

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

25/09/24
S.M.L
Angela

THE AUDITOR-GENERAL

ON

SIGOR SUB-COUNTY LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF BOMET



**SIGOR SUB-COUNTY Level 4/5 HOSPITAL
(BOMET County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

Sigor Sub-County Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Table of Contents

I. Key Hospital Information and Management.....	iii
II. The Board of Management	v
III. Management Team	vi
IV. Chairman`s Statement.....	vii
V. Report Of The Chief Executive Officer.....	viii
VI. Statement Of Performance Against Predetermined Objectives.....	ix
VII. Corporate Governance Statement.....	ix
VIII. Management Discussion and Analysis	x
IX. Environmental And Sustainability Reporting.....	xi
X. Report Of The Board Of Management	xii
XI. Statement Of Board of Management`s Responsibilities.....	xiv
XII. Report of the Independent Auditor (specify hospital name).....	xv
XIII. Statement Of Financial Performance for The Year Ended 30 June 2022.....	1
XIV. Statement of Financial Position as at 30 th June 2022	2
XV. Statement of Cash Flows for The Year Ended 30 June 2022	3
XVI. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022.....	5
XVII. Notes To the Financial Statements	6
XVIII. Appendices.....	27

I. Key Hospital Information and Management

(a) Background information

Sigor Sub-County Hospital is a level 4 hospital established under gazette notice No. 14241 of 4th February, 2020 and is domiciled in Bomet County under the health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the Sigor Sub-county hospital is to provide health care services to the residents and non-residents of Bomet county.

The vision of the hospital is to be an efficient and high quality health care system that is accessible, equitable and affordable for every Kenyan

The mission is to promote and participate in provision of integrated and high quality, preventive, curative and rehabilitative health care services to all Kenyans

The rights of our patients are;

- Right to privacy and confidentiality
- Right to personal/own opinion and to be heard
- Right to participate in the planning and management of health care services

The patient's obligations

- Seek treatment promptly
- Comply with treatment and medical instruction

(c) Enquire about related cost of treatment or rehabilitation and agree on mode of payment

Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management
- Others (*specify*)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr Elary Mutai
2.	Hospital Administrator	Stephen Bett
3.	Accountant	Jonah Munai

(e) Fiduciary Oversight Arrangements

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

(f) Hospital Headquarters

P.O. Box 23
Sigor Hospital Building
Kyogong – Kaboson Road
Bomet, KENYA

(g) Hospital Contacts

Telephone: (+254) 704234217
E-mail: sigorhospital.go.ke
Website: www.go.ke

(h) Hospital Bankers

Kenya Commercial Banks (*Account Number 1117679012*)

(i) Independent Auditors

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



(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box. 19
Bomet, Kenya

II. The Board of Management

Ref	Directors	Details
1.	 Paul Ngeno	Mr Paul Ngeno was appointed Chairman of the facility in 2018. He holds a bachelor of education science degree. He has more than 10 years' experience in management position
2.	Joel Koech	Member to the board
3.	Gladys Koech	Member to the board
4.	Mike Langat	Member to the board
5.	 MEDSUP Dr Elary Mutai	Dr Mutai Elary joined Sigor sch as a senior medical officer in February 2022 and was promoted as the medical superintendent in May 2022 till December 2022. He had previously served as a medical officer in Ndanai SCH and Longisa . He has a vast experience in clinical and health administration.

III. Management Team

Ref	Management	Details
1.	Dr Elary Mutai	MED SUP
2.	Mr Stephen Bett	Health Administrator
3.	Mr Jonah Munai	Hospital Accountant
4.	Seteson Bett	Nursing Officer in Charge
5.	Linah Chepkoech	Procurement Assistant

IV. Chairman's Statement

Sigor hospital serves as a sub-county hospital within Chepalungu sub-county. A level 4 facility, which has a great impact on the residents of Bomet and her neighbors in health care provisions.

The staff in the facility are employed by County Government of Bomet while casuals and other temporary staff under the facility AIE. We also receive staff support from our partners, Walter reed, under the CCC department.

On finances, the hospital receives a monthly AIE from the department of Health services which is in the process of being increased to the level of a sub county hospital.

There has been an increase in service delivery as more staff have been stationed at the facility hence better provision of services.

The facility has been having plans from the county government to build more infrastructure .

Power supply has been stable with an emergency generator as a back-up.

Generally, it was a successful year with a few manageable challenges. Looking forward to improved healthcare services and infrastructural developments at Sigor sub county hospital.

V. Report of The Chief Executive Office

The general outlook of the facility has been good, with strong positive indicators of healthcare provision for the fiscal year 2021/2022, albeit some challenges posed by the Covid-19 pandemic in the entirety of the year.

Human resource:

The staffing of the facility mainly comprises of those employed by the County Government of Bomet and staff under the AIE of the Facility. We also receive staff support from our partners such as Walter reed (PEPFAR) under the CCC department.

Economic resources.

The facility receives a monthly AIE of Kshs 1000,000 from the department of Health Services at the county.

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 hospital's performance against predetermined objectives.

Sigor Sub-county Hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021/21- FY 2020-2023. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: Preventive services

Pillar/theme/issue 2: Curative services

The Hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2021/2022 period for its 2 strategic pillars, as indicated in the diagram below:

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

VII. Corporate Governance Statement

Sigor Sub-County hospital is constituted as per the Constitution of Kenya, 2010 and Kenya Health Act 2107. The Sigor sub county hospital is headed by a medical superintendent, who is responsible for the general policy and strategic direction of the sigor sub county hospital.

The Sigor sub county hospital was declared a Level 4 Hospital as contemplated in the County government of Bomet Gazette notice NO.14241. The sigor sub county hospital has been operating under the framework of sigor sub county hospital management board and health facility management committee policy 2018.

VIII. Management Discussion and Analysis

Sigor sub-county county hospital is the only sub-county hospital serving the larger Chepalung sub-county. It has a catchment population of 19,898. It has a maternity bed capacity of 10.

The hospital offers outpatients services, maternity services besides one other special clinic which is headed by a medical officer.

The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible. The information should show a trend for the last three years.

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

Clinical/operational performance

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

For the last one year the patients attended at the hospital are as per the following tables

Total outpatient attendance

OPD >5 years male	3,902
OPD>5 years female	7,949
OPD<5years male	1,512
OPD<5 years female	1,372
Over sixty years	1,120
Totals	15,848

Maternity services

Admissions	1161
Totals	1161

Financial performance that includes

- revenue sources,
- utilisation of funds etc

IX. Environmental And Sustainability Reporting

Sigor 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.

Sigor 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.

Sustainability strategy and profile

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

i) Environmental performance

Sigor Sub-county Hospital Outline use kaizens policy that is (5 s)the five s is for: sort, set ,shine standardise and sustain. The policy has been given to every department and also mounted on the hospital's notice board.

The health care staff are provided with personal protective equipment(PPE) such as clean gloves and sterile gloves, and masks. Health care workers are advised to minimise waste originating from their departments as much as possible. each department is provided with bin liners (RED, YELLOW BLACK) and safety boxers RED BIN LINER is for highly infectious waste such as placentas, yellows bin liners are for infectious waste such as gloves and black bin liners are for general waste such as papers food etc. Safety boxers are for sharps objects such as syringes

The success of the measures instituted at the a\hospital has contributed to reductions of hospital acquired infections among the health care workers and the general public

The shorting coming of the measures above are poor segregations of waste and inadequate bin liners.

ii) Employee welfare

Hiring process for health care workers is done by the county government of Bomet through public service board except for casual works which are hired by hospital board on a three months' basis. The hiring of casuals takes into account the gender rule of two third. Training and skill improvements is done by the county department of medicals services.

a) Responsible competition practice.

Sigor Sub-county Hospital has ensured responsible competition practice by carrying out its purchases in accordance with the Procurement laws and regulations to enhance an open and competitive process for procurement of goods and services.

b) Responsible Supply chain and supplier relations

Sigor Sub-county Hospital has enhances supply chain and supplier relations by ensuring compliances to the law and regulations governing procurement, sustainable and transparent sourcing evaluations and developing sustainable procurement practices to future proof the organisation against scarcity of supplies

c) Responsible marketing and advertisement

The county department of medical services has been sponsoring doctors to visit vernacular station to teach the public on preventive measures to take so as to avoid contracting disease, they have also been offering training on training to the local residents on ways of responding t

d) Product stewardship

The hospital health care workers are much aware on the need to keep the patient information confidential.

iii) Corporate Social Responsibility / Community Engagements

For the year ended June 2022 Sigor hospital has been able to facilitate home visits for patients that require palliative care, the hospital also engaged the community health volunteers in contact tracing or defaulter tracing

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 hospital are provision of medical services.

Results

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

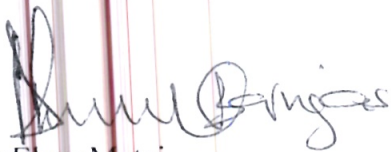
Board Of Management

The members of the Board who served during the year 2022 are shown on page v.

Auditors

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

By Order of the Board



Dr Elary Mutai
Medical Superintendent
Sigor Sub-county Hospital

XI. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 (*entities should quote the applicable legislation under which they are regulated*) requires the Board of Management to prepare financial statements in respect of that *hospital*, which give a true and fair view of the state of affairs of the *hospital* at the end of the financial year/period and the operating results of the *hospital* for that year/period. The Board of Management is also required to ensure that the *hospital* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *hospital*. The council members are also responsible for safeguarding the assets of the *hospital*.

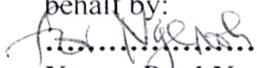
The Board of Management is responsible for the preparation and presentation of the *hospital’s* financial statements, which give a true and fair view of the state of affairs of the *hospital* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *hospital*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

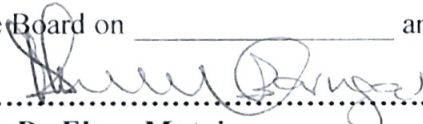
The Board of Management accepts responsibility for the *hospital’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *hospital’s* financial statements give a true and fair view of the state of *hospital’s* transactions during the financial year ended June 30, 2xxx, and of the *hospital’s* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *hospital*, which have been relied upon in the preparation of the *hospital’s* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on _____ and signed on its behalf by:


.....
Name: Paul Ngeno
Chairperson
Board of Management


.....
Name: Dr Elary Mutai
Accounting Officer

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sigor Sub-County Level 4 Hospital - County Government of Bomet set out on pages 1 to 27, which comprise of the

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

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

In my opinion, 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 materials respects the financial position of the Sigor Sub-County Level 4 Hospital - County Government of Bomet as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Governments Act, 2012, the Public Finance Management Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial position reflects accumulated surplus balance of Kshs.249,065. However, the statement of changes in net assets reflects accumulated deficit amount of Kshs.1,931,560 resulting in an unexplained variance of Kshs.2,180,625.

Further, the statement of cash flows reflects cash and cash equivalents balance of Kshs.1,124,349 as at 01 July, 2021. However, Management did not provide the cash book or bank statement to support the opening cash and cash equivalents balance.

In addition, the statement reflects a cash and cash equivalents balance of Kshs.807,211 as at 30 June, 2022. However, a re-computation of the amount indicated a negative balance of Kshs.807,211 resulting in an unexplained variance of Kshs.1,614,422.

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

2. Unsupported Transfers from County Government

The statement of financial performance and Note 6 to the financial statements reflect transfers from the County Government balance of Kshs.13,096,000. However, Management did not provide the respective ledgers to support the balance. The Hospital offered outpatient services, minor surgical services, minor gynecology services, ultra sound services among the services. Further, the Hospital did not collect revenue through cash payments from patients for the services it rendered. Management explained that revenue was collected electronically and deposited in the County Government's revenue fund account on behalf of the Hospital. There were no revenue records available to confirm how much revenue was collected through the County during the year under review.

In the circumstances, the accuracy and completeness of the transfers from the County Government amount of Kshs.13,096,000 could not be confirmed.

3. Undisclosed and Unsupported Property, Plant and Equipment

The financial statements of the Hospital have not disclosed any balance in respect of property, plant and equipment. However, a physical verification revealed that the Hospital owns various assets including land, buildings, medical equipment, office furniture and equipment and other assets, of an undetermined value.

Further, the ownership documents for the land on which the Hospital was built were not provided for audit verification.

In addition, Management did not prepare a fixed assets register indicating all assets owned by the Hospital as required by Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015.

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

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.17,000,000 and Kshs.13,096,000 respectively, resulting in under-funding of Kshs.3,904,000 or 23% of the budget. Similarly, the Hospital spent an amount of Kshs.15,027,560 against the actual receipts of Kshs.13,096,000 resulting in an over utilization of Kshs.1,931,560 or 15% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for 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.

1. Late Submission of Financial Statements

The Hospital's financial statements for the financial year 2021/2022 were submitted for audit on 11 April, 2024 which was more than eighteen (18) months after the expected submission date of 30 September, 2022. This was contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, Section 149(2)(k) of the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

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

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality for Health Policy Guidelines. The Hospital operated with only fifteen (15) staff members against the required 101 staff resulting to a staff deficits of eighty-six (86) staff requirements or 85% of the authorized establishment.

Personnel	Recommended Staffing Level	Staff in the Institution	Variance	Percentage Deficiency %
Medical Officers	16	2	14	87
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	1	1	50
Registered Community Health Nurses	75	12	63	84
Total	101	15	86	85

Further, the Hospital lacked an advanced life support machine, renal dialysis equipments, six (6) functional intensive care unit beds, six (6) high dependency unit beds and at least five (5) dialysis machines required for a level 4 hospital. In addition, the Hospital had a bed capacity of thirty-two (32) against the required one hundred and fifty (150) resulting in a deficiency of one hundred and eighteen (118) beds or 79%.

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 ability of the Hospital to deliver on its mandate is doubtful.

3. Lack of Annual Procurement Plan

The Hospital operated without annual procurement plan during the year under review. This was contrary to Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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

Basis for Conclusion

Lack of Functional Board of Management

The statement of financial performance and Note 10 to the financial statements reflect Board of Management expenses of Kshs.161,000. Review of records provided revealed that the Hospital's Board of Management members were appointed on 23 July, 2019 for a term of three (3) years. However, there were no Board meetings minutes, attendance registers and other Board documents provided to show that the Board was functional and provided its oversight and other roles as indicated in their letters of appointment.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, the 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 July, 2024

Sigor Sub-County Hospital (Bomet 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	2020/21 Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	13,096,000	-
			-
Total revenue		13,096,000	-
			-
Expenses			
Transfers to other government entities	7	2,016,000	-
Medical/Clinical costs	8	5,339,887	-
Employee costs	9	4,120,098	-
Board of Management Expenses	10	161,000	-
Repairs and maintenance	11	1,084,100	-
General expenses	12	2,306,475	-
Total expenses		15,027,560	-
			-
Net Surplus/deficit for the year		(1,931,560)	-

[Signature]

Chairman
Board of Management

[Signature]

Head of Finance
ICPAK No:

[Signature]

Medical Superintendent

MEICAL SUPERINTENDENT
 SIGOR SUB-COUNTY HOSPITAL
 P. O. BOX 23, SIGOR

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

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

Description	Notes	2021/22 Kshs	2020/21 Kshs
Assets			
Current assets			
Cash and cash equivalents	13	807,211	-
Inventories	14	239,634	-
Total Current Assets		1,046,845	-
Total assets		1,046,845	-
Liabilities			
Current liabilities			
Trade and other payables	15	797,780	-
Total Current Liabilities		797,780	-
Net assets		249,065	-
Accumulated surplus/Deficit		249,065	-
Total Net Assets and Liabilities		249,065	-

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

A. Ngenol

Chairman

Board of Management

[Signature]

Head of Finance

ICPAK No:

[Signature]

Medical Superintendent

INDEPENDENT
 SIGOR COUNTY HOSPITAL
 P.O. Box 23, SIGOR

Sigor Sub County Hospital (Bomet 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

Description	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	(1,931,560)	(1,931,560)	-	(1,931,560)
Capital/Development grants	-	-	-	-
At June 30, 2022	(1,931,560)	(1,931,560)		(1,931,560)

for Ngech

Chairman
Board of Management

[Signature]

Head of Finance
ICPAK No:

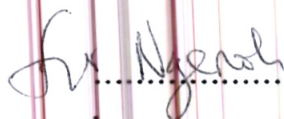
[Signature]

Medical Superintendent

MEICAL SUPERINTENDENT
SIGOR SUB COUNTY HOSPITAL
30th June 2022

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

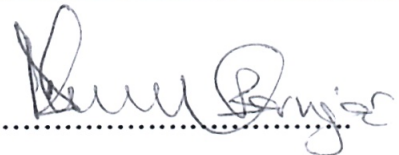
Description		2021/22	2020/21
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	13,096,000	-
Total Receipts		13,096,000	-
			-
Payments			
Transfers to other government entities	7	2,016,000	-
Medical/Clinical costs	8	5,339,887	-
Employee costs	9	4,120,098	-
Board of Management Expenses	10	161,000	-
Repairs and maintenance	11	1,084,100	-
General expenses	12	2,306,475	-
Total Payments		15,027,560	-
Net cash flows from operating activities		(1,931,560)	-
Cash flows from investing activities			
Net increase/(decrease) in cash and cash equivalents		(1,931,560)	-
Cash and cash equivalents at 1 July		1,124,349	-
Cash and cash equivalents at 30 June	13	807,211	-



Chairman
Board of Management



Head of Finance
ICPAK No:




Medical Superintendent

MEDICAL SUPERINTENDENT
SIGOR SUB-COUNTY HOSPITAL
P. O. Box 23, SIGOR


XVI. 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	17,000,000	0	17,000,000	13,096,000	904,000	91.8%
Total income	17,000,000	-	17,000,000	13,096,000	904,000	98.1%
Expenses						
Transfers to satellite Dispensaries	3,000,000	-	3,000,000	2,016,000	984,000	67.20%
Medical/Clinical costs	6,000,000	-	6,000,000	5,339,887	660,113	88.8%
Employee costs	4,200,000	-	4,200,000	4,120,098	79,902	103.3%
Remuneration of directors	160,000	-	160,000	161,000	(1,000)	100.6%
Repairs and maintenance	1,020,000	-	1,020,000	1,084,100	(64,100)	106.3%
General expenses	2,400,000	-	2,400,000	2,306,475	334,674	86.1%
Total Expenses	16,780,000	-	16,780,000	15,027,560	1,993,589	89.5%

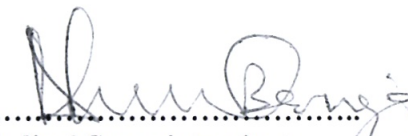
The notes set out on pages 6 to 25 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:



 Chairman
 Board of Management



 Head of Finance
 ICPAK No:



 Medical Superintendent

MEDICAL SUPERINTENDENT
 SIGOR SUB COUNTY HOSPITAL
 P. O. BOX 23, SIGOR

XVII. Notes To the Financial Statements

1. General Information

Sigor sub county hospital is established by and derives its authority and accountability from County Government Act. The hospital is wholly owned by the Government of Kenya and is domiciled in Kenya. The hospital's principal activity is provision of medical 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 *hospital'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 *hospital*.

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

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 Hospital'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 Hospital'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 Hospital 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> <p>(a) The nature of such social benefits provided by the Hospital;</p>

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

	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Hospital’s financial performance, financial position and cash flows.</p>
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</p>

	<p>and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Hospital.</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,</p> <p>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:</p> <p>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 hospital 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 hospital and can be measured reliably.

Revenue from exchange transactions

Rendering of services

The hospital 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 hospital.

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 hospital'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 . 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 hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly. The hospital'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.

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the

time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

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

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Hospital. 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 Hospital 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 Hospital 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 Hospital. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Hospital 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 Hospital 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 Hospital assesses at each reporting date whether there is objective evidence that a financial asset or an hospital of financial assets is impaired. A financial asset or an hospital 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 hospital of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an hospital 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 Hospital 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 Hospital.

j) Provisions

Provisions are recognized when the Hospital 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 Hospital 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 Hospital 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 Hospital 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 Hospital 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 Hospital creates and maintains reserves in terms of specific requirements.
(Hospital to state the reserves maintained and appropriate policies adopted.)

l) Changes in accounting policies and estimates

The Hospital 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 Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an hospital pays fixed contributions into a separate hospital (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 Hospital regards a related party as a person or an hospital with the ability to exert control individually or jointly, or to exercise significant influence over the Hospital, 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 Hospital 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 Hospital recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Hospital 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, 20XX.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Hospital'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 Hospital 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 Hospital. 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 Hospital.
- 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.

6. Transfers From The County Government

Description	2021/22	2020/21
	KShs	KShs
Unconditional grants		
Operational grant	13,096,000	-
Total government grants and subsidies	13,096,000	-

7. Transfers to Other Government Entities

	2021/22	2020/21
	KShs	KShs
Transfers to satellite Dispensaries	2,016,000	-
Total trade and other payables	2,016,000	-

8. Medical/ Clinical Costs

Description	2021/22	2020/21
	KShs	KShs
Food and Ration	2,799,765	-
Uniform, clothing, and linen	3,000	-
Dressing and Non-Pharmaceuticals	2,302,792	-
Sanitary and cleansing Materials	234,330	-
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	5,339,887	-

9. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	3,662,820	-
Contributions to pension schemes	457,278	-
Employee costs	4,120,098	-

10. Board of Management Expenses

Description	2021/22	2020/21
	KShs	KShs
Sitting allowance	161,000	-
Total	161,000	-

11. Repairs And Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	569,830	-
Medical equipment	239,500	-
Motor vehicle expenses	274,770	-
Total repairs and maintenance	1,084,100	-

12. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Bank charges	23,289	-
Electricity expenses	71,500	-
Travel and accommodation allowance	214,900	-
General office supplies	733,415	-
Household appliances	29,370	-
Water and sewerage costs	211,020	-
Fuel and Lubricants/wood fuel	978,731	-
Advertising,Awareness/Telephone and mobile phone services	44,250	-
Total General Expenses	2,306,475	-

13. Cash And Cash Equivalent

Description	2021/22	2020/21
	KShs	KShs
Current accounts	804,831.50	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	2,380	-

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

Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	807,211.50	-

14. Inventories

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical supplies	92,606	-
Maintenance supplies	84,300	-
Food supplies	44,928	-
Cleaning materials supplies	10,000	-
General supplies	7,800	-
Less: provision for impairment of stocks	-	-
Total	239,634	-

15. Trade And Other Payables

Description	2021/22	2020/21
	KShs	KShs
Employee dues	797,780	-
Total trade and other payables	797,780	-

Description

16. Financial Risk Management

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

(i) Credit risk

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the hospital's short, medium and long-term funding and liquidity management requirements. The hospital 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	-		-	-
Employee benefit obligation	-		-	-
Total	-		-	-
At 30 June 2022				
Trade payables	-		-	-
Employee benefit obligation	-	797,780	-	-
Total	-	797,780	-	-

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the hospital 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 hospital's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee

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

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

xv. Related Party Balances

Nature of related party relationships

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Bomet County Government
- iv) Bomet County Assembly
- v) Xxx;
- vi) Key management;

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

vii) Board of directors;

Transactions with related parties

Description	2021/22	2020/21
	Kshs	Kshs
a) Grants from the Government		
Grants from County Government	13,096,000	-
Total	13,096,000	-

Segment Information

17. Events After The Reporting Period

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

18. Ultimate And Holding Hospital

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

19. Currency

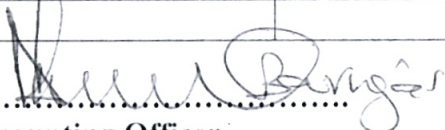
The financial statements are presented in Kenya Shillings (Kshs).

XVIII. Appendices

Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

.....

Accounting Officer

GOVERNMENT
 BOMET COUNTY
 HOSPITAL

**Sigor Sub County Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

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

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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


APPENDIX IV: Inter-Hospital Confirmation Letter

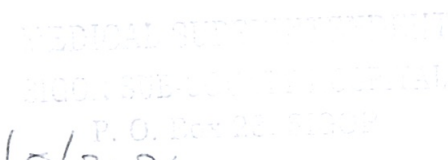
The Sigor Sub County Hospital wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided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

Confirmation of amounts received by [Insert name of beneficiary hospital] as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary 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)		
		13,096,000					
Total							

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

Head of Accountants department of beneficiary hospital:

Name Joseph Njiru Sign  Date 30/8/2024



APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization: SigorSub County Hospital

Telephone Number: 0725521654

Email Address

Name of Medical Supp/MD/Head: Dr Elary Mutai

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

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

APPENDIX VI Disaster Expenditure Reporting Template

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