

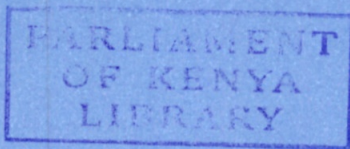
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**KACHELIBA SUB-COUNTY
LEVEL 4 HOSPITAL**

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

COUNTY GOVERNMENT OF WEST POKOT

24/09/24
ML
Abdirahman



**Kacheliba Sub County Level 4 Hospital
(West Pokot 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)**

Kacheliba Sub County Level 4 Hospital (West Pokot County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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I. Key Entity Information and Management

(a) Background information

Kacheliba Sub County Hospital is a level (4) hospital established by the Ministry of Health Registration No. 14634 domiciled in West Pokot County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the *hospital* is to promote and improve health services in a more effective, accessible and affordable manner at all times.

Mission Statement

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

Vision Statement

To provide an efficient quality healthcare system that is accessible, equitable and affordable to all citizens.

(c) Key Management

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

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

(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	Mr. Solomon Tukey
2.	Head of finance	Mr. Pius Sikuku
3.	Head of supply chain	Mrs. Cecilia Wamwana
4.	Hospital Administrator	Ms. Melap Nakuya
5.	Nursing Officer In Charge	Mr. Luke Kanyangareng
6.	Pharmacist	Dr Meshack Kiptoo

(e) Fiduciary Oversight Arrangements

i) Audit and Risk Management Committee

The West Pokot County Audit Committee was constituted and inducted on 1st July 2018 as per the provisions of the Public Finance and Management Act, 2012. It is mandated to review audit reports and advise the Hospital on institutional risk management.

S/No	Name	Designation
1	Mr. Paul Loitangiro Rikilem	Chairperson
2	CPA Thomas Pkemoi Lotiaka, CPA	Secretary
3	Mr. Kizito Musakala Makhumi CPA	Member
4	Ms. Irene Chebet Lorot	Member

ii) County Assembly committees

Article 185(3) provides that a County Assembly, while respecting the principle of the separation of powers, may exercise oversight over the County Executive Committee and any other County Executive organs. The oversight role of the County assembly is exercised directly by all members of the County assembly and through County assembly committees. The following are the committees responsible for oversight in the County assembly:

- Public Accounts and Investment Committee
- Health Sectorial Committees
- Finance and Planning Committee
- Implementation Committee

iii) Clinical Research and Standards Committee

iv) Parliamentary committees

v) Other oversight committees

(f) Entity Headquarters

Kacheliba Sub county Hospital
P.O. Box 50 - 30601
Administration Block
Kacheliba-Alale Road
Kacheliba, KENYA

(g) Entity Contacts

Telephone: (+254) 784006597
E-mail: kachelibadistricthospital@yahoo.com
Website: www.westpokot.go.ke

(h) Entity Bankers

Kenya Commercial Bank,
Kapenguria
A/C No. 1267071362 - Operation
A/C No. 1145862810 - Collection

(i) Independent Auditors

Auditor General
The Office of Auditor General
3rd Floor, Anniversary Towers, University Way
P.O. Box 30084-00100
Nairobi, Kenya



(j) Principal Legal Adviser



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



(k) West Pokot County Attorney

P.O. Box. 222-30600
Kapenguria, Kenya

II. The Board of Management



Ref	Directors	Details
1.	 <p>Mr. James Aperetum Title: Board Chairperson</p>	<p>Age: 62 years Qualification: Mr. Aperetum is the current chairperson of board of management for the hospital. He holds Diploma in clinical medicine and surgery from Medical Training Centre Nairobi. HND in Anaesthesia becoming the first from west pokot county Experience: Over 38yrs. Worked in Meru referral hospital, Nakuru provincial hospital and Kitale referral hospital till retirement.</p>
2.		<p>Age: 45yrs Qualification: Bachelors of medicine and Surgery (Medicine and Surgery) – University of Nairobi (UON) Master of Public Health (Epidemiology)</p>


	<p>Dr. Nobert Abuya Title: County Director Health</p>	<p>Biostatistics) – University of Nairobi (UON)</p> <p>Experience: He has a wealth of experience of over 20years</p>
<p>3.</p>	 <p>Mr. Joshua Lomkento Sitet Title: Board Treasurer</p>	<p>Age: 50 years</p> <p>Qualification: Mr. Joshua is a holder of Diploma in Theology.</p> <p>Experience: He has served in various capacities with IEBC and the community for over 10 years.</p>
<p>4.</p>	 <p>Ms. Roselyne Akeno Lomenen Title: Board Member</p>	<p>Age: 42 years</p> <p>Qualification: She is a teacher by profession. She holds a bachelor of Education Science from the University of Nairobi. She is also a qualified P1 teacher from Machakos Teachers Training College.</p> <p>Experience: Over 10 years</p>

<p>5.</p>	 <p>Ms. Elizabeth Kisaka Title: Board member</p>	<p>Age: 46 yrs</p> <p>Qualification: She has a diploma in ECDE.</p> <p>She has served as a community mobilizer for over 10yrs</p> <p>Experience: Over 15 yrs of teaching</p>
<p>6.</p>	 <p>Mr. Solomon Tukey Title: Secretary/AIE Holder</p>	<p>Age: 50 yrs</p> <p>Qualification: Senior Clinician,A holder of higher diploma in clinical medicine</p> <p>Experience: Over 20 years in service.</p>

III. Key Management Team

Ref	Management	Details
1.	 <p>Mr. Solomon Tukey Title: Medical Superintendent/AIE Holder</p>	<p>Qualification: He is a Senior Clinician. A holder of higher diploma in clinical medicine</p> <p>He in-charge of the entire hospital</p> <p>Experience: Over 20 years in service</p>
2.	 <p>Ms. Melap Nakuya Title: Senior Health Administrative Officer</p>	<p>Qualification: Holds a degree in Administration.</p> <p>She is in charge of the hospital administration</p> <p>Experience: Over 20 years in service</p>

<p>3.</p>	 <p>Mr. Luke Kanyangareng Title: Nursing Officer In-Charge</p>	<p>Qualification: Holds a diploma in nursing</p> <p>He is in-charge of clinical operations</p> <p>Experience: Over 20 years in service</p>
<p>4.</p>	 <p>Mr. Pius Sikuku Title: Accountant</p>	<p>Qualification: Holds CPAII, Diploma in Accounting</p> <p>He is in-charge of Finance</p> <p>Experience: Over 25 years</p>

5.	 <p>Dr. Meshack Kiptoo Title: Pharmacist</p>	<p>Holds a degree in Pharmacy from UON</p> <p>He is in charge of Pharmacy</p> <p>Experience: Over 5 years in</p>
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IV. Chairman's statement

I want to thank the government of west pokot county for giving me an opportunity to serve as a board chair for Kacheliba sub county hospital.

PERFORMANCE AND PROGRESS

We have made significant strides at three pivotal items. We have initiated the process of Hospital Land adjudication. Community Integration. Financial Oversight by holding meetings.

TASK AHEAD

We strive to get the hospital title deed. Operationalize the theatre. We endeavour to automate Revenue collection that has remained a challenge. We hope to get a perimeter wall for the sub county.

CONCLUSION

With the blessings of God and the rest of the Hospital board, I believe that we will achieve a better community integration, better service delivery to the patients, improved financial mobilization and utilization before the end of tenure.



.....

Name: James Aperetum
Chairperson of the Board

Date.. 17/5/24.....

V. Report of The Chief Executive Officer

It is my pleasure to introduce the Annual Financial Report of Kacheliba Sub-County Hospital as the Superintendent. I have guided the hospital to strive by improving and enhancing service delivery in maternity, NHIF, emergency handling (Covid 19, in case of accidents, fire etc), operationalize the drug store, eye unit, generally improving the hospital infrastructures, lobbying for a 3 phase electric supply, initiate cross boarder activities with the support of NTP and Ampath-uzima, initiating collaboration with the rotary doctors. Challenges withstanding, I expect in near future the theatre will be operationalized and the hospital will have gotten the Title deed, the hospital will be automated and have a new modern outpatient department.

Kacheliba sub county hospital is the main referral hospital serving the population of 135,485 in the entire Pokot north subcounty as per 2019 census results. It shares along border with Uganda to the west and has one designated crossing point with numerous ungazetted crossings. The hospital offers outpatient and inpatient services for both Kenyans and Ugandans.

The facility has complete and equipped theatre ready for operationalization, which was constructed during early inception of devolution but due to lack of irregular power supply, inadequate specialized human resources especially medical officers, anaesthesia, theatre nurses and poor political goodwill delayed operationalization. The hospital is the only clinical research and treatment Centre for neglected tropical disease [visceral leishmaniasis] in the North rift and the whole county.

Sources of Funding

The hospital has got two sources

- Facility Improvement Fund(FIF)
- Recurrent

Facility Improvement Fund

The facility uses revenue clerks to collect the money from the patients who come for services through: - Outpatient services that include, lab investigation, eye services, minor surgeries, other sources include Linda mama claim's through NHIF, deliveries and those who come for various services under social insurance, EDUAFYA schemes for secondary schools.

Achievements

- Procurements of furniture for eye unit
- Refurbishing of maternity ward through painting and furnishing with staff chairs and tables.
- Repairing of pediatric ceiling and painting of the ward, drawing of mural walls
- Procurement of kettle heater for Nutritional department
- Procurement of 35 mattresses for general patients
- Purchase of heavy-duty automatic photocopying machine

- Construction of four pit latrine toilet for both students and staff
- Repair of incinerator and burning chamber
- Construction of continuous medical education hall
- Purchase for CME lap top computer
- Enhance digitalization of nhif services claims by procurement of Wi-Fi or router, computers from partners
- Held timely monthly and quarterly meetings
- Initiate cross border activities with the support of NTP and Ampath- uzima
- Operationalization of eye unit
- Operationalization of subcounty drug store
- Lobby for three phase electric supply in preparation for theatre
- Initiated collaboration of rotary doctors from Sweden
- Availability of accessories during covid 19 i.e., thermoguns [12], 10 stethoscopes for clinicians and also support from equity bank especially PPE during covid 19
- Support reliable referral system during my tenure
- Repair of KBJ as utility vehicle
- Procurement of backup stocks of essential and emergency drugs from medco by allocating funds to pharmacy department and lab
- Motivate staffs for daily safari allowances

Activity Projection for the 2022- 2023 Financial year.

- Increment in Revenue collection due to operationalization of the theatre
- Gazettement of the Hospital to Level four
- Automation of Services
- Improve work force (different specialization cadres)
- Reduction referral cases
- Construction of Medical, Pediatric and Surgical wards.
- Rehabilitation of Sewerage system
- Constant supply of drugs and non-pharms
- Construction of Modern incinerator
- Securing of Hospital land through fencing and land adjudication(survey)
- Procurement of additional water storage tanks
- CME Hall Equipment
- Full operationalization of Sigor Hospital as a treatment Centre for Kalazaar
- Improvement of flow patients from one service delivery point through construction of ramps
- Construction of Modern Outpatient Department.

Finally, I take this opportunity to thank West Pokot County government for its support which gave the hospital a helping hand to ensure it achieves its key mandate to provide an efficient quality healthcare system that is accessible, equitable and affordable to all citizens.

Kacheliba Sub County Level 4 Hospital (West Pokot County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Am also grateful the Hospital board members and staff to their unparalleled support during the 2021/22 financial year, their teamwork led to the implementation of key programmes and activities



.....
Name: Solomon Tukey

Medical Superintendent and Secretary

Date.....17/5/24.....

VI. Statement of Performance Against Predetermined Objectives

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

Kacheliba Sub County Level 4 Hospital has 5 strategic pillars and objectives within the current Strategic Plan for the FY 2021- FY 2022. These strategic pillars are as follows;

- Pillar 1: Leadership and governance
- Pillar 2: Medical supplies and technologies
- Pillar 3: Health financing
- Pillar 4: Service delivery
- Pillar 5: Health Infrastructures

Kacheliba Sub County Hospital develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kacheliba Sub County Hospital achieved its performance targets set for the FY 2021/2022 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	To ensure proper management of the hospital	Sub committee meetings	Sub-committee meetings in finance, surveillance, advisory, catering etc	Proper management of resources and patients
Pillar 2:	Ensure proper timely procurement of medical commodities	Proper procurement procedures	Continuous stock taking, timely order and re order	Enough supplies of medical commodities
Pillar 3:	Ensure enough availability of resources	Improve in collection	Timely payment of suppliers Timely	Reduced pending bills

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		Timely dispatch of FIF Proper utilization of funds	procurement Timely respond to emergencies etc	Availability of medical commodities, Food etc
Pillar 4:	Ensure effective and efficient services to clients	Reduced complaints	Enough medical commodities at the hospital, enough man power, affordable charges	Reduction in outcry from the large population
Pillar 5:	Ensure provision of physical infrastructure, in patients' beds, equipment etc	Sufficient wards, inpatient beds, equipment, ambulances etc	Purchase of equipment, enough wards, moving ambulance etc	Proper service delivery to clients

VII. Corporate Governance Statement

Kacheliba Sub County Hospital received new board members after the appointment in line with West Pokot County Facility Improvement Fund Act 2019. Induction and inauguration of the new board was done.

Board Meetings

The Board of KSCH Hospital holds its sittings to transact the business of the Board once every three months. The Chairperson of the Board of hospital may, and upon request in writing by at least one-third of the members of the Board shall, convene a special meeting to transact any urgent business of the Board. All regular meetings of the Board of the hospital called for transacting business, where a majority of the members elected are present, shall be open to the public.

A majority of the members of the Board of the hospital is a quorum to conduct business, but a smaller number may meet and compel attendance of absent members as prescribed. A member of the Board of the hospital who is interested in any discussions or decision-making regarding any subject or transaction under consideration by the Board, shall not be counted as participating in the discussions or decision-making, and is not entitled to vote on or agree to the subject or transaction relating to it.

Functions of the Hospital Management Board

The county and sub-county hospital management boards shall —

- (a) be responsible for the supervision of the funds allocated to the respective hospitals;
- (b) open and operate bank accounts at a bank(s) to be approved by the County Executive Members responsible for matters related to finance in the County;
- (c) recommend activities to be included in the hospital work plans based on the County health sector strategic plan;
- (d) cause to be kept books of accounts and records of accounts of the income, expenditure, assets and liabilities of the hospital as prescribed by the Accounting Officer;
- (e) cause to be prepared and submitted to the administrator of the fund monthly, quarterly and annual financial reports as prescribed; and
- (f) cause to be kept a permanent record of all its deliberations.

Remuneration of the Board

The members of the Board of the Hospital are not be entitled to a salary. However, members of the Board are paid allowances as advised by the Salaries and Remuneration

VIII. Management Discussion and Analysis

Kacheliba sub county hospital is a ministry of health primary care hospital located in Suam North Pokot Sub county, West Pokot county. It is regulated by the Ministry of Health under registration no. 14634. It can be reached by call or texts through emergency line) 0784006597. It has a bed capacity of 105, overall patient attendance during the financial year 2021-2022 for inpatients was 1678 and 38072 inpatients, all accidents and emergency were referred to Kapenguria County Referral Hospital. Average length of stay for in patient is 3 days, Mortality rate is about 20/1000 persons. The theatre was not complete during this financial year hence no operation carried out.

Description	JULY-2021-JUNE 2022
Bed capacity of the hospital	105
Overall pts attendance inpatient	1678
Overall pts attendance outpatient	38072
Average length of stay for inpatient	3 DAYS
Bed occupancy rate	100%
Mortality rate	3%

Kacheliba Sub County Hospital offers the following services amongst others

TB treatment, Kala-zaar treatment, TT toxoid for pregnant women, Smear microscopy.

Short term family planning services , Outpatient curative services ,New born care services ,Long term family planning services ,In patient ,Infection preventive and control to mitigate HIV infection in the work place ,Hospital retail services ,HIV treatment and care ,GeneXpert ,Fine needle aspiration , Blood transfusion services - Drug resistant TB services , Laboratory services – class A, B and C , Condom distribution and STI prevention ,Breast cancer screening services , Basic Obstetric care (BMOC) , Basic emergency preparedness , Ambulatory services , Radiology services , Eye services and Orthopaedic services

Financial performance that includes:

The following are the main sources of revenue streams at Kacheliba Sub County Hospital;

- Laboratory services -
- Drugs
- Inpatients/Referrals

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- Radiology services/ Orthopedic services
- OPD Booklets and files/ registration
- Eye services
- NHIF services

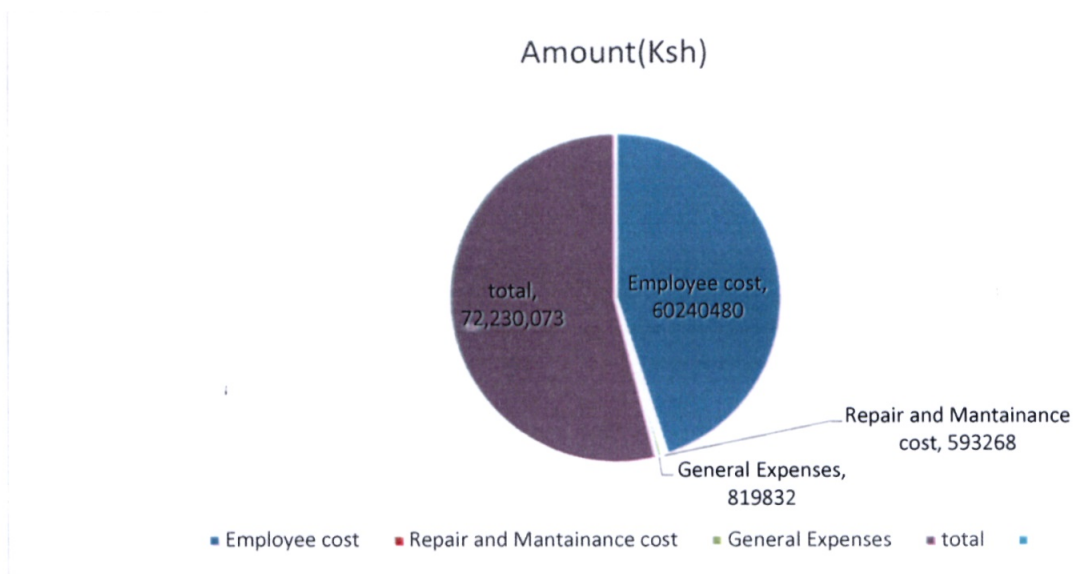
All collections for Kacheliba Sub County Hospital is banked in collection account and no money is spending at source. The facility receives 70% of the collection while 30% is allocated to the CHMT as per the FIF act. The 70% received are utilized in expenses, mainly on;


- (i) General expenses
- (ii) Medical / Clinical costs
- (iii) Board of management expenses
- (iv) Repairs and maintenance

The facility also receives in kind contribution from the County Government mainly for staff salaries and wages, drugs and non -Pharmaceuticals and infrastructural support. During the year under review the entity received a total of Kshs. 5,213,175.05 in FIF collection and in kind contribution amounting to Kshs. 68,303,382. Total revenue realized was Kshs. 73,516,557. The expenditures were as follows

s/no	Expenses	Amount (Kshs.)	Percentages(%)
1.	Medical/ Clinical Costs	10,576,493	14.59%
2.	Employee Costs	60,240,480	83.12%
3.	Repairs And Maintenance	593,268	0.82%
4.	Board Allowance	246,600	0.34%
4.	General Expenses	819,832	1.13%
Total		72,476,673	

Kacheliba Sub County Level 4 Hospital (West Pokot County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022



Signed by: 
.....
Solomon Tukey
Medical Superintendent
Kacheliba Sub County Hospital

Date..... 17/5/24.....

IX. Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

The accounting officer discharges his duties by ensuring proper book keeping and adheres to the accounting standards as per the Public Finance Management ACT 2012, its regulations and/or the Procurement and Disposal of Assets act.

ii) Environmental performance

The management observe proper safety by ensuring the incinerator is working, placenta kit is good, sewerage system if functional and workers have protection gears at all times with the hospital. This is in line with NEMA policy etc.

iii) Employee welfare

The management ensures staffs are well trained by organising CMEs within the hospital and also sends staffs to training outside the hospital for capacity building and enhancement of service delivery. This is done without any discrimination of gender.

iv) Market place practices-

a) Responsible competition practice.

Kacheliba Sub county Hospital encourages competitiveness in its procuring process by discouraging direct procurement or any form of corruption to secure a tender.

b) Responsible Supply chain and supplier relations

Kacheliba Sub County Hospital discharge its procurement process in line with procurement and disposal act, Public Finance management act by ensuring procuring process are followed to the later and payments are made promptly

c) Responsible marketing and advertisement

Kacheliba Sub County Hospital ensures procurement starts with prequalification, quotation/tendering processes and based on the prevailing market prices

d) *Product stewardship*

All Patients files are handles with care and confidentiality maintained at all times. Patients have the right to know the names and jobs of his or her caregivers and a right to respectful care given by competent workers

v) *Corporate Social Responsibility*

In line with the ministry and department policy, Kacheliba Sub County Hospital also engage in Tree planting activities, participate in nutritional survey, TB surveillance survey and ensures there is proper disposal of wastes e.g. removal of asbestos on buildings, Burring of the unclaimed bodies so as to reduce health hazards.

X. Report of The Board of Management

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

Principal activities

The principal activities of the entity are to provide health services.

Results

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

Board Of Management

The members of the Board who served during the year are shown on page vii.

Auditors

The Auditor General is responsible for the statutory audit of the *Kacheliba Sub County level 4 Hospital* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *KSCH* for the year ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Name: Solomon Tukey

**Medical Superintendent and Secretary of the
Board**

Date.....17/5/24.....

XI. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 Facility Improvement Fund Act (FIF) 2019 requires the Board of Management to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the Kacheliba Sub County Hospital at the end of the financial year/period and the operating results of the Kacheliba Sub County Hospital for that year/period. The Board of Management is also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the Kacheliba Sub County Hospital. The council members are also responsible for safeguarding the assets of the Kacheliba Sub County Hospital.


The Board of Management is responsible for the preparation and presentation of the Kacheliba Sub County Hospital financial statements, which give a true and fair view of the state of affairs for Kacheliba Sub County Hospital 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 Kacheliba 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 Kacheliba 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 FIF Act. The Board members are of the opinion that the entity's 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 entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entity, 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 entity will not remain a going concern for at least the next twelve months from the date of this statement.

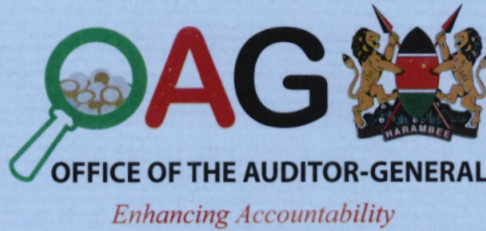
Approval of the financial statements

The Hospital's financial statements were approved by the Board on 17/12/24 and signed on its behalf by:


.....
Name: James Aperetum
Chairperson
Board of Management


.....
Name: Solomon Tukey
Accounting Officer

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KACHELIBA SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF WEST POKOT

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 Kacheliba Sub-County Level 4 Hospital - County Government of West Pokot set out on pages 1 to 28, which comprise

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

In my opinion, 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 Kacheliba Sub-County Level 4 Hospital 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. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.263,337 as disclosed in Note 13 to the financial statements. However, the cash books and monthly bank reconciliation statements for one of the bank accounts with a reported balance of Kshs.119,540 were not provided for audit.

In the circumstances, the accuracy, completeness and fair statement of the cash and cash equivalents balance of Kshs.263,337 could not be confirmed.

2. Unsupported In-Kind Contributions from the County Government

The statement of financial performance reflects in-kind contributions from the county government amount of Kshs.68,303,382 as disclosed in Note 7 to the financial statements. The amount relates to salaries and wages and pharmaceuticals/non-pharmaceuticals supplies that were paid on behalf of the Hospital by the County Executive of West Pokot. However, payment records in support of the in-kind contributions were not provided for audit.

In the circumstances, the accuracy and completeness of in-kind contributions from the County Government amount of Kshs.68,303,382 could not be confirmed.

3. Inaccurate Grants from Donors and Development Partners Income

The statement of financial performance do not reflects grants from donors and development partners income. However, distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations and program commodities drugs amounting to Kshs.6,195,142 from the Agency thereby understating grants from donors and development partners income with the same amount.

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

4. Variances in Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.550,750 as disclosed in Note 14 to the financial statements. The amount relates to dues from the National Health Insurance Fund (NHIF) whose records indicate a balance of Kshs.266,210 resulting to an unexplained variance of Kshs.284,540.

In the circumstances, the accuracy, completeness and recoverability of the trade receivables from exchange transactions of Kshs.550,750 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kacheliba 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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements

The Hospital Management submitted the financial statements for the year ended 30 June, 2022 to the Office of the Auditor-General on 15 April, 2024, eighteen (18) months after the statutory deadline of 30 September, 2022. This was contrary to Section 68 (2)(k) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare annual financial statements for each financial year and submit them for audit within three months after the end of the financial year.

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

2. Staff Earning Less than One-Third of the Basic Pay

Review of the payrolls for the year under review revealed that two (2) members of staff earned net salaries which were less than one third of their basic pay. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that the total amount of all deductions which under the provisions of sub-section (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

3. Engagement of Casuals for more than Three Months

Review of the payroll records for the year under review revealed that the Hospital had twenty-nine (29) casual employees in various departments who included the hospital accountant and cashiers which exposed the Hospital to financial risk. Further, Management engaged casual workers for more than three months contrary to the County Public Service Human Resource Manual, May 2013 Section B. 16(1) which states that Casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act, 2007.

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

4. Non-Compliance with Qualification Requirements for In-Charge Medical Practitioner Position

Review of the personnel files revealed that the medical practitioner serving as the In-Charge of the facility did not possess a master's degree in a health-related field as stipulated by the first schedule on technical classification of levels of healthcare delivery of the Health Act, 2017 which requires the In-charge to have a master's degree in a health-related field and be a registered medical practitioner with the council.

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

5. 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 of seventy (70) staff requirements or 69% of the authorized establishment.

	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Staffing Requirement				
Medical Officers	16	2	(14)	87.5
Anesthesiologists	2	0	(2)	100

	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
General Surgeons	2	0	(2)	100
Gynecologists	2	0	(2)	100
Pediatricians	2	0	(2)	100
Radiologists	2	0	(2)	100
Registered Community Health Nurses	75	29	(46)	61.3
Total	101	31	(70)	69.3

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

Equipment and Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Incubators (Newborn)	5	2	(3)	60
New Born Unit Cots	5	0	(5)	100
Resuscitaire in Theatre	1	0	(1)	100
Resuscitaire in Labour Ward	2	1	(1)	50
Functional ICU Beds	6	0	(6)	100
HDU Beds	6	0	(6)	100
Renal Unit with at least 5 Dialysis Machines	5	0	(5)	100
Functional Operating Theatres - Maternity and General	2	1	(1)	50
Bed Capacity	150	100	(50)	33.3

These deficiencies contravene the 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 governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy, Information Communication Technology Policy and a Disaster Recovery Plan

Review of records revealed that the Hospital did not have in place, a Risk Management Policy and did not perform formal risk assessments on all key financial risk areas such as revenue, expenditure and fraud review. Further, the Hospital did not have a Disaster Recovery Plan and Information Communication Technology Policy in place to ensure that the entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of internal controls on risk management and disaster recovery could not be confirmed.

2. Lack of an Approved Strategic Plan

Review of Hospital policies and documents revealed that the Hospital had not established a strategic plan. This was contrary to Regulation 30(2) of the Public Finance Management (County Governments) Regulations, 2015 which states that all budget proposals shall be supported by the county government entity strategic plan.

In the circumstances, the effectiveness of the Hospital to manage and align its activities with long-term goals and objectives could not be confirmed.

3. Failure to Establish Internal Audit Unit and Audit Committee

During the year under review, Management had not established an audit committee and internal audit function. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish audit committees in accordance with prescribed regulations to monitor the entities governance process, accountability process and control systems, offer objective advice on issues concerning risk, control, regulatory requirements and governance.

In the circumstances, the effectiveness of internal controls and risk management practices could not be confirmed.

4. Weaknesses in Management of Assets and Inventory

During the year under review, Management did not maintain a fixed assets register. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. Further, Management did not provide ownership documents, for the land on which the Hospital is situated.

In addition, review of inventory records revealed that there were no requisition forms, bin card updates indicating inventory movements were not done. Further, there was no segregation of duties in the store's management process and the Hospital did not conduct a stock take at the end of the financial year.

In the circumstances, the effectiveness of internal controls over assets and inventory management 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 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 controls, risk management and governance.

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

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

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

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


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

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

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

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

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


 FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 July, 2024

Report of the Auditor-General on Kacheliba Sub-County Level 4 Hospital for the year ended 30 June, 2022 - County Government of West Pokot

**Kacheliba Sub County Level 4 Hospital (West Pokot County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

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

Description	Notes	2021/22
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	5,213,175
In Kind Contributions from The County Government	7	68,303,382
Total revenue		73,516,557
Medical/Clinical costs	8	10,576,493
Employee Cost	9	60,240,480
Board of Management Expenses	10	246,600
Repairs and maintenance	11	593,268
General expenses	12	819,832
Total expenses		72,476,673
Net Surplus for the year		1,039,884
Attributable to:		
Surplus/(deficit) attributable to minority interest		-
Surplus attributable to owners of the controlling entity		-
		1,039,884

The Hospital's financial statements were approved by the Board on 17/5/22 and signed on its behalf by:


.....

Chairman

Board of Management


.....

Head of Finance
ICPAK No: 27397

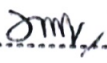

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Medical Superintendent

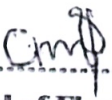
XIV. Statement of Financial Position as at 30th June 2022

Description	Notes	2021/22
		Kshs
Assets		
Current assets		
Cash and cash equivalents as at 30th June 2022	13	263,337
Receivables From Exchange Transactions	14	550,750
Receivables From Non-Exchange Transactions	15	363,133
Total Current Assets		1,177,220
Total assets		1,177,220
Liabilities		
Current liabilities		
Total Current Liabilities		-
Non-current liabilities		-
Total Non-current liabilities		-
Total Liabilities		-
Net assets		1,177,220
Cash and Cash Equivalents as at 30th June 2021	13	137,336
Revaluation reserve		-
Accumulated surplus/Deficit		1,039,884
Capital Fund		-
Total Net Assets and Liabilities		1,177,220

The Hospital's financial statements were approved by the Board on 17/5/22 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 27397



Medical Superintendent

**Kacheliba Sub County Level 4 Hospital (West Pokot County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**


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


	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020				
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	-	-	-
At July 1, 2021	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,039,884	-	1,039,884
Capital/Development grants	-	-	-	-
At June 30, 2022	-	1,039,884	-	1,039,884

NOTES

1. The 30% of the collection was retained at the Pool
2. The 70% of the Total collection was received from the Pool Account

The Hospital's financial statements were approved by the Board on 17/5/24 and signed on its behalf by:


.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No: 27397



.....
Medical Superintendent


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

Description	2021/22	
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government	6	5,213,175
Other receipts-In kind contribution	7	68,303,382
Total Receipts		73,516,557
Payments		
Medical/Clinical costs	8	10,576,493
Employee cost	9	60,240,480
Board of Management Expenses	10	246,600
Repairs and maintenance	11	593,268
General expenses	12	819,832
Working capital		
Increase/Decrease in receivables		913,883
Net cash flows from operating activities	16	126,001
Cash flows from investing activities		
Net cash flows used in investing activities		-
Cash flows from financing activities		
Capital grants received		-
Net cash flows used in financing activities		-
Net increase/(decrease) in cash and cash equivalents		126,001
Cash and cash equivalents at 1 July	13	137,336
Cash and cash equivalents at 30 June	13	263,337

The notes set out on pages 6 to 30 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 17/5/24 and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No: 27397


.....
Medical Superintendent

*Kacheliba Sub County Level 4 Hospital (West Pokot County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022*


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


Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	5,500,000	-	5,500,000	5,213,175	286,825	95%
In kind contribution	72,500,000	-	72,500,000	68,303,382	4,196,618	94%
Total income	78,000,000	-	78,000,000	73,516,557	4,483,443	94%
Expenses						
Medical/Clinical costs	13,596,800	-	13,596,800	10,576,493	3,020,307	78%
Employee costs	62,000,000	-	62,000,000	60,240,480	1,759,520	97%
Remuneration of directors	255,900	-	255,900	246,600	9,300	96%
Repairs and maintenance	800,000	-	800,000	593,268	206,732	74%
General expenses	1,347,300	-	1,347,300	819,832	527,468	61%
total expenses	78,000,000	-	78,000,000	72,476,673	5,523,327	93%
Surplus/deficit for the year	-	-	-	1,039,884		

The notes set out on pages 6 to 30 form an integral part of the Annual Financial Statements. The Hospital's financial statements were

approved by the Board on 17/5/24 and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No: 27397


.....
Medical Superintendent

XVIII. Notes To the Financial Statements

1. General Information

Kacheliba Sub County Hospital entity is established by and derives its authority and accountability from *Facilities Improvement Fund (FIF) Act 2019*. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to promote and improve health services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*.

The financial statements have been prepared in accordance with the PFM Act, and *FIF Act 2019*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and

Kacheliba Sub County Level 4 Hospital (West Pokot County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

***Kacheliba Sub County Level 4 Hospital (West Pokot County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022***

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

ii. Early adoption of standards

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

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour

hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2021/2022 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. 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 under section xxx of these financial statements.

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.

c) 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.

d) 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.

e) 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.

f) 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.

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.

g) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the

current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset

when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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 the financial statement

6. (a) Transfers From The County Government

Description	2021/22
	KShs
Unconditional grants	
Level 4 grants	5,213,175
Conditional grants	
Total government grants and subsidies	5,213,175

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	Total
					2020/21
			KShs	KShs	KShs
West Pokot County Government	5,213,175	-	-	5,213,175	5,213,175
Total	5,213,175	-	-	-	-

7. In Kind Contributions from The County Government

Description	2021/22	2020/21	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
	KShs	KShs			
			Kshs	Kshs	Kshs
Salaries and wages	60,240,480	-	-	-	-
Pharmaceutical and Non-Pharmaceutical Supplies	8,062,902	-	-	-	-
Total grants in kind	68,303,382	-	68,303,382	-	-

8. Medical/ Clinical Costs

Description	2021/22
	KShs
Dental costs/ materials	-
Laboratory chemicals and reagents	49,019
Dressing and Non-Pharmaceuticals	2,285,272
Pharmaceutical supplies	8,192,902
Purchase of Medical gases	49,300
Total medical/ clinical costs	10,576,493

9. Employee Costs

Description	2021/22
	KShs
Salaries, wages, and allowances	60,240,480
Employee costs	60,240,480

10. Board of Management Expenses

Description	2021/22
	KShs
Sitting allowance	246,600
Total	246,600

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11. Repairs And Maintenance

Description	2021/22
	KShs
Furniture and Fittings	90,000
Computers and accessories	48,000
Motor vehicle expenses	315,768
Maintenance of building and stations	139,500
Total repairs and maintenance	593,268

12. General Expenses

Description	2021/22
	KShs
Catering expenses	100,000
Sanitary and cleaning materials	109,500
Food and ration	229,400
General office supplies	209,800
Internet expenses	40,580
Bank charges	8,252
Daily Subsistence allowance	122,300
Total General Expenses	819,832

13. (a) Cash And Cash Equivalent

Description	2021/22
	KShs
Current accounts	263,337
Total cash and cash equivalents	263,337

13 (b). Detailed Analysis of Cash and Cash Equivalent

Description		2021/22
Financial institution	Account number	KShs
a) Current account		
Kenya Commercial bank	1267071362	143,697
Kenya Commercial bank	1145862810	119,540
Cash at hand		100
Grand total		263,337

14. Receivables From Exchange Transactions

Description	2021/22
	KShs
NHIF and Other exchange debtors	550,750
Less: impairment allowance	-
Total receivables	550,750

15. Receivables From Non-Exchange Transactions

Description	2021/22
	KShs
Transfers from the County Government	363,133
Less: impairment allowance	-
Total	363,133

16. Cash Generated from Operations

Description	2021/22
	KShs
Surplus for the year before tax	
Adjusted for:	1,039,884
Working Capital adjustments	
Increase in inventory	-
Increase in receivables	(913,883)
Net cash flow from operating activities	126,001

17. 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:

(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.

(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.

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:

18. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of Health;
- iii) West Pokot County Government;
- iv) Department of Health and Sanitation;
- v) Key management;

19. Events After The Reporting Period

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

20. Ultimate And Holding Entity

The entity is a Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

21. Currency

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

XIX. Appendices

Appendix I: Progress on Follow Up of Auditor Recommendations

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

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

Guidance Notes:

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


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Accounting Officer

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APPENDIX II: Inter-Entity Confirmation Letter



REF: KSCH/VOL1/1/24

KACHELIBA SUB COUNTY HOSPITAL
P.O. BOX 50-30500
KACHELIBA
Mobile: 0784006597
Email: kachelibadistricthospital@yahoo.com

The *County Treasury* 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.

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Confirmation of amounts received by Kacheliba Sub- County Hospital as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by County Treasury as at 30 th June 2022				Amount Received by [Kacheliba Sub County Hospital] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
1	23/09/21	48,000	-	-	48,000	48,000	-
2	14/12/21	3,012,000	-	-	3,012,000	3,012,000	-
3	31/03/22	418,600	-	-	418,600	418,600	-
4	02/06/22	693,700	-	-	693,700	693,700	-
Total		4,172,300			4,172,300	4,172,300	-

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

Head of Accountants department of beneficiary entity:

Name..... Geoffrey Lokong Sign..... [Signature] Date..... 17/5/24