impacts our ability to serve better. In this regard, we are actively exploring partnerships and grant opportunities to bridge the funding gap and secure sustainable support for the hospital.

Our hospital has made significant strides in the past year, achieving several noteworthy milestones:

- a. **Enhanced Services:** We are in the final process of optimizing the use of our operating theater, equipped our laboratory, initiated blood transfusion services, and installed a new incinerator, all of which have contributed to the improvement of patient care and safety.
- b. **Staff Management:** Our efforts in better staff management together with the sub county HRM have led to improved staff morale and productivity, ultimately benefiting patient care.
- c. **Electronic Health Records:** The ongoing plan to implement electronic health records will enhanced our ability to manage patient information efficiently, leading to improved healthcare outcomes.
- d. **Health Education Campaigns:** We successfully initiated health education campaigns to raise awareness about our services, including preventive, promotive, and curative interventions. This has resulted in increased utilization of our facilities and increasing NHIF enrollment.

Challenges:

Despite our achievements, we have encountered several challenges:

- i. **Healthcare Financing:** Limited funding remains a significant obstacle, affecting our capacity to invest in critical areas including patient mobility. We are actively seeking sustainable funding sources to address this challenge. We are requesting the TCG to consider quarterly funding of the hospital to support its operation.
- ii. **Infrastructure:** As the demand for our services continues to grow, we urgently require infrastructure expansion to alleviate overcrowding and enhance patient care. The Ministry of Health's ongoing efforts in this regard are appreciated.
- iii. **Water and Sanitation:** Access to clean water and proper sanitation facilities is essential for infection control and patient safety. We are committed to addressing this issue by improving our water supply and sanitation infrastructure.

Lokitaung Sub County Hospital (Turkana County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Lokitaung Sub County Hospital remains steadfast in its commitment to providing quality healthcare services to our community. This annual financial report reflects our journey, achievements, and challenges, and we are dedicated to overcoming obstacles and seizing opportunities for the betterment of our hospital and the people we serve. We extend our heartfelt gratitude to our entire team, our community, and our partners for their continued support, and we look forward to another year of growth, resilience, and dedicated service to humanity.

.....
Dr Hillary Cheruiyot
Secretary to the Board

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Lokitaung Sub County Hospital in Turkana County, prioritizes comprehensive medical care for residents. Its accounting officer ensures financial viability by monitoring expenses and aligning spending with national healthcare goals. Beyond finances, the hospital remains aware of political and macroeconomic trends that impact service delivery.

ii) Environmental performance

Lokitaung Sub County Hospital recognizes its responsibility to protect the environment while providing essential healthcare services. Their environmental policy aims to balance medical care with sustainable practices. Evidence of this policy can be found in their initiatives, infrastructure, and operational decisions.

Rehabilitation efforts have targeted various hospital departments, including the Pediatric ward, Male and Female wards, Outpatient department, Operating Theatre, and Physiotherapy department. Upgrading infrastructure contributes to better resource utilization and energy efficiency. The hospital's location in an arid area necessitates thoughtful resource use. Preserving local flora and fauna is crucial for ecological balance. The hospital's waste management policy likely includes guidelines for proper disposal of medical waste. Ensuring safe handling of hazardous materials is essential. Evidence of this policy would be found in waste disposal practices, segregation, and collaboration with relevant agencies.

iii) Employee welfare

The hiring process for Lokitaung Sub County Hospital staff is done centrally by the County Public Service Board by following the National's Human Resource policies and manuals which take into account the gender ratio, take in stakeholder engagements and how often they are improved. The hospital ensures a safe working environment, proper handling of hazardous materials, and compliance with health and safety regulations such as the Occupational Safety and Health Act of 2007, (OSHA.)

iv) Market place practices-

The following are the market place practices undertaken by the hospital:

a) Responsible competition practice.

The Lokitaung Sub County Hospital actively promotes ethical practices and responsible competition. They combat corruption through internal controls and audits, educate staff about fair play, and maintain a neutral political stance. Fair competition, innovation, and respect for competitors contribute to their commitment to quality healthcare

b) Responsible Supply chain and supplier relations

Lokitaung Sub County Hospital demonstrates responsible business practices by upholding contractual agreements and treating suppliers with respect. Their commitment to honouring contracts ensures that suppliers receive timely payments and fair treatment. Whether procuring foodstuff, medical supplies, or other essentials, the hospital prioritizes transparency, reliability, and ethical conduct. By maintaining strong relationships with suppliers, they contribute to a sustainable and efficient healthcare system for the community.

c) Responsible marketing and advertisement

Lokitaung Sub County Hospital demonstrates ethical marketing practices through several initiatives. Firstly, they prioritize transparency and community engagement, actively communicating with the community about services, programs, and achievements. Secondly, their patient-centric approach ensures clear communication about available services, treatment options, and patient rights. Thirdly, they practice cultural sensitivity, considering Turkana's unique context in marketing materials. Fourthly, collaboration with NGOs and partners strengthens their reach, enhancing community awareness. Lastly, maintaining high standards of care contributes to a positive reputation, as satisfied patients become advocates for the hospital's ethical practices

v) Corporate Social Responsibility / Community Engagements

Lokitaung Sub County Hospital operates within a community facing significant vulnerability due to high poverty levels. There are instances where patients receive services but are unable to pay, the hospital steps in by waiving the fees. Additionally, after receiving treatment and discharged, there are those stranded due to lack of transportation, the hospital provides support to ensure they can safely return home to their families. This compassionate approach reflects the hospital's commitment to serving its community, even in challenging circumstances.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity is to provide high standard health care and provide community linkage to hospital services, including essential and specialized surgical care.

Results

The results of the entity for the year ended June 30 2022 are set out on pages 1 to 9

Board of Management

The members of the Board who served during the year are shown on page vi. During the year, there were no directors that retired/ resigned.

Auditors

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

By Order of the Board

.....
Dr.Hillary Cheruiyot
Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

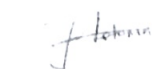
The Board of Management is responsible for the preparation and presentation of the Lokitaung Sub County Hospital financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility 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 Lokitaung Sub County 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 Lokitaung Sub County Hospital 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 Lokitaung Sub County Hospital financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the Lokitaung Sub County Hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Lokitaung Sub County Hospital, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the Lokitaung Sub 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 29/04/2024 and signed on its behalf by:



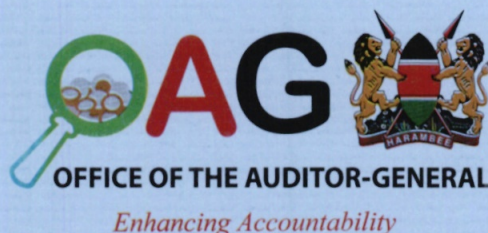
.....
Name: John Lotonia
Chairperson
Board of Management



.....
Name: Dr. Hillary Cheruiyot
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LOKITAUNG SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF TURKANA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lokitaung Sub-County Hospital set out on pages 1 to 55, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, the statement of changes in net assets, the statement of cash flows, the statement of budget and actual amounts for

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Lokitaung Sub-County Hospital - County Government of Turkana 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 comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Non-Disclosure of Property, Plant and Equipment

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

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

2. Variances in Revenue from Rendering Services

The statement of financial performance reflects Kshs.188,290 in respect to medical services income as disclosed in Note 9 to the financial statements. The amount relates to National Health Insurance Fund (NHIF) reimbursement. However, the NHIF records revealed an amount of Kshs.115,000 was paid to the hospital resulting to an unexplained variance of Kshs.73,290.

In the circumstances, the accuracy and completeness of revenue from rendering services of Kshs.188,290 could not be confirmed.

3. Variances in Receivables from Exchange Transactions

The statement of financial position reflects Nil receivables from exchange transactions balance. However, corroborative records from National Health Insurance Fund (NHIF) reflects a balance of Kshs.11,100 resulting to an unexplained variance of Kshs.11,100.

In the circumstances, the accuracy and completeness of the Nil trade receivables balance from exchange transactions could not be confirmed.

4. Unsupported General Expenses

The statement of financial performance reflects general expenses amount of Kshs.217,908, as disclosed in Note 21 to the financial statement. Included in this amount

are payments for food rations and referral costs of Kshs.86,000 and Kshs.127,000 respectively. However, Management did not provide supporting documents in form of payment vouchers and invoices/cash receipts for audit verification.

In the circumstances, the accuracy and completeness of the general expenses of Kshs.217,908 could not be confirmed.

5. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.109,594 as disclosed in Note 27 to the financial statements. Review of records revealed that the Hospital operates one (1) bank account. However, Management did not maintain a cashbook and did not perform monthly bank reconciliations for the bank account. Further, Management did not perform board of survey at the end of the year as required by law.

In the circumstances, the existence, valuation, accuracy and completeness of cash and cash equivalents balance of Kshs.109,594 could not be confirmed.

6. Understatement of In-Kind Contributions

The statement of financial performance reflects nil in-kind contributions from the County Government. The balance excludes undisclosed salary cost paid on behalf of the Hospital staff by the County Government resulting in an understatement of the employee cost.

In the circumstances, the accuracy and completeness of the in-kind contributions could not be confirmed.

7. Non-Disclosure of Donated Drugs

The statement of financial performance reflects a Nil amount on grants from donors and development partners as reported in the financial statements. However, distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations and program commodities drugs amounting to Kshs.2,965,420 and Universal Health Coverage of Kshs.60,673 but were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of grants from donors and development partners could not be confirmed.

8. Unconfirmed Inventory Balance

The statements of financial position reflect Nil inventory balance, however, there was no evidence of conducting the annual stock take to confirm the quantities, value and status of closing inventory balances as at 30 June, 2022.

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

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

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year reflects final budgeted expenditure of Kshs.574,432 against actual expenditure of Kshs.464,838 leading under absorption of Kshs.109,594 or 19% of the budget.

The under-performance affected the planned activities of the Hospital and may have impacted negatively on service delivery to the residents.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Transfer Revenue to the County Revenue Fund Account

The statement of financial performance reflects rendering services- medical services income of Kshs.337,300 as disclosed in Note 11 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81(1-3) of Public Finance and Management (County Governments) Regulations, 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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

2. Late Submission of Financial Statements

The financial statements for the year ended 30 June, 2022 were submitted to the Office of the Auditor-General on 25 April, 2024 one year, 6 months after the due date. This is contrary to Section 47(1) of the Public Audit Act, 2015 which provides that the financial statement shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

3. Deficiencies In Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by ninety six (96) staff requirements or 95% of the authorized establishment.

Staffing Requirement	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
Medical Officers	16	1	15	94
Anaesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	4	71	95
Total	101	5	96	95

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage (%)
Resuscitaire In Labour Ward	2	1	1	50
New Born Unit Incubators	5	0	5	100
New Born Unit Cots	5	3	2	40
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage (%)
Two Functional Operational Theatres- Maternity and General	2	1	1	50

These deficiencies contravene First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved

In the circumstances, the Hospital will not be able to deliver on its mandate.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy, Strategic Plan and Disaster Recovery Plan

During the year under review, the Hospital did not have in place a risk management policy, strategic plan, and disaster recovery plan. This is contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the Accounting Officer shall ensure that each County Government entity develop risk management strategies, which include fraud prevention mechanism and develop a system of risk management and internal control that builds robust business operations.

In the circumstances, the existence of an effective risk management system and overall governance could not be confirmed.

2. Lack of Internal Audit Function

The Management of the Hospital has not established an internal audit department and there was no evidence that internal audit reviews were carried out during the financial year by County Government's internal audit unit.

In the circumstances, the existence of an effective internal control system could not be confirmed.

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

Responsibilities of Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal 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 the sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Hospital or cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 July, 2024

Lokitaung Sub County Hospital (Turkana County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

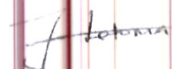
Description	Note	FY 2021-2022
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	-
In- kind contributions from the County Government	7	-
Grants from donors and development partners	8	-
Transfers from other Government entities	9	188,290
Public contributions and donations	10	-
		188,290
Revenue from exchange transactions		
Rendering of services- Medical Service Income	11	337,300
Revenue from rent of facilities	12	-
Finance /Interest Income	13	-
Miscellaneous Income	14	-
Revenue from exchange transactions		337,300
Total revenue		525,590
Expenses		
Medical/Clinical costs	15	246,930
Employee costs	16	-
Board of Management Expenses	17	-
Depreciation and amortization expense	18	-
Repairs and maintenance	19	-
Grants and subsidies	20	-
General expenses	21	217,908
Finance costs	22	-
Total expenses		464,838
Other gains/(losses)		
Gain/Loss on disposal of non-Current assets	23	-
Unrealized gain on fair value of investments	24	-
Medical services contracts Gains/Losses	25	-
Impairment loss	26	-

Lokitaung Sub County Hospital (Turkana County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Gain on foreign exchange transactions		-
Total other gains/(losses)		-
Net Surplus / (Deficit) for the year		60,752

(The notes set out on pages 10 to 54 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 29/04/2024 and signed on its behalf by:



.....
Chairman

Board of Management



.....
Head of Finance

ICPAK No: 7385



.....
Medical Superintendent

15. Statement of Financial Position As At 30th June 2022

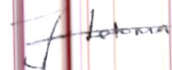
Description	Note	FY 2021-2022
		Kshs
Assets		
Current assets		
Cash and cash equivalents	27	109,594
Receivables from exchange transactions	28	-
Receivables from non-exchange transactions	29	-
Inventories	30	-
Total Current Assets		109,594
Non-current assets		
Property, plant, and equipment	31	-
Intangible assets	32	-
Investment property	33	-
Total Non-current Assets		-
Total assets		109,594
Liabilities		
Current liabilities		
Trade and other payables	34	-
Refundable deposits from customers/Patients	35	-
Provisions	36	-
Finance lease obligation	37	-
Current portion of deferred income	38	-
Current portion of borrowings	39	-
Social Benefits	41	-
Total Current Liabilities		-
Non-current liabilities		
Provisions	36	-
Non-Current Finance lease obligation	37	-
Non-Current portion of deferred income	38	-
Non - Current portion of borrowings	39	-

Lokitaung Sub County Hospital (Turkana County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

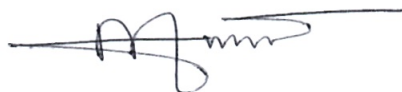
Service concession liability	40	-
Social Benefits	41	-
Total Non-current liabilities		-
Total Liabilities		-
Net assets		
Revaluation reserve		-
Accumulated surplus/Deficit		109,594
Capital Fund		-
		109,594
Total Net Assets and Liabilities		109,594

(The notes set out on pages 10 to 54 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 29/04/2024 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No: 7385



.....
Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	48,842	-	48,842
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	48,842	-	48,842
At July 1, 2021	-	48,842	-	48,842
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	60,752	-	60,752
Capital/Development grants	-	-	-	-
At June 30, 2022	-	109,594	-	109,594

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

Description	Note	FY 2021-2022
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government		-
Grants from donors and development partners		-
Transfers from other Government entities		188,290
Public contributions and donations		-
Rendering of services- Medical Service Income		337,300
Revenue from rent of facilities		-
Finance / interest income		-
Miscellaneous receipts(<i>specify</i>)		-
Total Receipts		525,590
Payments		
Medical/Clinical costs		246,930
Employee costs		-
Board of Management Expenses		-
Repairs and maintenance		-
Grants and subsidies		-
General expenses		217,908
Finance costs		-
Refunds paid out		-
Total Payments		464,838
Net cash flows from operating activities	42	60,752
Cash flows from investing activities		
Purchase of property, plant, equipment & intangible assets		-
Proceeds from the sale of property, plant, and equipment		-
Acquisition of investments		-
Net cash flows used in investing activities		-
Cash flows from financing activities		

Lokitaung Sub County Hospital (Turkana County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Proceeds from borrowings		-
Repayment of borrowings		-
Capital grants received		-
Net cash flows used in financing activities		-
Net increase/(decrease) in cash and cash equivalents		60,752
Cash and cash equivalents as at 1 July	27	48,842
Cash and cash equivalents as at 30 June	27	109,594

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the Accrual basis of accounting).

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	-	-	-	-	-	-
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	188,290	48,842	237,132	237,132	-	100
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	337,300	-	337,300	337,300	-	100
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts (specify)	-	-	-	-	-	-
In Kind Contributions from The County Government	-	-	-	-	-	-
Total income	525,590	48,842	574,432	574,432	-	100
Expenses						
Medical/Clinical costs	250,000	-	250,000	246,930	3,070	99

Lokitaung Sub County Hospital (Turkana County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Employee costs	-	-	-	-	-	-
Remuneration of directors	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-
General expenses	275,590	48,842	324,432	217,908	106,524	67
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Total Expenses	525,590	48,842	574,432	464,838	109,594	81
Surplus for the period	(0)	-	(0)	109,594	-	
Capital expenditure	-	-	-	-	-	

19. Notes to the Financial Statements

1. General Information

Lokitaung Sub County Hospital is a level 4 hospital established under gazette notice number 36 of 2010 and is domiciled in Turkana County under the Medical Service Department. The hospital is governed by a Board of Management. The entity's principal activity is to provide high standard health care and provide community linkage to hospital services, including essential and specialized surgical care.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 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:

Standard	Effective date and impact
	(a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (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	Applicable: 1st January 2023 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
Other improvements to IPSAS	Applicable 1st January 2023 • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

Standard	Effective date and impact
IPSAS 43	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires:- i. Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: ii. Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Lokitaung Sub County Hospital and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY2021-2022 was approved by Board on July,2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not record any additional appropriations on the FY 2021-2022 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 under section 14 of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

The entity does not create and maintain any reserves.

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Lokitaung Sub County Hospital 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 Lokitaung Sub County Hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

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.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	Period ended 30 th June 2023
	Kshs
Unconditional Grants	
Operational Grant	-
Level 5 Grants	-
Other Grants	-
	-
Conditional Grants	
User Fee Forgone	-
Transforming Health Services For Universal Care Project (THUCP)	-
DANIDA	-
Wards Development Grant	-
Paediatric Block Grant	-
Administration Block Grant	-
Laboratory Grant	-
Total Government Grants And Subsidies	-

6 b Transfers from The County Government

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

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2021/2022
	KShs
Salaries and wages	
Medical supplies-Drawings Rights (KEMSA)	
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	
Utility bills	
Total grants in kind	

8. Grants From Donors and Development Partners

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

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	-	-	-	-
JICA	-	-	-	-
World Bank	-	-	-	-
Total	-	-	-	-

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Period ended 30 June 2023
	Kshs
Transfer from National Government (Ministry of Health)	-
Transfer from NHIF	188,290
Transfer from Institute	-
Total Transfers	188,290

10. Public Contributions and Donations

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

10 (a)Reconciliations of amortised grants

Description	FY 2021/2022
	Kshs
Balance unspent at beginning of year	-
Current year receipts	-
Amortised and transferred to revenue	-
Conditions to be met – remain liabilities	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2022/2023
	Kshs
Pharmaceuticals	306,930
Non-Pharmaceuticals	-
Laboratory	30,370
Radiology	-
Orthopedic and Trauma Technology	-
Theatre	-
Accident and Emergency Service	-
Anesthesia Service	-
Ear Nose and Throat service	-
Nutrition service	-
Cancer centre service	-
Dental services	-
Reproductive health	-
Paediatrics services	-
Farewell home services	-
Other medical services income (<i>specify</i>)	-
Total revenue from the rendering of services	337,300

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2022/2023
	Kshs
Residential property	-
Commercial property	-
Total Revenue from rent of facilities	-

13. Finance /Interest Income

Description	FY 2021/2022
	Kshs
Cash investments and fixed deposits	-
Interest income from short- term/ current deposits	-
Interest income from Treasury Bills	-
Interest income from Treasury Bonds	-
Interest from outstanding debtors	-
Total finance income	-

14. Miscellaneous Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	Period ended 30 th June 2022
	Kshs
Dental costs/ materials	-
Laboratory chemicals and reagents	
Public health activities	50,000
Food and Ration	196,930
Uniform, clothing, and linen	
Dressing and Non-Pharmaceuticals	
Pharmaceutical supplies	
Health information stationery	
Reproductive health materials	
Sanitary and cleansing Materials	-
Purchase of Medical gases	
X-Ray/Radiology supplies	
Other medical related clinical costs (<i>specify</i>)	
Total medical/ clinical costs	246,930

16. Employee Costs

Description	Period ended 30 th June 2022
	Kshs
Salaries, wages, and allowances	-
Contributions to pension schemes	-
Service gratuity	-
Performance and other bonuses	-
Staff medical expenses and Insurance cover	-
Group personal accident insurance and WIBA	-
Social contribution	-
Other employee costs (<i>specify</i>)	-
Employee costs	-

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	Period ended 30th June 2022
	Kshs
Chairman's Honoraria	-
Sitting allowance	-
Mileage	-
Insurance expenses	-
Induction and training	-
Travel and accommodation allowance	-
lunch	-
token	-
Airtime allowances	-
Total	-

18. Depreciation and Amortization Expense

Description	FY 2021/2022
	Kshs
Property, plant and equipment	-
Intangible assets	-
Investment property carried at cost	-
Total depreciation and amortization	-

19. Repairs And Maintenance

Description	Period ended 30th June 2022
	Kshs
Property- Buildings	
Medical equipment	
Office equipment	
Furniture and fittings	
Computers and accessories	-
Motor vehicle expenses	
Maintenance of civil works	-
Total repairs and maintenance	-

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	Period ended 30 th June 2022
	Kshs
Advertising and publicity expenses	-
computer accessories & internet services	
Catering expenses	-
Waste management expenses	-
Insecticides and rodenticides	-
Audit fees	-
Bank charges	4,908
General office supplies	-
Conferences and delegations	-
Consultancy fees	-
Contracted services	-
Electricity expenses	-
Insurance	
custom duty	
Research and development expenses	

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Travel and accommodation allowance	
Legal expenses	
Licenses and permits	
Courier and postal services	
Printing and stationery	
Hire charges	
Rent expenses	
Water and sewerage costs	-
Skills development levies	
Telephone and mobile phone services	-
Internet expenses	
Staff training and development	
Subscriptions to professional bodies	
Subscriptions to newspapers periodical, magazines, and gazette notices	
Library books/Materials	
fuel and lubricants	
Subsistence Allowance (referrals, refreshments)	-
Food and Rations	86,000
Household & institutional Appliance (Gas, utensils, cooker)	
Referral	127,000
Parking charges	
Total General Expenses	217,908

22. Finance Costs

Description	FY 2021/2022
	KShs
Borrowings (amortized cost) *	-
Finance leases (amortized cost)	-
Interest on Bank overdrafts/Guarantees	-
Interest on loans from commercial banks	-
Total finance costs	-

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

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

24. Unrealized Gain On Fair Value Investments

Description	FY 2021/2022
	KShs
Investments at fair value	-
Total gain	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2021/2022
	KShs
Comprehensive care contracts with NHIF	-
Non- Comprehensive contracts care with NHIF	-
Linda Mama Program	-
Waivers and Exemptions	-
Total Gain/Loss	-

26. Impairment Loss

Description	FY 2022/2023
	KShs
Property, plant, and equipment	-
Intangible assets	-
Total impairment loss	-

27. Cash And Cash Equivalents

Description	Period ended 30 th June 2022
	Kshs
Current accounts	109,594
On - call deposits	-
Fixed deposits accounts	-
Cash in hand	-
Others(<i>specify</i>)- Mobile money	-
Total cash and cash equivalents	109,594

Notes to the Financial Statements (Continued)

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

Description		Period ended 30 th June 2022	Prior Year audited
Financial institution	Account number	Kshs	Kshs
a) Current account			
KCB	1107315263	109,594	-
		-	-
		-	-
Sub- total		109,594	-
b) On - call deposits		-	-
Kenya Commercial bank		-	-
		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account		-	-
Bank Name		-	-
		-	-
Sub- total		-	-
d) Others(specify)		-	-
cash in hand		0	-
Mobile money- Mpesa, Airtel money		-	-
		-	-
Sub- total		0	-
Grand total		109,594	-

28. Receivables From Exchange Transactions

Description	FY 2021/2022
	KShs
Medical services receivables	-
Rent receivables	-
Other exchange debtors	-
Less: impairment allowance	-
Total receivables	-

Analysis of Receivables From Exchange Transactions

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

29. Receivables From Non-Exchange Transactions

Description	FY 2021/2022
	KShs
Transfers from the County Government	-
Undisbursed donor funds	-
Other debtors (<i>non-exchange transactions</i>)	-
Less: impairment allowance	-
Total	-

Analysis of Receivables From Non-Exchange Transactions

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

30. Inventories

Description	FY 2021/2022
	KShs
Pharmaceutical supplies	-
Maintenance supplies	-
Food supplies	-
Linen and clothing supplies	-
Cleaning materials supplies	-
General supplies	-
Less: provision for impairment of stocks	-
Total	-

Lokitaung Sub County Hospital (Turkana County Government)
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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2020	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2021	-	-	-	-	-	-	-	-
At 1 July 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2022	-	-	-	-	-	-	-	-
Depreciation and impairment								
At 1 July 2020	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2021	-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At July 2021	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	-	-	-	-	-
Net book values								
At 30 th Jun 2021	-	-	-	-	-	-	-	-
At 30 th Jun 2022	-	-	-	-	-	-	-	-

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	FY 2021/2022
	KShs
Cost	
At beginning of the year	-
Additions	-
Additions-Internal development	-
Disposal	-
At end of the year	-
Amortization and impairment	
At beginning of the year	-
Amortization for the period	-
Impairment loss	-
At end of the year	-
NBV	-

33. Investment Property

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

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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	FY 2021/2022	
	KShs	
Trade payables	-	
Employee dues	-	
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	-	
Audit fee	-	
Doctors' fee	-	
Total trade and other payables	-	
Ageing analysis:	FY 2021/2022	% of the Total
Under one year	-	%
1-2 years	-	%
2-3 years	-	%
Over 3 years	-	%
Total	-	%

35. Refundable Deposits from Customers/Patients

Description	FY 2021/2022	
	KShs	
Medical fees paid in advance	-	
Credit facility deposit	-	
Rent deposits	-	
Others (<i>specify</i>)	-	
Total deposits	-	
Ageing analysis:	FY 2021/2022	% of the Total
Under one year	-	%
1-2 years	-	%
2-3 years	-	%
Over 3 years	-	%
Total	-	%

Lokitaung Sub County Hospital (Turkana County Government)
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Notes to the Financial Statements (Continued)

36. Provisions

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

37. Finance Lease Obligation

Description	FY 2021/2022
	Kshs
Current Lease obligation	-
Long term lease obligation	-
Total	-

38. Deferred Income

Description	FY 2021/2022
	KShs
Current Portion	-
Non-Current Portion	-
Total	-

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Notes to the Financial Statements (Continued)

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

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

39. Borrowings

Description	FY 2021/2022
	KShs
Balance at beginning of the period	-
External borrowings during the year	-
Domestic borrowings during the year	-
Repayments of external borrowings during the year	-
Repayments of domestic borrowings during the year	-
Balance at end of the period	-

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

Description	FY 2021/2022
	KShs
Current Obligation	-
Non-Current Obligation	-
Total	-

Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	FY 2021/2022
	KShs
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	-

41. Social Benefit Liabilities

Description	FY 2021/2022
	Kshs
Health social benefit scheme	-
Unemployment social benefit scheme	-
Orphaned and vulnerable benefit scheme	-
People Living with Disabilities benefit Scheme	-
Elderly social benefit scheme	-
Bursary social benefits	-
Total	-
Current social benefits	-
Non- current social benefits	-
Total (tie to totals above)	-

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	FY 2021/2022
	KShs
Surplus for the year before tax	60,752
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working Capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	-
Increase in payments received in advance	-
Net cash flow from operating activities	60,752

Notes to the Financial Statements (Continued)

43. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	48,842	48,842	-	-
Total	48,842	48,842	-	-
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	109,594	109,594	-	-
Total	109,594	109,594	-	-

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has no significant concentration of credit risk. The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2021			
Financial assets (investments, cash, debtors)	48,842	-	48,842
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	48,842	-	48,842

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.

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	109,594	-	109,594
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	109,594	-	109,594

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2021: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0 (2022 – KShs 0).

iv) Capital Risk Management

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

Description	FY 2021/2022
	Kshs
Revaluation reserve	-
Retained earnings	109,594
Capital reserve	-
Total funds	109,594
Total borrowings	-
Less: cash and bank balances	(109,594)
Net debt/ (<i>excess cash and cash equivalents</i>)	109,594
Gearing	100%

Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

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

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Description	FY 2021/2022
	Kshs
Directors' emoluments	-
Compensation to the medical Sup	-
Compensation to key management	-
Total	-

45. Segment Information

46. Contingent Liabilities

Contingent liabilities	FY 2021/2022
	Kshs
Court case against the company	-
Bank guarantees in favour of subsidiary	-
Total	-

47. Capital Commitments

Capital Commitments	FY 2021/2022
	Kshs
Authorised For	-
Authorised And Contracted For	-
Total	-

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

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

50. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

The entity did not have any prior year audit Recommendations since its being audited for the first time since its establishment.



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Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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Appendix III: Inter-Entity Confirmation Letter



Lopiding Sub County Hospital
P.O. Box 3- 30504
Lokitaung Lowarengak road
Lokitaung, KENYA

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

Confirmation of amounts received by [Lopiding Sub County Hospital as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by TCG Exchequer (KShs) as at 30th June 2022				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter– Ministerial (C)	Total (D)=(A+B+C)		

Total

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

Head of Accounts Department of the beneficiary entity:

Michael Ate Leglas

.....n

29/04/2024

Lokitaung Sub County Hospital (Turkana County Government)
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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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