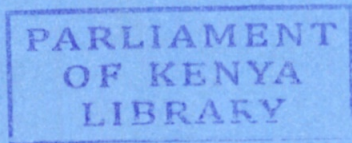


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

NDANAI SUB-COUNTY LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF BOMET

25/09/24
S.M.L
Angela



OFFICE OF THE AUDITOR GENERAL
P. O. BOX 30584, COLO, NAIROBI
KENYA
04 SEP 2024
RECEIVED

NDANAI SUB COUNTY HOSPITAL (Bomet 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)**

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Acronyms & glossary of terms

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

Key Entity Information and Management

(a) Background information

Ndanai Sub County Hospital is a level (4/5). Ndanai Sub County Hospital established under gazette notice number Vol. CXXII No. 24 of 4th February, 2020 and is domiciled in BOMET County under the Health Department. The Ndanai Sub County Hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the Ndanai Sub County Hospital is to (Under this section you may also include the entity's vision, mission and core objectives)

(c) Key Management

The Ndanai Sub County Hospital's management is under the following key organs:

- County Department of Health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management
- Others (specify)

(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. Mutai. K. Titus
2.	Head of finance	CPA Christopher Kibet
3.	Health Administrative Officer	Mr. Joseph .K. Ngeno

(e) Fiduciary Oversight Arrangements

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

(a) Entity Headquarters

P.O. Box 117-20400
NdanaiSub-countyNdanai Sub County Hospital Building
KCC –Gorgor Highway
Bomet, KENYA

(b) Entity Contacts

Telephone: (+254) 724043980
E-mail: ndanaischosp@gmail.com
Website: www.go.ke

(c) Entity Bankers

Cooperative Bank of Kenya. Account No.01141357690900
KCB Bank. Account No. 1145098118
Equity Bank. Account No 1840280730770

(d) Independent Auditors

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

(e) Principal Legal Adviser

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

(f) County Attorney

P.O. Box. 19
Bomet, Kenya

The Board of Management

Ref	Name	Position	Details
1	Chairman Of the Board	Chairperson	Degree in theology
2	Rebecca Mosonik	Board member	KCSE certificate
3	Julius Kipkirui	Board member	KCSE certificate
4	Hillary Mutai	Board member	KCSE certificate
5	Abraham Too	Board member	KCSE certificate
6	Dr.Mutai.K.Titus	Medical Superintendent	Masters in Public Health Systems Management and Application
7	Wesley Korir	Board member	KCSE certificate
8	Selinah Kosgey	Board member	KCSE certificate
9	Joseph Ngeno (HAO)	Board member	BSC In Biomedical Technology

Key Management Team

Ref	Name	Details
1.	Dr.Mutai.K.Titus	Masters in Public Health Systems Management and Application
2.	Judith Chepkemoi	Nursing officer in chargeBSc
3.	Joseph Ngeno	HAO,BSC In Biomedical Technology
4.	Christopher kibet	Ndanai Sub County Hospital accountant

Chairman's Statement

Ndanai Sub-County Ndanai Sub County Hospital was founded a dispensary on 21/04/1970. In 2003 upgraded as a health centre and as a Sub County Hospital in 2015. Over the time the scope of services has increased to meet the needs of the catchment population. Despite the various challenges we endeavor to offer quality health services to our clients. The staff are dedicated and hardworking. The facility is run by the County Government of Bomet and receive support from National Government and other partners. We are looking forward to have inpatient wards so as to meet the dire needs of the population we serve.

Name *Samuel Rotich*
Sign *Sam*
Date(dd/mm/yy) / /

COUNTY GOVERNMENT OF BOMET
Chairman of the Board
NDANAI SUB-COUNTY HOSPITAL
10 JUN 2024
MEDICAL SUPERINTENDENT
P. O. BOX 117 - 20404, NDANAI

Report of the Medical Superintendent

Ndanai Sub County Hospital is located in Ndanai/Abosi ward, Sotik Sub-County, Bomet County in Rift Valley region. Founded in 1970 as a dispensary, upgraded as a health centre in 2003 and as a Sub County Hospital in 2015. Catchment population is 18,000. Our services extend to neighboring counties i.e Narok and Nyamira. Other than outpatient and maternity services we also offer specialized services such as Dental, Orthopedics, Radiology, Theatre services among others. We have a dedicated and hardworking staff though faced with shortage across departments. Since upgrade as a Sub County Hospital we still lag behind in infrastructure such as in-patient wards. The facility leadership is dedicated in moving facility to the next level and have well established linkage with Sub-County and County Health Management teams for betterment of the facility. The facility is run by the County Government of Bomet. There is need to increase the monthly AIE allocation in order to meet the expanding needs of the facility given the widening of scope of service delivery. Medical supplies is very essential in service delivery, KEMSA supplies are insufficient and inconsistent, there is need to establish constant supply of commodities to avert stock outs. Our health information show increased utilization of services every year. There is improved uptake of various services such as facility delivery, immunization, Mother and Child Health services and Outpatient services. The outcomes are good. There is however urgent need to digitize our health information system in order to improve efficiency. Our core values are Professionalism, Integrity, Punctuality, Teamwork and Respect. We endeavor to constantly do quality improvement and offer the best attainable health services to our clients.

Name

DR MUTAI K. TITUS

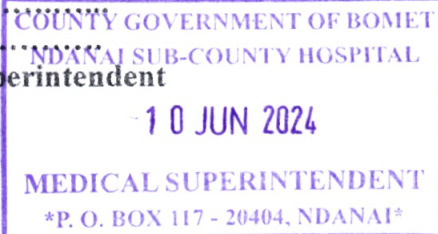
Sign



Date(dd/mm/yy)

...../...../.....

Secretary/Medical Superintendent



Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity's performance against predetermined objectives.

Ndanai Sub- County Ndanai Sub County Hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021/21- FY 2020-2022. These strategic pillars/ themes/ issues are as follows;

1. Pillar /theme/issue 1: Preventive services
2. Pillar/theme/issue 2: Curative services

The Ndanai Sub County Hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

The Ndanai Sub County Hospital achieved its performance targets set for the FY 2021/2022 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/ Theme/ Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Ensuring prevention of communicable diseases	The number of patients immunized	Community outreach services	Reduced communicable diseases in the locality
Pillar/ theme/ issue 1:	Facilitating treatment and curative services	Number of patients treated and discharged	Establishment of special clinics	Improved service delivery

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 Ndanai Sub County Hospital.

Principal activities

The principal activities of the entity are to promote and maintain integrated high-quality preventive, curative and supportive health care that are accessible, effective, equitable and accountable to all people. The overall vision of the Ndanai Sub County Hospital is to have a community free from preventable diseases produced ill health and sustained wellbeing through quality health care intervention.

Result

The results of the entity for the year ended June 30 2022 are set out on page ...

Board Of Management

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

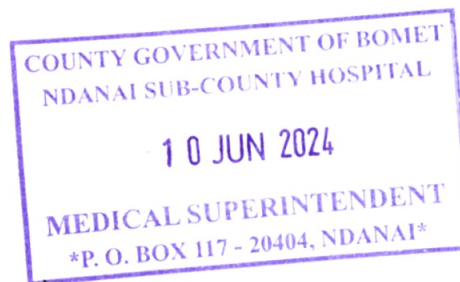
Auditors

The Auditor General is responsible for the statutory audit of the Ndanai 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 Mutai Titus
Medical Superintendent
Secretary to the Board



Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the Ndanai Sub County Hospital financial statements, which give a true and fair view of the state of affairs of the Ndanai Sub County Hospital for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Ndanai 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 Ndanai 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 and. The Board members are of the opinion that the Ndanai Sub County Hospital financial statements give a true and fair view of the state of Ndanai Sub County Hospitals transactions during the financial year ended June 30, 2022, and of the Ndanai Sub County Hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Ndanai Sub County hospital, which have been relied upon in the preparation of the Ndanai Sub County hospital financial statements as well as the adequacy of the systems of internal financial control.

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

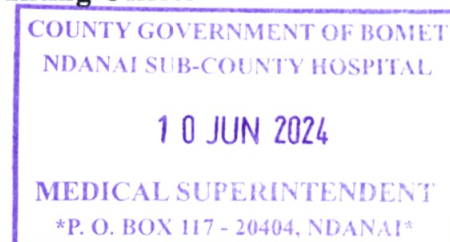
Nothing has come to the attention of the Board of management to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Ndanai Sub County Hospital's financial statements were approved by the Board on 10/06/2024 and signed on its behalf by:

Samuel Rotich
Name: Sam.
Chairperson
Board of Management

DR MUTAI-K. TIPUS
Name:
Accounting Officer



REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NDANAI SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 – COUNTY GOVERNMENT OF BOMET

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 that the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Ndanai Sub-County Level 4 Hospital – County Government of Bomet set out on pages 1 to 17, which comprise of the

statement of financial position as at 30 June, 2022, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Ndanai Sub-County Level 4 Hospital – County Government of Bomet as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and do not comply with the County Governments Act, 2012, the Health Act, 2017.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following anomalies:

1.1. Statement of Financial Performance

The statement of financial performance reflects an amounts of Kshs.18,460,277 in respect of total revenue. However, the statement of cash flows reflects an amount of Kshs.16,721,561 resulting in an unexplained variance of Kshs.1,738,716.

1.2. Statement of Financial Position

Further, the statement of financial position reflects a balance of Kshs.106,691 in respect of cash and cash equivalents. However, the statement of cash flows reflects a recomputed negative balance of Kshs.106,691 resulting in an unexplained variance of Kshs.213,382.

1.3. Statement of Cash Flows

In addition, the statement of cash flows reflects cash and cash equivalents balance of Kshs.1,812,800 as at 30 June, 2021. However, Management did not provide the cash book, bank statements or bank reconciliation statements in support of the balance. The statement did not include the effects of the receivables from exchange transactions, inventory and trade and other payables on the cash flows of the Hospital as required by the recommended reporting template.

1.4. Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects amounts of Kshs.14,132,716 and Kshs.14,313,491 in respect of actual total income and total

expenses respectively. However, the statement of financial performance reflects amounts of Kshs.18,460,277 and Kshs.18,641,052 respectively resulting in unexplained variances of Kshs.4,327,561 and Kshs.4,327,561 respectively.

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

2. Variances in Revenue from Rendering of Services

The statement of financial performance reflects rendering of services – medical service income amount of Kshs.4,327,561 as disclosed in Note 7 to the financial statements. The amount includes claims reimbursed from the National Health Insurance Fund (NHIF) amounting to Kshs.2,087,500. However, the NHIF payment schedule revealed that an amount of Kshs.3,906,845 was paid to the Hospital resulting to an unexplained variance of Kshs.1,819,345.

In the circumstances, the accuracy and completeness of the rendering of services – medical service income balance of Kshs.2,087,500 could not be confirmed.

3. Unsupported Grants and Subsidies/Transfers

The statement of financial performance reflect grants and subsidies/transfers amount of Kshs.2,226,000. The funds were transferred from the County Government of Bomet to the Hospital's account for onward transmission to various dispensaries. However, Management did not provide the returns to show how the funds were utilized by the beneficiary dispensaries.

In the circumstances, the completeness of the grants and subsidies/transfers amount of Kshs.2,226,000 could not be confirmed.

4. Unsupported Payment of Employee Wages

The statement of financial performance reflects employee costs amount of Kshs.3,512,230. However, review of records revealed that the balance relates to payment of casual workers engaged by the Hospital during the year. It was observed that the Hospital did not have approved guidelines or policies on recruitment and payment of Hospital casual employees. It was therefore not possible to determine how the wages rates that were paid by the Hospital to its casual workers were determined. No explanation was provided by Management for the anomaly.

In the circumstances, the regularity on the employee costs amount of Kshs.3,512,230 could not be confirmed.

5. Unsupported Cash and Cash Equivalents

The statement of financial position reflect cash and cash equivalents balance of Kshs.106,691 which as disclosed in Note 16 to the financial statements relates to three (3) bank accounts held in local bank accounts. However, the Hospital did not maintain cash books for two (2) of the accounts and no bank reconciliation statements were

prepared for all the accounts. Further, Management did not provide certificate of bank balances for all the accounts held and the bank statements for one (1) account were not provided for audit verification.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.106,691 could not be confirmed.

6. Undisclosed and Unconfirmed Property, Plant and Equipment

The statement of financial position reflects nil balance in respect of property, plant and equipment. However, audit verification revealed that the Hospital owns various assets including land, buildings, medical equipment, office furniture and equipment and other assets of an undetermined value, which have not been disclosed in the financial statements.

Further, the ownership documents for Hospital land measuring eight (8) acres, and two (2) motor vehicles and the valuation report for the assets of the Hospital were not provided for audit verification.

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

7. Undisclosed and Unsupported Inventories Balance

The statement of financial position reflects a nil balance in respect of inventories. However, Note 18 to the financial statements reflects a balance of Kshs.555,820 resulting in an unexplained variance of Kshs.555,820. Further, the amount was not supported with detailed schedules or inventory register.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Ndanai Sub-County Level 4 Hospital Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

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

Basis for Conclusion

1. Late Submission of Financial Statements

The Hospital's financial statements for the financial year 2021/2022 were submitted for audit on 18 April, 2024 which was more than eighteen (18) months after the expected submission date of 30 September, 2022. This was contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, Section 149(2)(k) of the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

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

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality for Health Policy Guidelines. The Hospital operated with only 21 staff members against the required 101 staff resulting to a staff deficit of eighty (80) staff requirements or 79% of the authorized establishment.

Personnel	Recommended Staffing Level	Staff in the Institution	Variance	Percentage in Place %
Medical Officers	16	4	12	75%
Anesthesiologists	2	3	(1)-	150%
General Surgeons	2	1	1	50%
Gynecologists	2	0	2	100%
Pediatricians	2	0	2	100%
Radiologists	2	1	1	50%
Registered Community Health Nurses	75	12	63	84%
Total	101	21	80	79%

Further, the Hospital lacked Advanced Life Support, Renal Dialysis, six (6) functional Intensive Care Unit Beds, six (6) High Dependency Unit Beds and at least five (5) Dialysis Machines required for a level 4 hospital. In addition, the Hospital had a bed capacity of thirty (30) against the required one hundred and fifty (150) resulting in a deficiency of one hundred and twenty (120) beds or 80%.

The deficiencies contravene the First Schedule of Health Act, 2017 which implies that accessing 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 ability of the Hospital to deliver on its mandate is doubtful.

The audit was conducted in accordance with the 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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weak Internal Controls Related to Revenue Collection by the Hospital

The Hospital offers various services to the public and which patients are expected to pay for. However, Management explained that revenue from these services is collected by the County Government on behalf of the Hospital. Review of the Hospital's revenue processes revealed that patients pay electronically through the Hospital designated pay bill and are issued with receipts for the services rendered to them. However, no records were available for audit to confirm how the billing was done to the patients and receipts from subsequent payments from the patients. Further, the pay bill has been linked to a bank account held in a local bank where payments from the patients are directly deposited and later transferred to a designated County Revenue account. However, the Hospital did not maintain a cash book, bank statement and certificate of bank balance for the account. In addition, Management did not prepare bank reconciliation statements as required.

In the circumstances, the weak control measures in revenue collection by the Hospital may cause the Hospital to lose its revenue since it is difficult to track the billings to patients and the total revenue collected by the Hospital for services rendered in a year.

2. Lack of a Functional Hospital Board of Management

The statement of financial performance and Note 10 to the financial statement reflect Board of Management expenses amount of Ksh.84,000. Review of the records provided revealed that Hospital's Board of Management members were appointed on 27 March, 2019 for a three-year term which was expected to end in March, 2022. Although the term of the Board Members expired, they remained in office for three (3) months of the financial year 2021/2022 without reappointment. No explanation was provided for the anomaly.

In the circumstances, the Hospital may not have benefited from oversight and effective decision making from the Board of Management.

3. Lack of an Updated Fixed Assets Register

During the year, Management did not maintain an updated asset register showing all the assets held by the Hospital as required by 136 (1) of the Public Finance Management (County Governments) Regulations 2015. It was therefore not possible to confirm the nature and classes of assets held by the Hospital.

In the circumstances, the effectiveness of internal controls in relation to the management of assets 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 controls, 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 the Management and the Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

05 August, 2024

NDANAI Level 4 NDANAI SUB COUNTY HOPITAL(Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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	14,132,716	
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	4,327,561	
Revenue from exchange transactions			
Total revenue		18,460,277	
Expenses			
Medical/Clinical costs	8	4,176,098	
Employee costs	9	3,512,230	
Board of Management Expenses	10	84,000	
Transfer to Bomet CR Acc	11	4,327,561	
Repairs and maintenance	12	2,396,838	
Grants and subsidies/ Transfer	13	2,226,000	
General expenses	14	1,918,325	
Finance costs	15	-	
Total expenses		18,641,052	
Other gains/(losses)			
			(180,775)
Net Surplus / (Deficit) for the year			

The Ndanai Sub County Hospital's financial statements were approved by the Board on 10/06/2024 and signed on its behalf by:

Samuel Rotich
 Chairman
 Board of Management

CHRISTOPHER KIBET
 Head of Finance
 ICPAK No: 11543

DR. MURAT-K. TIJUS
 Medical Superintendent

COUNTY GOVERNMENT OF BOMET
 NDANAI SUB-COUNTY HOSPITAL
 10 JUN 2024
 MEDICAL SUPERINTENDENT
 P. O. BOX 117 - 20404, NDANAI

NDANAI Level 4 NDANAI SUB COUNTY HOPITAL(Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Statement of Financial Position As At 30th June 2022

Description	Notes	2021/22 Kshs	2020/21 Kshs
Assets			
Currentassets			
Cash and cash equivalents	16	106,691	-
Receivables from exchange transactions	17	1,032,190	
Inventory	18	555,820	
Total Current Assets		1,694,701	-
Non-currentassets		-	-
Property, plant, and equipment		-	-
Intangible assets		-	-
Investment property		-	-
Total Non-current Assets		-	-
Totalassets		1,694,701	-
Liabilities			
Currentliabilities			
Trade and other payables	19	1,875,476	-
Refundable deposits from customers/Patients		-	-
Provisions		-	-
Finance lease obligation		-	-
Current portion of deferred income		-	-
Current portion of borrowings		-	-
Total Current Liabilities		1,875,476	
Non-currentliabilities			
Provisions		-	-
Non-Current Finance lease obligation		-	-
Non-Current portion of deferred income		-	-
Non - Current portion of borrowings		-	-
Service concession liability		-	-
TotalNon-currentliabilities		-	-
Total Liabilities		1,875,476	-

NDANAI Level 4 NDANAI SUB COUNTY HOPITAL(Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Netassets		(180,775)	
Revaluation reserve		-	-
Accumulated surplus/Deficit		(180,775)	-
Capital Fund		-	-
Total Net Assetsand Liabilities		(180,775)	-

The Ndanai Sub County Hospital's financial statements were approved by the Board on 10/06/2024 and signed on its behalf by:

Samuel Botich
 Chairman
 Board of Management

CHRISTOPHER KIBET
 Head of Finance
 ICPAK No: 11543

[Signature]
 DR MUTAI-K. TITUS
 Medical Superintendent
 COUNTY GOVERNMENT OF BOMET
 NDANAI SUB-COUNTY HOSPITAL
 - 10 JUN 2024
 MEDICAL SUPERINTENDENT
 P. O. BOX 117 - 20404, NDANAI

**NDANAI Level 4 NDANAI SUB COUNTY HOPITAL(Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

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 (previous year)	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021 (previous year)	-	-	-	-
		-	-	-
At July 1, 2021 (current year)	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(180,775)	-	(180,775)
Capital/Development grants	-	-	-	-
At June 30, 2022 (current year)	-	(180,775)	-	(180,775)

**NDANAI Level 4 NDANAI SUB COUNTY HOPITAL(Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

Statement of Cash Flows for The Year Ended 30 June 2022

Description	Note	2021/22	
		Kshs	
Cashflowsfromoperatingactivities			
Receipts			
Transfers from the County Government		12,394,000	
Rendering of services- Medical Service Income	7	4,327,561	
Total Receipts		16,721,561	
Payments			
Medical/Clinical costs	8	4,176,098	
Employee costs	9	3,512,230	
Board of Management Expenses	10	84,000	
Tranfer to Bomet CR Acc	11	4,327,561	
Repairs and maintenance	12	2,396,838	
Grants and Transfer to dispensaries	13	2,226,000	
General expenses	14	1,918,325	
Finance costs	15	-	
Refunds paid out		-	
Total Payments		18,641,052	
Netcashflowsfromoperatingactivities	10	(1,919,491)	
Cash flows from investing activities		-	
Netincrease/(decrease)incashandcash equivalents		(1,919,491)	
Cash and cash equivalents as at 1 July		1,812,800	
Cashandcashequivalentsasat30 June		(106,691)	

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

Description	Original Budget	Supplemental Budget	Revised Budget	Actual Amount	Performance Difference	% of Budget
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	12,000,000	394,000	12,394,000	12,394,000	-	100%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	-	-	-	-	-	%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Other receipts (<i>specify</i>) Balance b/f	-	1,738,716	1,738,716	1,738,716	-	%
Total income	12,000,000	-	14,132,716	14,132,716	-	100%
Expenses	-	-	-	-	-	
Medical/Clinical costs	4,000,000	200,000	4,200,000	4,176,098	123,902	97%
Employee costs	6,000,000	2,412,572	3,587,428	3,512,230	75,198	92%
Remuneration of directors	-	84,000	84,000	84,000	-	100%
Repairs and maintenance	1,750,000	646,838	2,396,838	2,396,838	-	100%
Grants and subsidies/transfer	-	2,226,000	2,226,000	2,226,000	-	100%
General expenses	250,000	1,750,000	2,000,000	1,918,325	81,675	96%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-	-	%
Surplus for the period	-	-	-	(180,775)	180,775	%
Capital expenditure	-	-	-	-	-	%

Notes to the Financial Statements

1. General Information

Ndanai Sub County Hospital is established by and derives its authority and accountability from Kenya Health Act 2017. The entity is wholly owned by the Bomet County Government and is domiciled in Bomet County in Kenya. The entity's principal activity is to provide Quality and Timely health care services in Diagnostic, Curative, Preventive and Promotive services for the wellbeing of our clients and community at large.

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 Ndanai Sub County Hospital accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Ndanai Sub County Hospital. The financial statements have been prepared in accordance with the PFM Act, and (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

b. Budget information

The original budget for FY 2021-22 was approved by Board on 28th June 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 recorded additional appropriations of x on the FY 2022-23 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 xxx under section xxx of these financial statements.

c. 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.

D 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.

d. 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

e. Comparative figures

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

Notes to Financial Statements Continued

NDANAI SUB COUNTY HOPITAL(Bomet County Government)

Annual Report and Financial Statements for The Year Ended 30th June 2022

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized in the statement of income	Amount received in the statement of income	Amount recognized in the statement of capital	Total grant income during the year	Comparative figure
Bomet County Government	-	-	-	12,394,000	-
Balances B/f				1,738,716	
Total	-	-	-	14,132,716	-

Included in transfers from the county government are balances brought forward from the previous period of Ksh1,738,716.

7 Rendering of Services-Medical Service Income

Pharmaceuticals NHIF/ linda mama	2,087,500	-
CASH/PAYBILL	2,240,061	-
Other medical services income (specify)	-	-
Totalrevenue renderingofservices	4,327,561	-

8 Medical/ Clinical Costs

Dental costs/ materials	-	-
Food and Ration	1,259,850	-
Uniform, clothing, and linen	-	-
Dressing and Non-Pharmaceuticals	2,916,408	-
Total medical/ clinical costs	4,176,098	-

9 Employee Costs

Salaries, wages, and allowances	3,512,230	-
Other employee costs (specify)	-	-
Employeecosts	3,512,230	-

10 Board of Management Expenses

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NDANAI SUB COUNTY HOPITAL(Bomet County Government)

Annual Report and Financial Statements for The Year Ended 30th June 2022

	Kshs	
Sitting allowance	84,000	-
Total	84,000	-

11 Grants And Transfer

Transfer to BCR A/ C	-	-
Equity account	2,240,061	-
Kcb account	2,087,500	-
Total grants and Transfers	4,327,561	-

12 Repairs And Maintenance

Description	2021/22	
	Kshs	
Property- Buildings	2,396,838	-
Maintenance of civil works	-	-
Totalrepairsandmaintenance	2,396,838	-

13 Grants And Subsidies

Transfer to BCR A/ C	-	-
Transfer to dispensaries/	2,226,000	-
Totalgrantsandsubsidies	2,226,000	-

14 General Expenses

Electricity expenses	300,000	-
Fuel and Lubricants	417,385	-
Bank Charges	4,820	-
Printing and stationery	1,028,280	-
Water and sewerage costs	117,840	-
Total General Expenses	1,918,325	-

15 Finance Costs

Description	2021/22	
	KShs	
Interest from loans	-	-
Total finance costs	-	-

16 Cash And Cash Equivalents

Current accounts	249,292	-
Cash in hand	-	-
Others(specify)- Mobile money	-	-
Total cash and cash equivalents	249,292	-

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

a) Current account			
Kenya Commercial bank	1145098118	172,225	-
COOP Bank, etc	01141357690900	854	-
Equity Bank –	1840280730770	76,213	-
TOTALS		249,292	-

17 Receivables From Exchange Transactions

Description	2021/22	
	KSh	
Medical services receivables NHIF	1,032,190	-
Totalreceivables	1,032,190	-

18 Inventories

Pharmaceutical supplies	555,820	-
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
Total	555,820	-

19 Trade and other payables

Trade payables	553,476	-
Employee dues	1,322,000	-
Total	1,875,476	-

Notes to the Financial Statements (Continued)

7 Property, Plant and Equipment

Description								
Cost								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2022	-	-	-	-	-	-	-	-
At 1 July 2022 (current year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments		-		-			-	-
At 30th Jun 2022	-	-	-	-	-	-	-	-
Depreciation and impairment								
At 1 July 2022 (previous year)		-	-	-	-	-	-	-
Depreciation for the year		-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
At 30 June 2022		-	-	-	-	-	-	-

NDANAI Level 4 NDANAI SUB COUNTY HOPITAL(Bomet County Government)

Annual Report and Financial Statements for The Year Ended 30th June 2022

Description								
At July 2022 (current year)		-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-
At 30th June 2022		-	-	-	-	-	-	-
Net book values								
At 30 th Jun 2022 (previous)	-	-	-	-	-	-	-	-
At 30 th Jun 2022 (current)	-	-	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx. The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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

9 Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Health, Department of Medical services. Its ultimate parent is the County Government of Bomet.

10 Currency

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

Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. of the external audit report				
		The Ndanai Sub County Hospital first time Audited		


DR MUTAI-K. TITUS
Accounting officer

COUNTY GOVERNMENT OF BOMET
NDANAI SUB-COUNTY HOSPITAL
10 JUN 2024
MEDICAL SUPERINTENDENT
P. O. BOX 117 - 20404, NDANAI

