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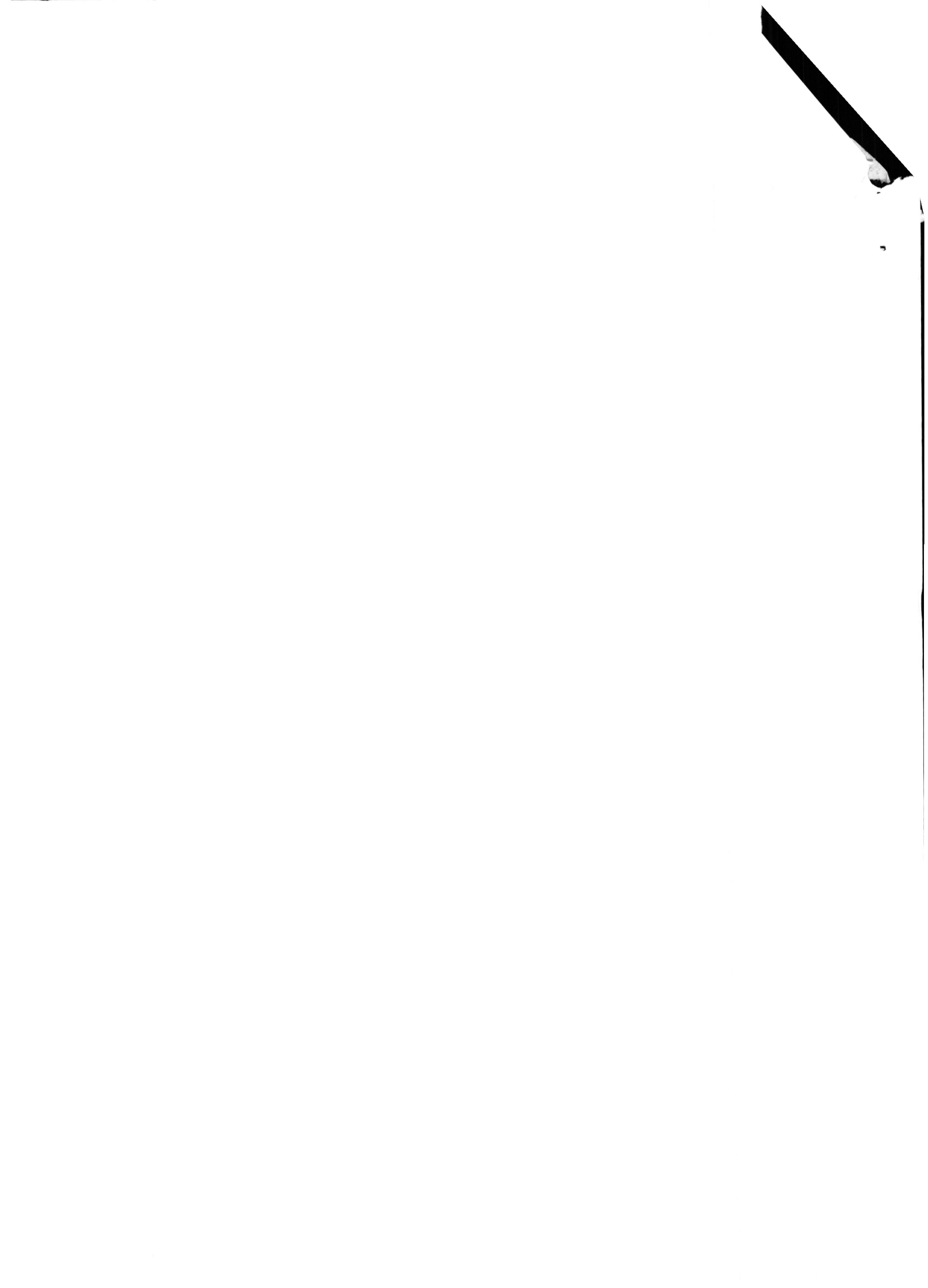
THE NATIONAL ASSEMBLY OF P	
DATE: 22 NOV 2022	Day: Tuesday
TABLED BY: 2019	
THE AUDITOR-GENERAL Kenya	

THE AUDITOR-GENERAL

ON

**KENYA HEALTH SECTOR
PROGRAMME SUPPORT III (DANIDA
REF.104.KENYA.810.300-GRANT)**

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





Project Name: KENYA Health Sector Programme Support III
Sub-components 1.1 HSSF
Danida Ref. 104.Kenya.810.300(Grant)

Implementing Entity: County Government of Kisii

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

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

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name

The project's official name is HSPS-III Component 1.1 HSSF under Danida Health Sector Programme Support Phase 3.

Objective

The key objective of the project is to contribute to poverty reduction in all dimensions and to the achievements of Millennium Development Goals.

Address

The project headquarters offices are at Kisii Teaching and Referral Hospital, Kisii County Kenya.

The address of its registered office is:

Kisii Teaching and Referral Hospital

PO Box 92-40200

Kisii

Contacts: The following are the project contacts

Telephone: (254) - 208029160

E-mail: inf@kisii.go.ke

Website: www.kisii.go.ke

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.2 Project Information

Project Start Date:	The project start date is 01 07 2014
Project End Date:	The project end date is 30 06 2027
Project Manager:	The project manager is Chief Officer Health
Project Sponsor:	The project sponsor is Royal Danish Embassy/DANIDA

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Council of Governors
Project number	KENYA Health Sector Programme Support III Component 1.1 HSSF Danida Ref.104.Kenya.810.300(Grant)
Strategic goals of the project	The strategic goals of the project are as follows: (i) Increase equitable access to health services (ii) Improve the quality and responsiveness of services in the sector (iii) Improve the efficiency and effectiveness of service delivery (iv) Enhance the regulatory capacity (v) Foster partnerships in improving health and delivering services (vi) Improve the financing of the health sector
Achievement of strategic goals	The project management aims to achieve the goals through the following means:

	<p>(i) Scale up the support to the Kenyan Essential Package of Health</p> <p>(ii) Support capacity building through technical assistance in the sector coordination and the performance monitoring and evaluation process in planning and budgeting, financial management, in social accountability and in pharmacy and commodities management</p>
Other important background information of the project	This part-project for Danida funds is a part of Danida/HSPS-III and only deals with direct health facility funding through government system as described under Component 1.1 in the Programme Document for Health Sector Programme Support Phase 3
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <p>(i) Support to KEPH and HSSF</p> <p>(ii) Support to health systems strengthening and capacity building</p>
Project duration	The project started on 1st July 2012 and is expected to run until 30 June 2027

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.4 Bankers

The following are the bankers for the current year:

- (i) Central Bank of Kenya
- (ii) Various Commercial Banks in Kenya

1.5 Auditors

The project is audited by the Auditor General with support from DANIDA auditors, (for now Ernst and Young)

1.6 Roles and Responsibilities

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Sarah Omache	CEC Health		Policies Formulation
Alice Abuki	Chief Officer Health		Accounting Officer
Dr Otomu Geoffrey	Director Health		Supervision
Dr Olande Albert	Focal Person		Operation M&E

Note: The Project operates within the county structures and systems and therefore involves multiple parties beyond the names provided above.

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1.7 Funding summary

The Project second phase come to an end in 30th June 2020 and was renewed for a duration of 5 years from 2020 to 2027 with an approved budget of KES 167,526,000.00 with the following modalities.

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
Danida PHC Support	22,140,000.00	17,250,750.00	13,284,000.00	11,070,000.00	8,856,000.00	3,321,000.00	-
County Contribution	-	4,889,250.00	8,856,000.00	11,070,000.00	13,284,000.00	18,819,000.00	22,140,000.00
Danida Support Level 1	-	-	3,136,500.00	3,136,500.00	3,136,500.00	3,136,500.00	-
TOTAL	22,140,000.00	22,140,000.00	25,276,500.00	25,276,500.00	25,276,500.00	25,276,500.00	22,140,000.00

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-	Amount received to date (30 06 2022)	Undrawn balance to date
	<i>Currency KES</i>	<i>Currency KES</i>	<i>Currency KES</i>
	<i>A</i>	<i>B</i>	<i>(A)-(B)</i>
(i) Grant			
DANIDA	17,250,750.00	8,625,375.00	8,625,375.00
(ii) Counterpart funds			
Government of Kenya	-	-	-
County Government of Kisii	4,889,250.00	4,889,250.00	-
Total	22,140,000.00	13,514,625.00	8,625,375.00

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2022)	Cumulative Amount paid to date – (30 th June 2022)	Unutilised balance to date (30 06 2022)
	<i>Currency KES</i>	<i>KES</i>	<i>Currency KES</i>
	<i>(A)</i>	<i>(B)</i>	<i>(A)-(B)</i>
(i) Grant			
DANIDA	8,625,375.00	8,625,375.00	-
(ii) Counterpart funds			
Government of Kenya	-	-	-
County Government of Kisii	4,889,250.00	4,889,250.00	-
Total	13,514,625.00	13,514,625.00	-

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.8 Summary of Overall Project Performance:

- i) Budget performance against actual amounts for current years shows that all budget receipt were received 50% apart from NHIF 24.61% which perform below par this made expenditure for goods and services and acquisition of non-financial assets to be 35.47% and 18.35% respectively while that of employees to be 48.39%,
- ii) The outputs of the project have been rising year in.
- iii) Value-for-money has been achieved from the fund,
- iv) Absorption rate has been average due to funds coming in late.
- v) Challenges faced mostly is funds arriving late, NHIF not able to compensate the facilities on time, and turnover of in-charges which require training.

1.9 Summary of Project Compliance:

- i) Transfer of funds to SPA within 15 days and to facilities within 15 days after the fund reached SPA
- ii) Reporting quarter within 20 days after end of quarter
- iii) Use of IFMIS to transfer funds to facilities

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the *project's agreement/* plan are to increase:

- a) Children immunized with the third dose of pentavalent
- b) Pregnant women attending at least 4 ANC visits
- c) Births attended by skilled health personnel
- d) Women between the age of 15-49 currently using modern FP method
- e) Per capita outpatient (OPD) utilization rate annually
- f) Functional CU
- g) Grievances registered related to delivery of project benefits that are addressed
- h) Health facilities inspected for safety standards (i.e., JHIC)
- i) Health facilities providing BEmOC
- j) Facilities submitting DHIS data in a timely manner
- k) People who have received essential health, nutrition, and population services (sum of the number of children immunized (BCG); number of women and children who have received basic nutrition services (new visits for nutrition services); and number of deliveries attended by skilled health personnel)
- l) County spending, at least 20 percent of the budget (excl. conditional grants), on health

Progress on attainment of Strategic development objectives

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For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

COUNTY PERFORMANCE INDICATORS							
Indicator	Numerator	Denominator (D)-description	Denominator D	Percentage (100 * N/D)	Baseline (2016/2017)	Target (2021/2022)	Data Source
Children immunized with the third dose of pentavalent	32,836	Estimated number of children younger than one year for a given period	37,954	87%	58%	86%	DHIS2
Pregnant women attending at least 4 ANC visits	19,633	Estimated number of pregnancies.	40,301	49%	22%	47%	DHIS2
Births attended by skilled health personnel	32,041	Estimated number of pregnancies.	39,129	82%	57%	78%	DHIS2
Women between the age of 15-49 currently using modern FP method	44,215	Proportion of Women aged 15-49 Years	316,508	14%	46%	55%	DHIS2
Inspected facilities meeting safety standards	80	Number of health facilities (L2-L4) in the county	169	47%			CHMT-JHIC Reports
Per capita outpatient (OPD) utilization rate annually	2,707,496	County population	1,341,240	2		1.4	DHIS 2
Facilities submitting complete DHIS data	230	Number of health facilities issued with reporting tools.	237	97%	85%	100%	DHIS2
Functional CU	294	Total number of CU established	294	100%	76%	100%	MCUL

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Grievances registered related to delivery of project benefits that are addressed		Total number of grievances related to delivery of project benefits registered and addressed at the national and county levels				0%	Grievance Register
Health facilities inspected for safety standards (i.e. JHIC)	70	Number of health facilities (L2-L4) in the county	183	38%			CHMT-JHIC Report
Pregnant women attending ANC supplemented with IFA	83,750	Estimated number of pregnancies	40,301	208%	30%	70%	DHIS 2
Health facilities providing BEmOC	107	Total number of health facilities (L2-L4)	202	53%			CHMT/MFL
Facilities submitting DHIS data in a timely manner	229	Number of health facilities issued with reporting tools.	237	97%			DHIS2
People who have received essential health, nutrition, and population services (sum of the number of children immunized (BCG); number of women and children who have received basic nutrition services (new visits for nutrition services); and number of deliveries attended by skilled health personnel)							DHIS 2

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County spending, at least 20 percent of the budget (excl. conditional grants), on health	4,191,911,383.00	<p style="text-align: right;">12,510,364,320.00</p> <p>Total County Budget, excluding Conditional grants</p> <p style="text-align: right;">33.5%</p>	CHMT
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3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Health centres and dispensaries are a major source of primary level care for communities in rural areas of Kenya. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

The top management as ensured that integration of activities within the ministry, FIF act has been passed to ring fence funds, capacity building of hospital management committee has been done.

2. Environmental performance

The county government has done infection prevention training to health care worker and other staff within health sector. Policy document has been printed and supplied to all health facilities. Supply of infection prevention safety kits to all facilities. Installation of microwave shredder at level 5 for waste disposal. The challenge being witness is lack of logistic vehicle to collect medical waste.

3. Employee welfare

For casual employees within the rural facilities, the facility advertises the position locally and encourage the resident to apply for the position, while county employees it advertise nationally and 30% of recruit comes from other counties and also considering gender balance. Health care workers do undergo training in continuous medical education to ensure that they are up to date with current affair of medical field. They also undergo leadership management training depending on level of leadership.

Market place practices-

a) Responsible competition practice.

The department uses mostly open tender system of supply and ensures that the supplies are paid on time this together with market price survey ensures that goods and services are within the price market. The county also supports private hospital with supplies and paid health care workers, capacity building and data sharing via DHIS.

b) Responsible Supply chain and supplier relations-

The county maintains a list of suppliers whom they engage from time to time. We pay our supplies on time and ensure that contracts are beneficial to all parties new and old alike.

c) Responsible marketing and advertisement-

The county has various point and all facilities where chalk/ boards are put, and any advert is please there. Also, the facilities conduct health talks every morning, barazas with stakeholders and use of local and regional media.

d) Product stewardship-

Service charter in all facilities has been put in place and this outline consumer rights and responsibility, time and cost of service.

4. Community Engagements

The county has engaged community in the following ways

- i. Provision of mama kits to all mothers who deliver in public hospital
- ii. Compensation of Traditional Birth Attendant (TBA) when they bring mothers to give birth at the health facilities
- iii. Commemoration of world health days: - Contraceptive, AIDS, TB, Mothers days
- iv. Advocacy, mobilisation, screening, vaccination of young and adolescent girls on cervical cancer.
- v. Visits to school for health promotions
- vi. School deworming programs

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Officer Health for the County Government of Kisii and the Project Focal Person for Danida/HSPS-III Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2022.

This responsibility includes (i) Maintaining adequate financial management arrangement 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 project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) Selecting and applying appropriate accounting policies; and (v) Making accounting estimates that are reasonable in the circumstances.

The Chief Officer Health for the County Government of Kisii and the Project Focal Person for Danida/HSPS-III Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Officer Health for the County Government of Kisii and the Project Focal Person for Danida/HSPS-III Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2022, and of the Project's financial position as at that date. The Chief Officer Health for the County Government of Kisii and the Project Focal Person for Danida/HSPS-III Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

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The Chief Officer Health for the County Government of Kisii and the Project Focal Person for Danida/HSPS-III Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Chief Officer Health for the County Government of Kisii and the Project Focal Person for Danida/HSPS-III Project on 23rd Sept 2022 and signed by them.



Chief Officer Health
Alice Abuki



Project Focal Person
Dr Olande Albert



Project Accountant:
Samuel Mutai
ICPAK Member Number:12519

REPUBLIC OF KENYA



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REPORT OF THE AUDITOR-GENERAL ON KENYA HEALTH SECTOR PROGRAMME SUPPORT III (DANIDA REF.104.KENYA.810.300-GRANT) FOR THE YEAR ENDED 30 JUNE, 2022

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, gazetted 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 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

Opinion

I have audited the accompanying financial statements of Kenya Health Sector Programme Support III (DANIDA REF.104.KENYA.810.300-Grant) set out on pages

Report of the Auditor-General on Kenya Health Sector Programme Support III (Danida REF.104.Kenya.810.300-Grant) for the year ended 30 June, 2022

1 to 34, which comprise the statement of financial assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts recurrent and development combined 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, the financial statements present fairly, in all material respects, the financial position of the Kenya Health Sector Programme Support III (DANIDA REF.104.KENYA.810.300-Grant) 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 (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Memorandum of Understanding for the Danida Primary Health Care(PHC) Support Programme between the Royal Danish Embassy, the Ministry of Health, Council of Governors and County Governments dated 10 March, 2022.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Health Sector Programme Support III Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.134,672,861 and Kshs.67,206,909 respectively resulting to an under-funding of Kshs.67,465,952 or 50% of the budget. The shortfall in revenue by Kshs.67,465,952 or 50% implies that the Programme could not undertake all the planned activities. Similarly, the Programme had an approved expenditure budget of Kshs.134,672,861 for 2021/2022 financial year but the actual expenditure amounted to Kshs.49,725,445 and thus resulting in an under-expenditure of Kshs.84,947,416 or 63% of the budget.

In the circumstances, the under-funding and under-absorption may have impacted negatively on service delivery to the public.

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, I confirm that, nothing 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

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such 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, Management is responsible for assessing the Programme's ability 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 Programme or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the

effectiveness of internal controls, risk management and 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 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 judgment and maintain professional scepticism 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Programme internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Programme'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 Programme 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 Programme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

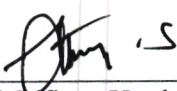
07 November, 2022

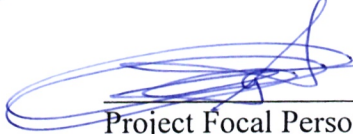
Project Name: KENYA Health Sector Programme Support III
Danida Ref.104.Kenya.810.300(Grant)
Implementing Entity: County Government of Kisii
Annual Reports and Financial Statements
For the financial year ended June 30, 2022


6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2022.

		2021/2022	2020/2021	
	Note	Receipts and payments controlled by the entity	Receipts and payment controlled by the entity	Cumulative to-date (From inception)
		KES	KES	KES
RECEIPTS				
User Fees Compensation	1	-	26,138,997	26,138,997
DANIDA	2	8,625,375	30,715,000	39,340,375
County Gov of Kisii	2	4,889,250	-	4,889,250
Proceeds from Domestic user Fee, NHIF	2	19,205,923	5,641,993	24,847,916
TBA	2	1,033,370	-	1,033,370
Loan from external development partners	3	-	-	-
Miscellaneous receipts	4	7,987	28,782	36,769
TOTAL RECEIPTS		33,761,905	62,524,772	96,286,677
PAYMENTS				
Compensation of employees	5	16,462,521	24,012,592	40,475,113
Purchase of goods and services	6	30,649,104	43,346,159	73,995,263
Social security benefits	7	-	-	-
Acquisition of non-financial assets	8	2,613,820	3,756,811	6,370,631
Transfers to other government entities	9	-	-	-
Other grants and transfers and payments	10	-	-	-
TOTAL PAYMENTS		49,725,445	71,115,562	120,841,007
SURPLUS/(DEFICIT)		(15,963,540)	(8,590,790)	(24,554,330)

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.


 Chief Officer Health
 Alice Abuki


 Project Focal Person
 Dr Olande Albert

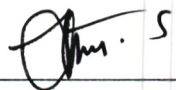

 Project Accountant:
 Samuel Mutai
 ICPAK Member No. 12519


(IPSAS 1.3.24 requires an entity to separately disclose third party payments separately on the statement of receipts and payments. These are payments made by development partners directly on behalf of the entity. However there were no third party payment.)


7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022

	Note	2021-2022	2020-2021
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11.A	17,481,464	33,445,004
Cash Balances	11. B	-	-
Cash Equivalents (short-term deposits)	11.C	-	-
Total Cash and Cash Equivalents		17,481,464	33,445,004
Accounts Receivables	12	-	-
TOTAL FINANCIAL ASSETS			
FINANCIAL LIABILITIES			
Payables- Deposits and Retentions	13	-	-
NET ASSETS		17,481,464	33,445,004
REPRESENTED BY			
Fund balance b/fwd	14	33,445,004	42,034,429
Prior year adjustments	15	-	1,365
Surplus/(Deficit) for the year		(15,963,540)	(8,590,790)
NET FINANCIAL POSITION		17,481,464	33,445,004

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23RD SEPT 2022 and signed by:


 Chief Officer Health
 Alice Abuki


 Project Focal Person
 Dr Olande Albert


 Project Accountant:
 Samuel Mutai
 ICPAK Member No. 12519

*Project Name: KENYA Health Sector Programme Support III
Danida Ref.104.Kenya.810.300(Grant)
Implementing Entity: County Government of Kisii
Annual Reports and Financial Statements
For the financial year ended June 30, 2022*

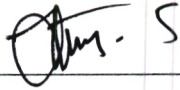
8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2022

		2021-2022	2020-2021
	Note	KShs	KShs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities			
HSSF	1	-	26,138,997
DANIDA	2	8,625,375	30,715,000
County Government of Kisii	2	4,889,250	-
Proceeds from domestic User fees & NHIF	2	19,205,923	5,641,993
TBA	2	1,033,370	-
Miscellaneous receipts	4	7,987	28,782
Payments from operating activities			
Compensation of employees	5	16,462,521	24,012,592
Purchase of goods and services	6	30,649,104	43,346,159
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
Adjustments during the year			
Prior Year Adjustments	15	-	1,365
Decrease/(Increase) in Accounts Receivable	16	-	-
Increase/(Decrease) in Accounts Payable:	17		
Net cash flow from operating activities		(13,349,720)	(4,832,614)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	2,613,820	3,756,811
Net cash flows from Investing Activities			
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	-	-
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		(15,963,540)	(8,589,425)
Cash and cash equivalent at BEGINNING of the year	11	33,445,004	42,034,429
Cash and cash equivalent at END of the year	11	17,481,464	33,445,004

Project Name: KENYA Health Sector Programme Support III
Datida Ref.104.Kenya.810.300(Grant)
Implementing Entity: County Government of Kisii
Annual Reports and Financial Statements
For the financial year ended June 30, 2022

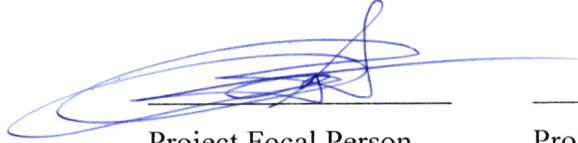
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 23rd SEPT 2022 and signed by:

by:



Chief Officer Health

Alice Abuki



Project Focal Person

Dr Olande Albert



Project Accountant:

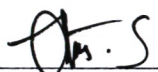
Samuel Mutai


ICPAK Member No. 12519


9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Grant DANIDA	17,250,750	-	17,250,750	8,625,375	8,625,375	50%
TBA	-	-	1,033,370	1,033,370	-	-
County Government of Kisii		-	4,889,250	4,889,250	-	100%
NHIF* Annex and User Fees	78,046,500	-	78,046,500	19,205,923	58,840,577	24.61%
Miscellaneous receipts	0		7,987	7,987	-	100%
Balance B/F	33,445,004	-	33,445,004	33,445,004	-	100%
Total Receipts	133,631,504		134,672,861	67,206,909	67,465,952	49.52%
Payments						
Compensation of employees	34,020,635	-	34,020,635	16,462,521	17,558,114	48.39%
Purchase of goods and services	85,376,294	-	86,410,664	30,649,104	55,761,560	35.47%
Social security benefits						
Acquisition of non-financial assets	14,234,575	-	14,241,562	2,613,820	11,627,742	18.35%
Transfers to other government entities	-	-	-	-	-	-
Total Payments	133,631,504		134,672,861	49,725,445	84,947,416	36.92%

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.


 Chief Officer Health
 Alice Abuki


 Project Focal Person
 Dr Olande Albert


 Project Accountant:
 Samuel Mutai
 ICPAK Member No. 12519

Significant Accounting Policies (Continued)

c) Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.

d) Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary

e) Recognition of payments

The Project recognises all payments when the event occurs, and the related cash has actually been paid out by the Project.

i) Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

Significant Accounting Policies (Continued)

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

Significant Accounting Policies (Continued)

g) 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.

Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

h) Accounts receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

Significant Accounting Policies (Continued)

i)Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

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.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

j) 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.

Significant Accounting Policies (Continued)

k) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

l) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project’s budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project’s actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

m) Third party payments

Included in the receipts and payments, should include payments made on its behalf by third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are not disclosed in the payment in the statement of receipts and payments because they didn’t occur.

Significant Accounting Policies (Continued)

n) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

o) Comparative figures

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

p) Subsequent events

By ended of June 30, 2022, the DANIDA funds which were in SPA account amounting to KES 8,625,375 were transferred to facilities account by 1st July 2022.

q) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

11. NOTES TO THE FINANCIAL STATEMENTS

1. User Fees Compensation (HSSF) Government of Kenya

These represent counterpart funding and other receipts from government as follows:

	2021/22	2020/21	
	KShs	KShs	Cumulative to-date (from inception)
User Fees Compensation	-	26,138,997	26,138,997
Total	=	<u>26,138,997</u>	<u>26,138,997</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2022, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Grants received in cash	Total amount in KShs	
			2021/22 KShs	2020/21 KShs
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-
DANIDA	June 2022	8,625,375	8,625,375	30,715,000
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-
Grants Received from Local Individuals and organizations	-	-	-	-
Maternity/NHIF	-	19,205,923	19,205,923	5,641,993
TBA	May 2022	1,033,370	1,033,370	-
County Government of Kisii	May 2022	4,889,250	4,889,250	-
Total		33,753,918	33,753,918	36,356,993

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2021, we didn't received funding from development partners in form of loans negotiated by the National Treasury donors

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2021/22	2020/21
Loans Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-
Loans Received from Multilateral Donors (International Organisations)	-	-	-	-	-	-
Total	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. MISCELLANEOUS RECEIPTS

	2021/22			2020/21	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts	Total Receipts	
	KShs	KShs	KShs	KShs	KShs
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	7,987	-	7,987	28,782	36,769
Interest Earned	-	-	-	-	-
Total	<u>6,987</u>		<u>6,987</u>	<u>28,782</u>	<u>35,769</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. COMPENSATION OF EMPLOYEES

	2021/2022			2020/2021	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees					
Basic wages of temporary employees	16,462,521	-	16,462,521	24,012,592	40,475,113
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
Total	<u>16,462,521</u>	<u>=</u>	<u>16,462,521</u>	<u>24,012,592</u>	<u>40,475,113</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PURCHASE OF GOODS AND SERVICES

	2021/2022			2020/2021	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	
Utilities, supplies and services	2,293,617	-	2,293,617	3,661,183	5,954,800
Communication, supplies and services	881,402	-	881,402	1,832,954	2,714,356
Domestic travel and subsistence	3,940,320	-	3,940,320	7,381,859	11,322,179
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising and information supplies	3,673,709	-	3,673,709	4,732,648	8,406,357
Fuel and Lubricants	465,778	-	465,778	872,876	1,338,654
Training payments	-	-	-	-	-
Hospitality supplies and services	2,467,207	-	2,467,207	2,977,931	5,445,138
Insurance costs	-	-	-	299,500	299,500
Specialized materials and services	7,789,570	-	7,789,570	8,688,914	16,478,484
Office and General Supplies and Services	3,970,337	-	3,970,337	5,458,220	9,428,557
Other operating payments	532,324	-	532,324	546,218	1,078,542
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- other assets	4,634,840	-	4,634,840	6,893,856	11,528,696
Exchange rate losses/gains (net)	-	-	-	-	-
Total	30,649,104		30,649,104	43,346,159	73,995,263

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. SOCIAL SECURITY BENEFITS

	2021/22			2020/21	Cumulative to- date KShs
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF NON-FINANCIAL ASSETS

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	719,860	-	719,860	1,190,660	1,910,520
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	-	-
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of ICT Equipment	237,200	-	237,200	460,500	697,700
Purchase of office furniture & general equipment	791,850	-	791,850	292,729	1,084,579
Purchase of specialised plant, equipment and machinery	826,430	-	826,430	1,284,519	2,110,949
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of Household items	38,480	-	38,480	528,403	566,883
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	2,613,820		2,613,820	3,756,811	6,370,631

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2022, we transferred funds to health facilities amounting to KES13,514,625 the list of facilities is in appendices:

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities	-	-	-	-	-
Transfers to County Government Facilities	-	-	-	-	-
TOTAL	=	=	=	=	=

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER GRANTS AND TRANSFERS AND PAYMENTS

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	=	=	=	=	=

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. CASH AND CASH EQUIVALENTS

	2021/22	2020/21
	KShs	KShs
Bank accounts (Note 8.13A)	17,481,464	33,445,004
Cash in hand (Note 8. 13B)	-	-
Cash equivalents (short-term deposits) (Note 8.13C)	-	-
Total	<u>17,481,464</u>	<u>33,445,004</u>

The project has a number of project accounts spread within the project implementation area managed by the Project team as listed appendices:

11. A Bank Accounts

Project Bank Accounts Attached in Appendices

	2021/22	2020/21
	KShs	KShs
<u>Foreign Currency Accounts</u>		
	-	-
Total Foreign Currency balances	-	-
<u>Local Currency Accounts</u>		
Commercial Bank Accounts	8,856,089	7,133,518
Special Purpose Account 1	-	172,489
Special Purpose Account 2	-	26,138,997
Special Purpose Account 3	8,625,375	-
Total local currency balances	<u>17,481,464</u>	<u>33,445,004</u>
Total bank account balances	<u>17,481,464</u>	<u>33,445,004</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2022 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

	2021/22	2020/21
	KShs	KShs
(i) A/c Name [A/c No.....]		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
Closing balance (as per SDA bank account reconciliation attached)	=	=
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
Closing balance (as per SDA bank account reconciliation attached)	=	=

The Special Deposit Account(s) rec.

conciliation statement(s) has (have) been attached as *Appendix xx* support these closing balances.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. PRIOR YEAR ADJUSTMENT

	Balance b/f FY as per Financial statements	Adjustments	Adjusted Balance b/f FY
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

(the prior year relates to errors noted in prior year, from SPA balance.)

16. CHANGES IN RECEIVABLE

Description of the error	2021-2022	2020-2021
	KShs	KShs
Opening Receivables as at 1 st July 2021	-	-
Closing account receivables as at 30 th June 2022	-	-
Change in Receivables	-	-

17. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2021-2022	2020-2021
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2021	-	-
Closing accounts payables as at 30 th June 2022	-	-
Change in payables	-	-

12. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 3A)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	-	-	-	-

2. PENDING STAFF PAYABLES (See Annex 3B)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

3. OTHER PENDING PAYABLES (See Annex 3C)

	Balance b/fFY 2020/2021	Additions for the period	Paid during the year	Balance c/fFY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

4. EXTERNAL ASSISTANCE

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

a). External assistance relating loans and grants

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2021/2022	FY 2020/2021
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
Total		-	-

c) classes of providers of external assistance

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

d. non-monetary external assistance

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc N/B : Disclose the basis on which the value of goods and services were determined (This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.

e Purpose and use of external assistance

Payments Made by Third Parties	FY 2021/2022	FY 2020/2021
	Kshs	Kshs
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

f. External Assistance paid by Third Parties on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
National government	-	--
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S 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)
	None		N/A	



Chief Officer Health
 Alice Abuki



Project Focal Person
 Dr Olande Albert



Project Accountant:
 Samuel Mutai
 ICPAK Member No. 12519

ANNEX 2D – ANALYSIS OF NHIF BUDGET ESTIMATION

ITEM	ESTIMATE	AMOUNT	TOTAL	% OF TOTAL	AMOUNT
DELIVERY	38589	2500	96,472,500.00	20%	19,294,500.00
ANC	39747	1500	59,620,500.00	50%	29,810,250.00
IMMUNISATION	38589	1500	57,883,500.00	50%	28,941,750.00
TOTAL					78,046,500.00

The estimate value is extracted from the county annual work plan consolidated as per the items then the figure is multiplied by 2,500.00 for every delivery as per NHIF agreement. For ANC visit the first visit is 600.00 followed by 300.00 for the next three visits making a total of 1,500.00. For immunisation there is five immunisations in a year with each immunisation is charge 300 making 1,500.00. The percentage of the total is extracted from previous data which shows that 20% of women in the county deliver in level 2 and 3 facilities and 50% of ANC and immunisation are done at level 2 and 3 facilities.

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ANNEX 3A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021/22	Outstanding Balance 2020/21	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.	-	-	-	-	-	-
2.	-	-	-	-	-	-
Sub-Total		-	-			-
Construction of civil works						
3.	-	-	-	-	-	-
4.	-	-	-	-	-	-
Sub-Total		-	-	-	-	-
Supply of goods						
5.	-	-	-	-	-	-
6.	-	-	-	-	-	-
Sub-Total						
Supply of services						
7.	-	-	-	-	-	-
8.	-	-	-	-	-	-
Sub-Total		-	-	-	-	-
Grand Total		-	-	-	-	-

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ANNEX 3B - ANALYSIS OF PENDING STAFF BILLS

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2021/22	Outstanding Balance 2020/21	Comments
Permanent Employees - Management							
1.		-		-	-	-	
2.		-		-	-	-	
Sub-Total		-	-	-			
Permanent Employees - Others							
3.		-	-	-	-	-	
4.		-	-	-	-	-	
Sub-Total		-	-	-	-	-	
Temporary employees							
5.		-	-	-	-	-	
6.		-	-	-	-	-	
Sub-Total		-	-	-	-	-	
Others (specify)							
7.		-	-	-	-	-	
8.		-	-	-	-	-	
Sub-Total		-	-	-	-	-	
Grand Total		-	-	-	-	-	

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ANNEX 3C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 20xx	Outstanding Balance 20xx	Comments
Amounts due to National Govt Entities							
1.	-	-	-	-	-	-	
2.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Amounts due to County Govt Entities							
3.	-	-	-	-	-	-	
4.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Amounts due to Third Parties							
5.	-	-	-	-	-	-	
6.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Others (specify)							
7.	-	-	-	-	-	-	
8.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Grand Total	-	-	-	-	-	-	