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REPORT

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THE AUDITOR-GENERAL

ON

**SAMBURU COUNTY TEACHING AND
REFERRAL HOSPITAL**

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

COUNTY GOVERNMENT OF SAMBURU



**Samburu County referral and Teaching Hospital
(Samburu County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

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I. Key Entity Information and Management

(a) Background information

Samburu County Teaching and Referral Hospital is a level 5 hospital established under gazette notice number 3847 and is domiciled in Samburu County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the *hospital* is to provide Consultation, Laboratory services, MCH, Immunization, Antenatal/Postnatal, Family Planning, Nutritional Services, Pharmacy, Comprehensive Care Clinic, TB Clinic, Maternity and Inpatient services

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent-Faculty In Charge	Dr.Kelvin Pateti Lengees
2.	Head of finance	Joseph Mayian Lekalkuli
3.	Head of supply chain	Joram Lentoijoni

(e) Fiduciary Oversight Arrangements

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

(f) Entity Headquarters

P.O. Box 12-20600
Hospital Building/House/Plaza
Hospital/Road/Highway
Maralal, KENYA

(g) Entity Contacts

Telephone: (+254) 718778810
E-mail: maralalhospital50@gmail.com
Website: Samburu county government.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Maralal Branch

(i) Independent Auditors





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


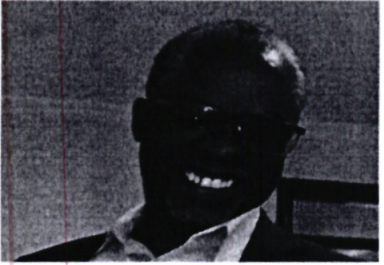
(j) Principal Legal Adviser

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


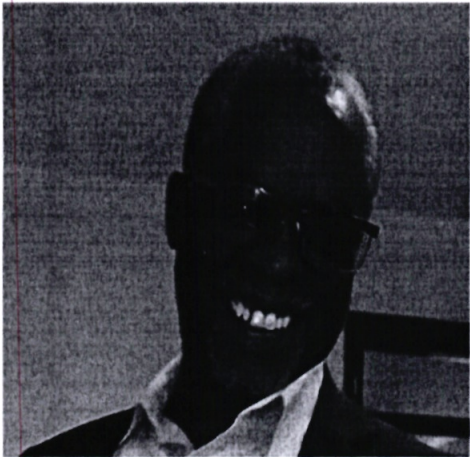
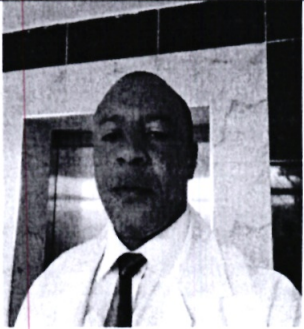


II. The Board of Management

Ref	Directors	Details
		<p>Mark Lololki – Chairman He was appointed to the hospital board on May 2022. He holds a higher Diploma in Environmental Health and has over 30 years working experience</p>
2.		<p>Pastor Lucas Lepariyo - Member He was appointed to the board on April 2019 as a board member. He holds a degree in theology</p>
3.		<p>Geoffrey Dida – Member He was appointed as from April 2019 as a board member. He holds a Bachelor's Degree in Commerce Finance Option. He has a wealth experience in financial management.</p>
4.		<p>Mirriam Chege – Member She was appointed to the hospital board as from April 2019. She holds a diploma in nursing. He has worked as a nurse and as a counselor for over 20 years.</p>

5.		<p>Dr. Robert Nato – Medical Superintendent He is a Deputy Director of Medical Services. He holds a degree in Medicine and surgery. He is the board secretary.</p>
6.		<p>Anthony Runo – Member He is a Senior Health Administrative Officer with a higher diploma in senior management</p>

III. Management Team

Ref	Management	Details
1.		<p>Dr. Robert Nato – Medical Superintendent He is a Deputy Director of Medical Services. He holds a degree in Medicine and surgery. He is the board secretary.</p>
2.		<p>Anthony Runo – Member He is a Senior Health Administrative Officer with a higher diploma in senior management</p>
3.		<p>James Ikuah Ikonya He is civil servant who hold Bachelor of Nursing with vast experience of Nursing for a period of 27 years and currently Nursing Services Manager at the Hospital</p>

IV. Chairman's Statement

It is my pleasure to present the Hospital's 2021/2022 annual report and Financial S t a t e m e n t s. The Board of Management is proud of the achievements realized by the hospital in this period towards "A world class patient centred Specialized Care Hospital". I am particularly impressed by the "can do attitude" of staff coupled with their commitment to delivering the best possible service to patients. These services include, Medical Consultations, Mother Child Health, Maternity services, Physiotherapy NM services, PMTCT services, Laboratory services, Services among others. Over time the facility has progressed from health centre to a level 4 hospital; as such with the support of the county there have been major renovation and hospital facelift to ensure the services match those of a Level 5 facility.

Regulatory environment Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital. The Kenyan Constitution 2010 under the Bill of Rights provides the right to the highest attainable standard of health including reproductive health care and emergency medical treatment as stipulated by the County government health systems, provides for regulation of health care services and health care service providers, health products and health technologies. The hospital has continued to experience challenges and changing business environment which calls for continuous improvement of the quality of services to the customers. In response to this, the Board and staff as a whole remains focused on providing resources and supporting initiatives that will sustain Samburu County and Teaching Referral Hospital in a leadership position in the healthcare sector.

On behalf of the Board, I would like to thank all our stakeholders especially County Government of Samburu and development partners for the support they continue to accord the hospital without which our achievements would not have been realized. As we move into a new year, I would like to express my gratitude to Samburu County Teaching and Referral hospital staff, specialists, team leaders and the Board, who take such pride in their work, and who exemplify our hospital's mission and values each day.

Finally, I strongly believe that our strategy and the staff in place will consistently drive our growth in the future as has been the case over the years.



V. Report of The Medical Superintendent

Samburu County Teaching and Referral Hospital is pleased to present its annual Financial year reports. This report highlights our key achievements, challenges encountered, and future goals. We are proud to report significant progress in patient care, service expansion, and community outreach. Financial performance remained strong thanks to efficient management and strategic initiatives.

Introduction

This report provides a detailed overview of Samburu County Teaching and Referral Hospital in the Financial year 2021/2022 and 2022/2023 (Fiscal year April 1 - March 31). We focused on improving patient care, expanding services, and ensuring financial stability.

SCTRH is an organization of excellence, a community of proactive professionals who create, pursue, perform, and achieve in support of the Facility's Mission and Vision. As I present the details of this report, it is clear the accomplishments recounted within it are the result of extraordinary collaboration by the Hospital's most important asset—its human resources as a pillar. The distinctive cadres of our hospital do not matter but rather each individual plays a valued part in making this hospital a better place. During the past year, we collectively embarked on a journey to align our activities to the strategic plan, advance our vision, and deliver our services using a balanced scorecard to ensure patients and the people of Samburu County get value for their money. Even with constant exposure to challenges, we remained enthusiastic about each one's contribution to our vision.

Key Achievements

• Enhanced Patient Care:

- ❖ We recruited new specialists, expanding our service offerings in areas like paediatrics and gynaecology.
- ❖ Patient satisfaction scores remained high, reflecting our commitment to excellent care.
- ❖ We achieved accreditation renewals from various healthcare organizations and councils such as KUCO for demonstrating our commitment to upholding high standards.

• Patient Satisfaction:

- ❖ We have conducted regular patient satisfaction assessments and implemented corrective actions based on feedback.
- ❖ Our patient satisfaction scores have continued to improve

• Staff Training & Development:

- ❖ We invested in ongoing training and development programs for our staff to ensure they remain current on the latest medical advancements.

- **Service Expansion:**

- ❖ We opened a new New-born unit wing dedicated to maternity services, equipped with advanced technology and patient-Centred amenities.
- ❖ We launched a telemedicine program, offering remote consultations for patients in underserved areas and linking all the patients to care, especially paediatric cases.
- ❖ We expanded our community outreach programs, providing health education and preventive care services to residents

- **Telemedicine:**

- ❖ Our telemedicine program provides convenient access to healthcare services for patients in remote areas.
- ❖ This service is particularly beneficial for those with transportation limitations, from hard-to-reach areas, and those with chronic conditions requiring regular consultations and who cannot afford those services.

Clinical Performance

- **Surgical Cases:**

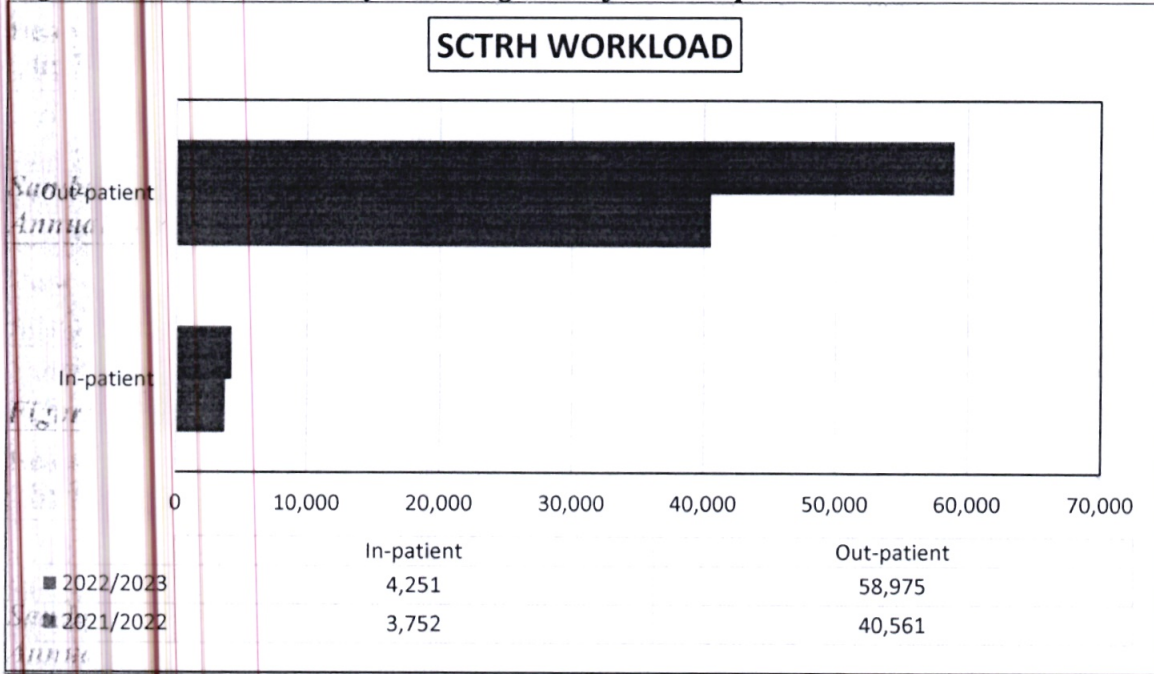
- We successfully performed a high volume of surgical procedures, maintaining a low complication rate.

- **Emergency Department Volumes:**

- The Emergency Department is yet to be functional, but we have managed a lot of emergency cases, especially gunshot cases as a result of ongoing ethnic clashes.

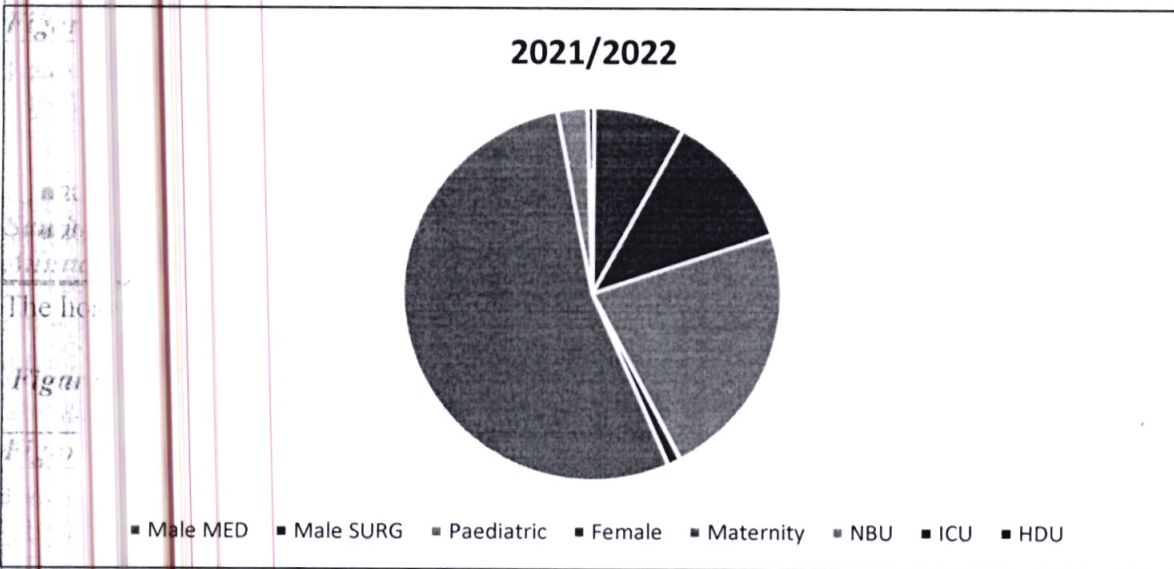
Below is a representation of clinical performance for those financial years:

Figure 1.0 Samburu County Teaching and referral hospital workload

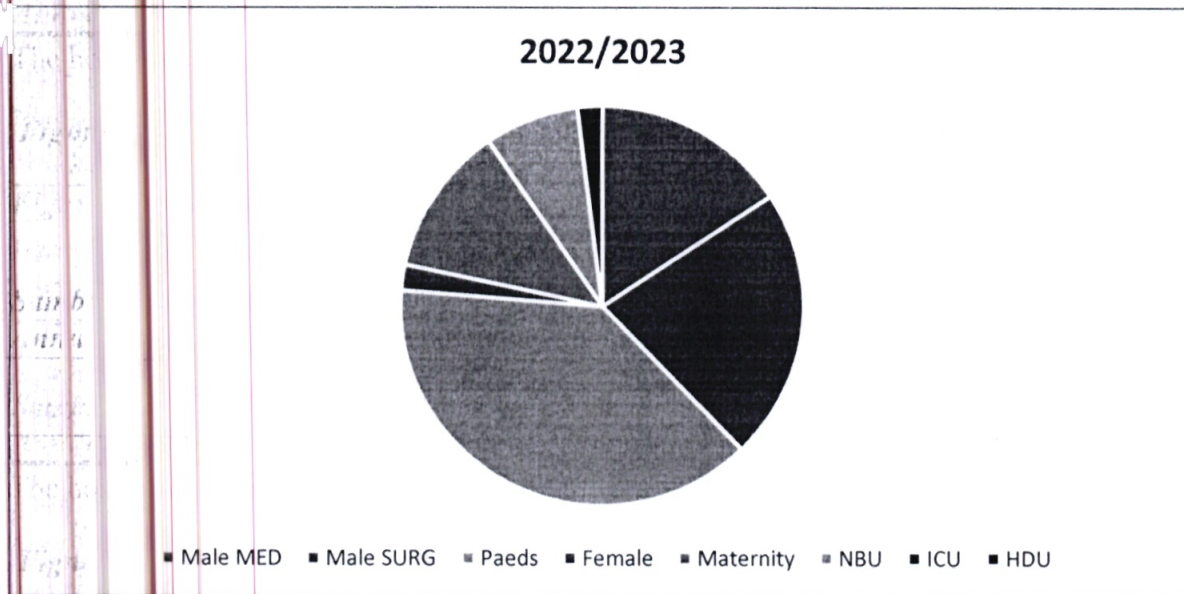


The hospital experienced a steady growth in the number of patients from FY 2021/2022 to 2022/2023.

Figure 2.0: Patient Admission by Speciality

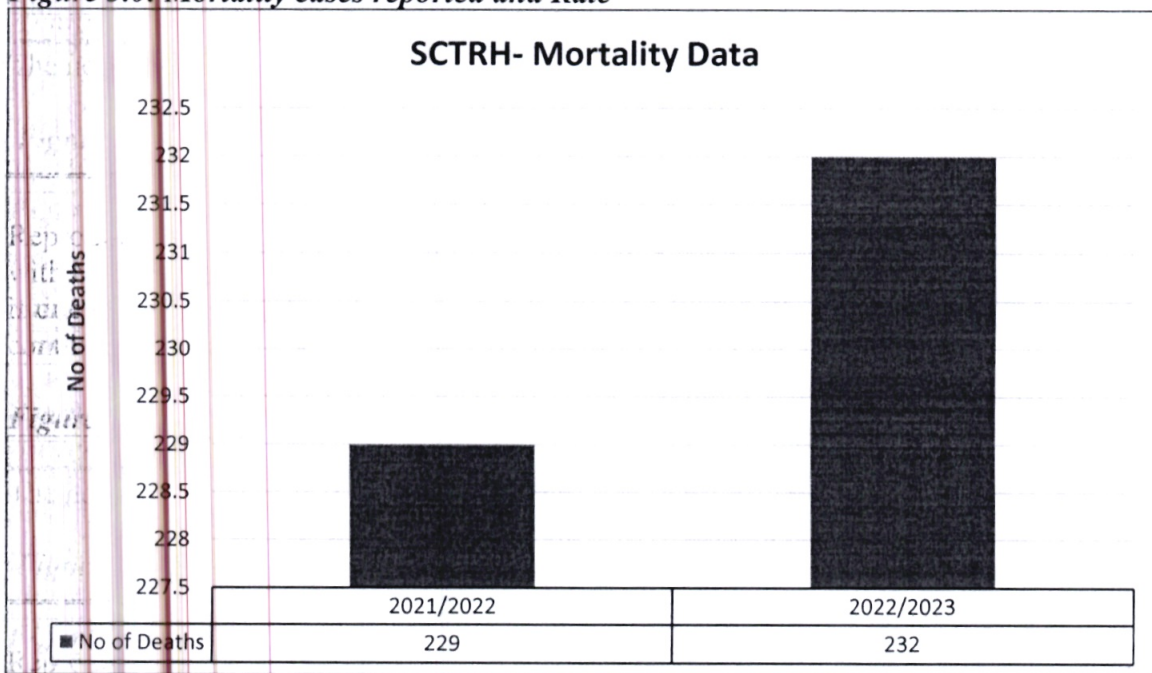


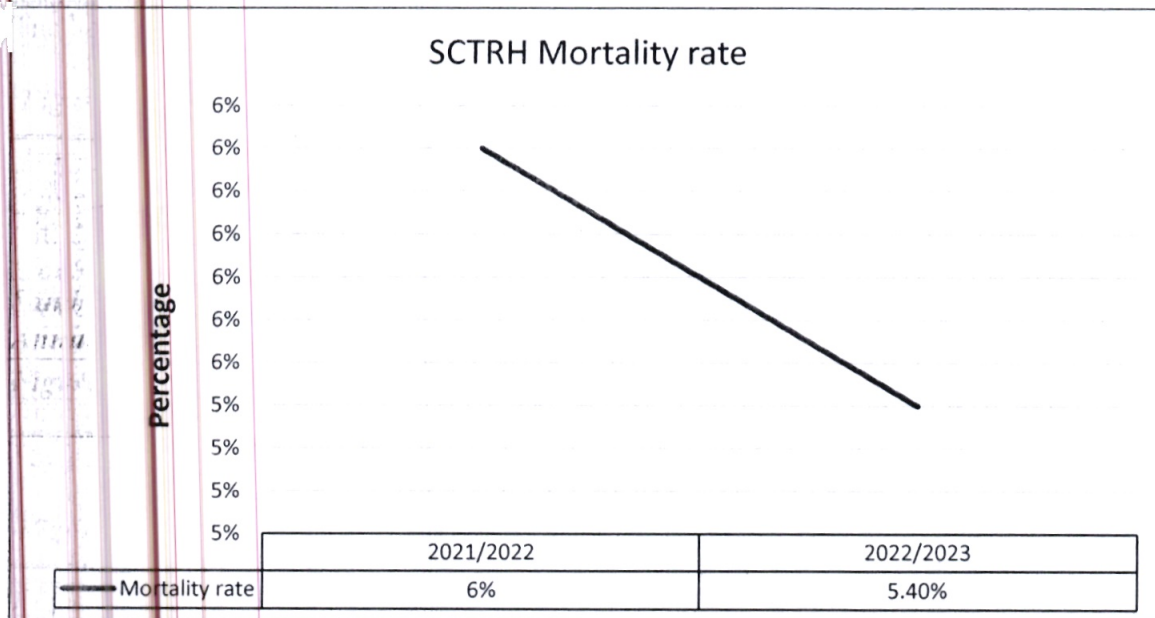




Reproductive health service in SCTRH continues to be the leading source of admission to the hospital with Maternity having a total of 4097 patients admitted for delivery during the two financial years. This is due to the Government's free maternity policy and improved obstetric emergency services as well as continuous health education at the community level on skilled birth delivery.

Figure 3.0: Mortality cases reported and Rate

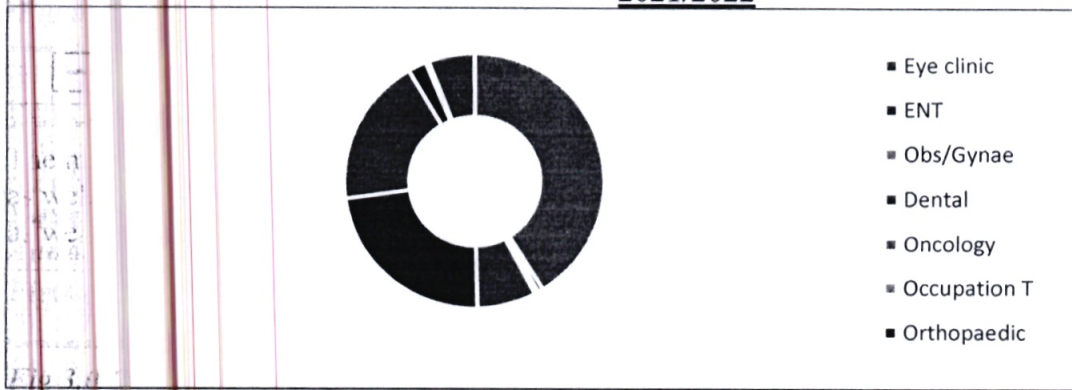




The mortality rate has continuously declined over the last three years due to improved healthcare services as well as the availability of satellite blood bank services. Also, improved emergency operation services as well as specialised care have played a huge role in the reduction of mortality cases.

Fig 3.0 Outpatient Specialized Clinic Attendance

2021/2022



2022/2023

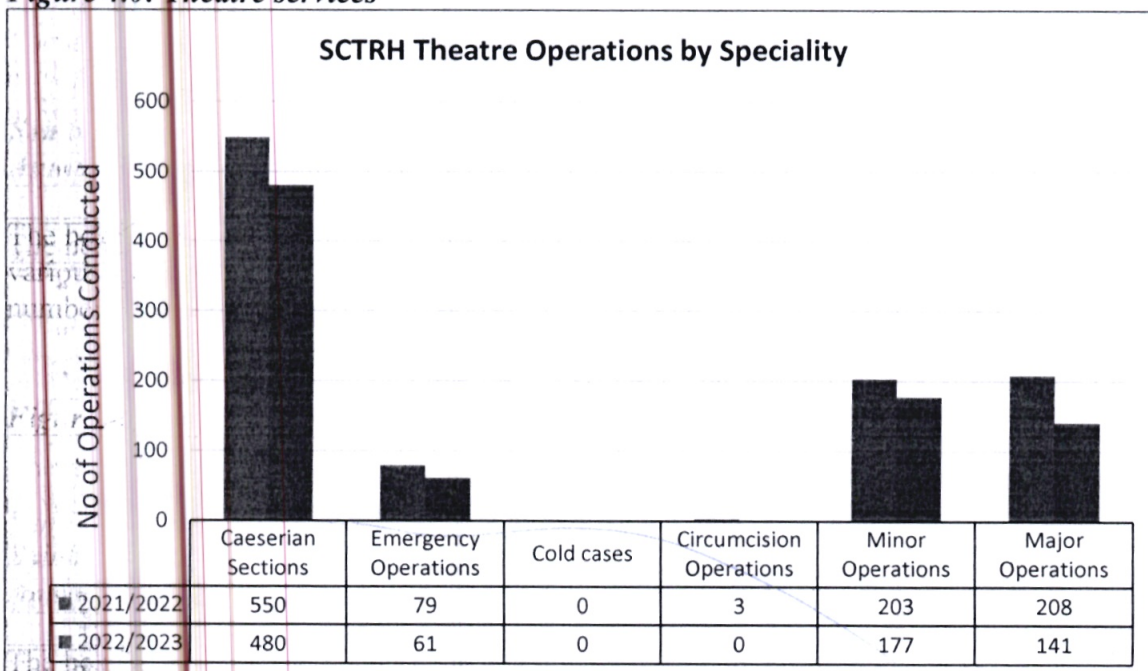


The hospital runs specialized clinics that include the following:

- Eye clinic (retinopathy, diabetes, paediatrics, retinoblastoma glaucoma etc).
- Medical outpatient clinic (MOPC).
- Surgical clinics
- Outpatient Clinic (POPC) includes an oncology clinic, and respiratory, amongst others.
- Orthopaedic clinics that include specialized fracture, and rehabilitation clinics.
- Reproductive Health includes specialized ante-natal and post-natal clinics, specialized gynae-clinics including oncology
- ENT includes oncology, endoscopy, speech, and hearing clinics.

The hospital has a continuous plan for outsourcing more specialist numbers by providing training in various specialties both local and international. Recognizing the improved healthcare financing, the number of patients seeking specialized healthcare is projected to grow in the future.

Figure 4.0: Theatre services



The hospital has two theatres at the moment, with the main theatre and the maternity theatre operating on a twenty-four-hour basis.

Future Outlook

Samburu County Referral Hospital remains committed to excellence in patient care, service expansion, and community outreach. We will continue to adapt to the evolving healthcare landscape, prioritizing affordability and accessibility. We are confident that by investing in our people, technology, and community partnerships, we can ensure a healthy future for all.

Challenges and Opportunities

• Workforce Recruitment and Retention:

- ❖ The Facility is still facing challenges due to the shortage of qualified personnel. We are actively developing strategies to attract and retain skilled staff as well as employ more staff across all cadres.

• Rising Healthcare Costs:

- ❖ The increasing cost of medications and medical supplies continues to be a challenge. We are exploring partnerships with pharmaceutical companies and implementing cost-containment measures as well as partnering with Non-governmental organizations.

Community Health Needs:

- ❖ We are committed to addressing the specific health needs of our community. We plan to expand our outreach programs and develop targeted wellness initiatives at the community level.

VI. Statement of Performance Against Predetermined Objectives

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

Samburu County Teaching and Referral Hospital develops its annual work plans based on the above-mentioned 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 2022/2023 period for its strategic pillars, as indicated in the diagram below: Samburu County Teaching and Referral Hospital has five strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022-FY-2023. These strategic pillars/ themes/ issues are as follows:

- Clinical services
- Health care financing
- Infrastructure development
- Leadership and governance
- Health information

Samburu County Teaching and Referral Hospital develops its annual work plans based on the above five 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 2022/2023 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issue	Objective	Key Performance Indicators	Activities	Achievements
Clinical services	<ul style="list-style-type: none"> • To enhance quality of clinical services 	<ul style="list-style-type: none"> • No stock outs of HPT • Increase uptake of maternity services 	<ul style="list-style-type: none"> • Timely procurement of commodities. • Reduce referrals 	<ul style="list-style-type: none"> • Efficient services • High number of deliveries conducted at the facility
Pillar/ theme/ issue 1: health care financing	To increase revenue generation	<ul style="list-style-type: none"> • Revenue reports • % Increase in revenue 	<ul style="list-style-type: none"> • Expand service menu • Review user fee charges 	<ul style="list-style-type: none"> • Increased revenue generation • User fee committee for continuous review

	Empower staffs on prudent financial management	<ul style="list-style-type: none"> • Empower departmental in charges on financial management • Strengthen use financial and procurement policies 	<ul style="list-style-type: none"> • Regular training and capacity building • Support supervision and audit reports 	<ul style="list-style-type: none"> • Available procurement and financial management SOPs and guidelines. • Sealed revenue leakages.
Leadership and governance	Enhance leadership and governance capacity	<ul style="list-style-type: none"> • Constitute service delivery committees • Hold quarterly management meetings • Manage HRM 	<ul style="list-style-type: none"> • Service delivery committee minutes. • Quarterly HMT and board meeting minutes. • Monthly HRM returns to county. 	<ul style="list-style-type: none"> • Effective service delivery. • Good governance of the facility. • Human resource reports.
Health information	Strengthen and manage health information	<ul style="list-style-type: none"> • ICT system maintenance register 	<ul style="list-style-type: none"> • Regular maintenance of ICT to ensure functionality 	<ul style="list-style-type: none"> • Routine maintenance and upgrading of the system.
Infrastructure development	To open ultrasound department	<ul style="list-style-type: none"> • ultrasound machine 	<ul style="list-style-type: none"> • Expand scope of services at ANC 	<ul style="list-style-type: none"> • Fully functional ultrasound department.

VII. Corporate Governance Statement

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our structures, procedures and processes are anchored on accountability, transparency, responsibility and fairness which are the tenets of good corporate governance. Through the Board of Management, Samburu County Teaching and Referral Hospital remains steadfast in complying with statutory requirements and the Code of Governance for State Corporations. Among others.

- i. The roles and responsibilities of the Board as set out in the Board Charter include:
Establishing the Hospital's strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives
- ii. Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- iii. Providing oversight in financial reporting to the Government and communication to stakeholders.
- iv. Ensuring availability of adequate resources for the achievement of the Hospital's objectives.
- v. Overseeing business affairs of the Hospital in light of emerging risks and opportunities.
Approving annual budgets.
- vi. The Board provides oversight to Management and ensures that staff operates within the Code of Conduct and Ethics, Leadership Integrity Act, and the "Mwongozo" Code of Governance for State Corporations

/III. Management Discussion and Analysis

Clinical Performance

Samburu County Referral and Teaching hospital has a bed capacity of 150. The average patient attendance for the year 2021/2022 was 500,000 outpatients and 65,000 in-patients. The Hospital continues to provide a wide range of highly specialized healthcare services to Kenyans. Services include, MCH, outpatient, physiotherapy, maternity other services. The hospital also provides clinical support services that include, laboratory, pharmacy and x ray services. The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges i.e. budgetary constraints and frequent industrial actions as well as political arena challenges.

Overall patient attendance

The average patient attendance for the year 2021/2022 was 500,000 outpatients and 65,000 in-patients.

Financial performance

The Hospital revenue comprises of fee charged for services rendered, public contributions and in-kind donations.

Key Hospital Projects

Challenges

The hospital is faced with numerous challenges in fulfilling its mandate;

i. Automation

In a bid to ensure that Hospital provides efficient and effective services as well as provide the desired platform for clinical linkages, with other hospital departments, a business process re-engineering should be carried out so that development of specifications aimed at delivering a robust ICT platform for ease of patient flow. The hospital is semi -automated and it may be difficult to curb all leakages that come by.

ii. Under privileged and Indigents medical bills

Most of the patients treated at Samburu County Referral Hospital are either from the county and the sub-counties. Upon clinical discharge, some are unable to settle medical bills. The hospital is left with less consumables and hence financial constraints when the budgeted commodities are consumed within less time.

Anthony Muchemi



Hospital Administrator

IX. Environmental and Sustainability Reporting

Sustainability strategy and profile

Samburu County referral and teaching hospital exist to transform lives. It is what guides us to deliver our strategy, putting the client/citizen first, delivering health services, and improving operational excellence.

The hospital recognizes the critical role of healthcare institution in promoting environmental sustainability and creating healthier future. As responsible healthcare provider we are committed to reducing our environmental impact, implementing sustainable practices, and contributing to the well-being of our community. This environmental and sustainable report outlines our effort to foster sustainable healthcare ecosystem in Samburu county referral hospital.

Waste Management and Recycling

Proper waste management is cornerstone of our sustainability initiatives. We have established a comprehensive waste management system that prioritizes the safe disposal of medical waste and the effective management of general waste. Our staff are trained in waste segregation technique (use of red, yellow and black bin liners and waste bins), Ensuring that hazardous material is handle and disposed of appropriately. The facility installed burning chamber as measure of responsible waste management. We aim to protect the environment and promote a circular economy

Water conservation

Water conservation is a vital aspect of our sustainability strategy. Samburu County referral hospital has implemented measures to reduce water consumption and promote responsible water usage. We have installed water-efficient fixtures such as low-low faucets, Soaps and availability of pit latrines, additionally we have implemented rainwater harvesting systems to capture and utilize rainwater for non-potables purposes such as cleaning. Through these initiatives, we aim to conserve water resources and contribute to the sustainability of our community.

Community engagement and Education

Samburu County referral hospital actively engages with the local to promote environmental awareness and sustainable practices. We organize educational campaigns, workshops and seminars to reduces staff, patient and the community about the importance of sustainability in healthcare. We collaborate with local school and community organization to develop programs that foster environmental responsibility among students and community members. By engaging and empowering our community, we foster a culture of sustainability beyond the hospital premises.

Conclusion

The Hospital is dedicated to promoting environmental sustainability and fostering a sustainable healthcare ecosystem. Through our effort in waste management, water conservation and community engagement we aim to set an example for other healthcare institutions. By prioritizing sustainability, we contribute to greener and healthier future for our community and inspire other to embrace sustainable practices. Together, we can create positive impact and ensure sustainable healthcare system for generation.

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X. Report of The Board of Management

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

Principal activities

The Principal activities of the entity are as follows.

- Consultation
- Laboratory services
- MCH & Immunization
- Antenatal/Postnatal & Family Planning
- Nutritional Services
- Pharmacy
- INPATIENTS SERVICES
- Maternity
- Inpatients

Results

The results of the entity for the year ended June 30 are set out on page 1-42


Board of Management

The members of the Board who served during the year are shown on page vi-x. During the year 2021/2022 director retired/ resigned and 2019 was appointed with effect from 2019 date.

Auditors

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board


Mr Anthony Muchemi Rono

(To be signed by the secretary of the Board)

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 *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the *entity*.

The Board of Management is responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*; (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 *entity'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 *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2xxx, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 15/06/2024 and signed on its behalf by:



Name: Mark Loloolki
Chairperson
Board of Management



Name: Josphat Lenguris
Accounting Officer

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON SAMBURU COUNTY TEACHING AND REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 – COUNTY GOVERNMENT OF SAMBURU

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 Effectiveness of Internal Controls, Risk Management and Governance, which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Samburu County Teaching and Referral Hospital – County Government of Samburu set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and

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 material respects, the financial position of Samburu County Teaching and Referral Hospital – County Government of Samburu as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Samburu County Health Services Act, 2018.

Basis for Qualified Opinion

1. Inaccuracies and Non-Disclosures in the Financial Statements

Review of the financial statements revealed the following anomalies;

- i. The Hospital did not disclose in-kind contributions from the County Government regarding salaries and wages, pharmaceuticals and non-pharmaceuticals supplies from Kenya Medical Supplies Agency (KEMSA) and utility bills.
- ii. The statement of comparison of budget and actual amounts did not include the amounts as disclosed in the statement of financial performance and the approved budget.
- iii. The statement of financial performance reflects an amount of Kshs.30,219,324 in respect of rendering of services-medical services income – NHIF which, as disclosed in Note 8 to the financial statements, includes amounts of Kshs.11,386,780, Kshs.17,753,950 and Kshs.1,078,594 in respect of NHIF Capitation Received, NHIF Inpatient Claims Received and Facility Improvement Financing Collections deposited in Hospital Account, respectively. Review of records revealed that Management recognised the actual amount received from NHIF instead of the total amount invoiced to NHIF clients for services rendered. No explanation was provided by Management for failure to comply with accrual basis of accounting which requires revenue to be recognized when earned rather than when received.

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

2. Unsupported Inventories Balance

The statement of financial position reflects a Nil balance in respect of inventories as disclosed in Note 17 to the financial statements. However, the balance was not supported with annual stock take and ledgers.

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

3. Non-Disclosure of Property, Plant and Equipment Balance

The statement of financial position reflects a Nil balance in respect of property, plant and equipment as disclosed in Note 18 to the financial statements. Review of records revealed that the Hospital had various assets of undetermined value which included land, buildings, furniture, computers and equipment. However, the assets were not disclosed in the financial statements. Further, ownership documents for the land were not provided for audit.

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

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with Requirements of the Kenya Quality Model for Health Guidelines

Review of the role of the Hospital in the Universal Health Care (UHC) revealed that the Hospital had a staff deficiency of two hundred and three (203) health workers from the standard required for a level 5 hospital as detailed below;

S/No.	Staff	Level 5 Standard	No in Hospital	Shortfall
1	Medical Officers	50	8	42
2	Anaesthesiologists	7	0	7
3	General Surgeons	4	1	3
4	Gynaecologists	4	1	3
5	Paediatricians	4	1	3
6	Radiologists	4	0	4
7	Registered Community Health Nurses	250	109	141
	Total	323	120	203

Further, the Hospital did not provide chemotherapy services as required. In addition, there were deficiencies noted in respect of equipment as detailed below;

S/No.		Level 5 Standard	Current Condition in the Hospital	Shortage
1	Land Size (acres)	10	10	0
2	Beds	500	150	350
3	Newborn Unit - Incubators	10	8	2
4	Newborn Unit Cots	10	8	2
5	Functional Intensive Care Unit - Beds	12	5	7
6	High Dependency Unit - Beds	12	5	7
7	Renal unit with at least 5 Dialysis Machines	5	4	1
8	Two Functional Operating Theatres Maternity and General	2	2	0

These deficiencies contravene the First Schedule of the 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, 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the 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

1. Lack of a Procurement Unit

The Hospital lacks a procurement unit responsible for overseeing procurement activities. During the year under review, the Hospital procured food and ration, sanitary and cleaning materials, pharmaceuticals and non-pharmaceuticals supplies directly from suppliers without competitive bidding or floating request for quotations. Further, there was no evidence provided to confirm that the supplies were inspected on receipt and subsequently utilized. In addition, the Hospital did not prepare annual procurement plan during the year under review.

In the circumstances, the Hospital is likely to mismanage public resources as it lacks a professional procurement unit.

2. Weaknesses in the Revenue Collection System

Review of the revenue system and data generated from it revealed that it was not consistently used during the year under review. Management resulted to manual collection of revenue and thus exposing the Hospital to possible risk related to use of manual system.

In the circumstances, the existence of adequate internal controls on revenue could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be materials weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls 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 judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's

ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.

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

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

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


FCPA Nancy Oathungu, CBS
AUDITOR-GENERAL

Nairobi

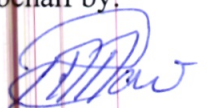
21 June, 2024


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


Description	Notes	2021/22	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	6,000,000	-
In-kind contributions from the County Government	7	-	-
		6,000,000	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	30,219,324	-
Revenue from exchange transactions		30,219,324	-
Total revenue		36,219,324	-
Expenses			
Medical/Clinical costs	9	11,046,516	-
Board of Management Expenses	10	3,836,540	-
Repairs and maintenance	11	1,360,689	-
Grants and subsidies	12	57,500	-
General expenses	13	8,153,136	-
Total expenses		24,454,381	-
Other gains/(losses)			
Total other gains/(losses)		-	-
Net Surplus for the year		11,764,943	-
Surplus/(deficit) attributable to minority interest		-	-

The notes set out on pages 8 to 42 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 15/06/2024 and signed on its behalf by:


.....
Chairman



.....
Director Medical Services


.....
Medical Superintendent


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

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	12,058,139	-
Receivables from exchange transactions	15	-	-
Receivables from non-exchange transactions	16		
Inventories	17	-	-
Total Current Assets		12,058,139	-
Non-current assets			
Property, plant, and equipment	18	-	-
Intangible assets	19	-	-
Total Non-current Assets		-	-
Total assets		12,058,139	-
Liabilities			
Current liabilities			
Trade and other payables	20	-	-
Total Current Liabilities		-	-
Non-current liabilities			
Total Non-current liabilities		-	-
Total Liabilities		-	-
Net assets			
Reserve		293,196	
Accumulated surplus/Deficit		11,764,943	-
Total Net Assets and Liabilities		12,058,139	-

The notes set out on pages 8 to 41 form an integral part of the Annual Financial Statements.
The Hospital's financial statements were approved by the Board on 15/06/2024 and signed on its behalf by:


.....
Chairman
Board of Management


.....
Director Medical Services


.....
Medical Superintendent


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

	Reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	-	-	-	-
Reserve	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	-	-	-
At July 1, 2021	-	-	-	-
Reserve	293,196	-	-	293,196
Surplus/(deficit) for the year	-	11,764,943	-	11,764,943
Capital/Development grants	-	-	-	-
At June 30, 2022	293,196	11,764,943	-	12,058,139

The notes set out on pages 8 to 41 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 15/06/2024 and signed on its behalf by:


.....
**Chairman
Board of Management**


.....
Director Medical Services


.....
Medical Superintendent

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

Description	Note	2021/22 Kshs	2020/21 Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	6,000,000	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income	8	30,219,324	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Other receipts(<i>specify</i>)		-	-
Total Receipts		36,219,324	-
Payments			
Medical/Clinical costs	9	11,046,516	-
Employee costs		-	-
Board of Management Expenses	10	3,836,540	-
Repairs and maintenance	11	1,360,689	-
Grants and subsidies	12	57,500	-
General expenses	13	8,153,136	-
Finance costs		-	-
Refunds paid out		-	-
Total Payments		24,454,381	-
Net cash flows from operating activities	21	11,764,943	-
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets		-	-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-

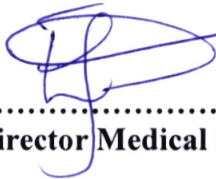
Samburu County Teaching and Referral Hospital (Samburu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Net increase/(decrease) in cash and cash equivalents	11,764,943	-
Cash and cash equivalents at 1 July	293,196	-
Cash and cash equivalents at 30 July	12,058,139	-


The notes set out on pages 8 to 41 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 15/06/2024 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Director Medical Services



.....
Medical Superintendent

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	-	-	-	-	-	%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	-	-	-	-	-	%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Other receipts (<i>specify</i>)	-	-	-	-	-	%
Total income	-	-	-	-	-	%
Expenses						
Medical/Clinical costs	-	-	-	-	-	%
Employee costs	-	-	-	-	-	%
Remuneration of directors	-	-	-	-	-	%
Repairs and maintenance	-	-	-	-	-	%
Grants and subsidies	-	-	-	-	-	%
General expenses	-	-	-	-	-	%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-	-	%
Surplus for the period	-	-	-	-	-	%
Capital expenditure	-	-	-	-	-	%



(Budget notes

- 1. Provide an explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
- 2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)


The notes set out on pages 8 to 41 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 15/06/2024 and signed on its behalf by:



Chairman
Board of Management



Director Medical Services



Medical Superintendent



XVIII. Notes to the Financial Statements

1. General Information

Samburu County Referral and Teaching hospital entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is xxx.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the PFM Act, and (*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.

Notes to the Financial Statements (Continued)

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

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and



	<p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></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> <p><i>(State the impact of the standard to the Entity if relevant)</i></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> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that</p>



	<p>leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</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> <p><i>State the impact of the standard to the Entity if relevant</i></p>

ii. Early adoption of standards

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

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Notes to the Financial Statements (Continued)

Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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



Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021/2022 was approved by Board on 2021/22. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxx on the FY xxx budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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



Notes to the Financial Statements (Continued)

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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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



Notes to the Financial Statements (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments

or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering 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.

Notes to the Financial Statements (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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



Notes to the Financial Statements (Continued)

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 considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories

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

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

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

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

j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.



Notes to the Financial Statements (Continued)

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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



Notes to the Financial Statements (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.



Notes to the Financial Statements (Continued)

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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



Notes to the Financial Statements (Continued)

Useful lives and residual values

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

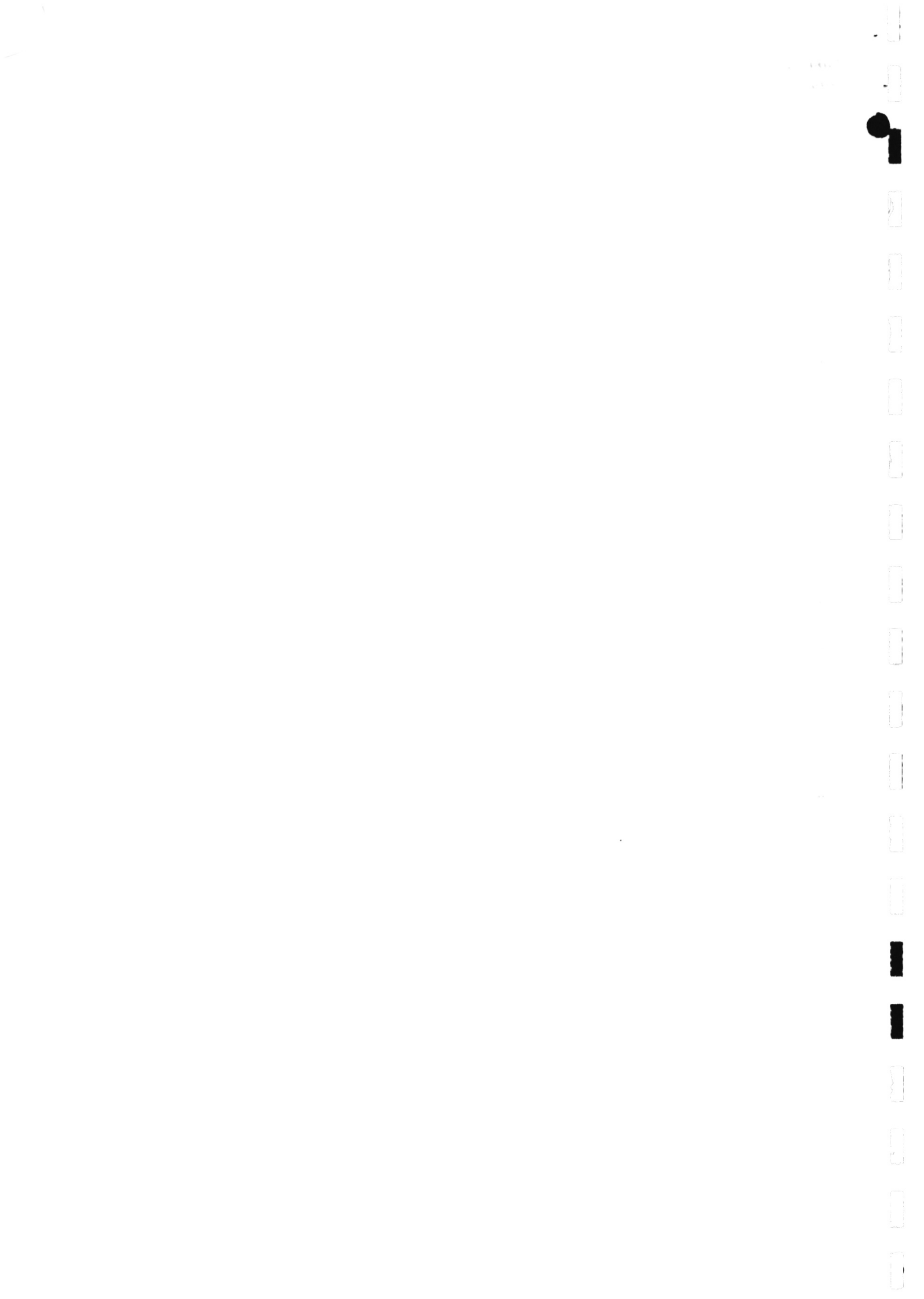
- The condition of the asset based on the assessment of experts employed by the Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).



6. Transfers from The County Government

Description	2021/22	2020/21
	KShs	KShs
Unconditional grants		
Operational grant	-	-
Level 5 grants	-	-
Other grants	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	-	-

6. Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognized in capital fund KShs	Total grant income during the year KShs	Total 2020/21 KShs
Samburu County Government	6,000,000	-	-	6,000,000	
Total	6,000,000	-	-	6,000,000	



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Notes to the Financial Statements (Continued)

7. In Kind Contributions from The County Government

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages	-	-
Pharmaceutical and Non-Pharmaceutical Supplies	-	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills	-	-
Total grants in kind	-	-

8. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals	-	-
Non-Pharmaceuticals	-	-
Laboratory	-	-
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
NHIF Capitation Received	11,386,780	
NHIF Inpatient Claims Received	17,753,950	
FIF Collections deposited in Hospital Account	1,078,594	
Total revenue from the rendering of services	30,219,324	-

(other medical services fee relates to other charges not listed above)

9. Medical/ Clinical Costs

Description	2021/22 KShs	2020/21 KShs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	-	-
Public health activities	256,000	-
Food and Ration	3,814,767	-
Uniform, clothing, and linen	217,815	-
Dressing and Non-Pharmaceuticals	160,950	-
Pharmaceutical supplies	1,855,633	-
Health information stationery	-	-
Theatre costs	160,000	-
Sanitary and cleansing Materials	183,700	-
Purchase of Medical gases	1,417,199	-
X-Ray/Radiology supplies	606,180	-
Renal Unit costs	2,374,272	-
Total medical/ clinical costs	11,046,516	-

10. Board of Management Expenses

Description	2021/22 KShs	2020/21 KShs
Chairman's Honoraria	-	-
Sitting allowance	3,836,540	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	3,836,540	-

11. Repairs and Maintenance

Description	2021/22 KShs	2020/21 KShs
Property- Buildings	933,890	-
Medical equipment	-	-
Office equipment	210,000	-
Motor vehicle expenses	216,799	-
Total repairs and maintenance	1,360,689	-



12. Grants and Subsidies

Description	2021/22	2020/21
	KShs	KShs
Community development and social work	57,500	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	57,500	-

13. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Advertising and publicity expenses	-	-
Catering expenses	286,400	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	37,933	-
Conferences and delegations	-	-
Consultancy fees	142,000	-
Contracted services	-	-
Electricity expenses	-	-
Fuel expenses	659,687	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	5,126,088	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	747,628	-
Hire charges	141,400	-
Rent expenses	-	-
Water and sewerage costs	339,000	-
Skills development levies	-	-
Telephone and mobile phone services	334,300	-



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Internet expenses	-	-
Staff training and development	338,700	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Total General Expenses	8,153,136	-

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14. Cash and Cash Equivalents

Description	2021/22	2020/21
	KShs	KShs
Current accounts – Kcb account 1162918217	12,058,139	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	12,058,139	-



Notes to the Financial Statements (Continued)

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

Description		2021/22	2020/21
In: related institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1162918217	12,058,139	-
Equity Bank, etc		-	-
Sub- total		12,058,139	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		12,058,139	-

15. Receivables from Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Medical services receivables	-	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	-	-



Notes to the Financial Statements (Continued)

16. Receivables from Non-Exchange Transactions

Description	2021/22	2020/21
	KSh	KSh
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	-	-
Total	-	-

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

17. Inventories

Description	2021/22	2020/21
	KSh	KSh
Pharmaceutical supplies	-	-
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
Total	-	-



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Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

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



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

Notes to the Financial Statements (Continued)

19. Intangible Assets-Software

Description	2021/22	2020/21
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

20. Trade and Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	-	-
Employee dues	-	-
Third-party payments (<i>unremitted payroll deductions</i>)	-	-
Audit fee		
Doctors' fee	-	-
Total trade and other payables	-	-



Notes to the Financial Statements

21. Cash Generated from Operations

Description	2021/22 KShs	2020/21 KShs
Surplus for the year before tax	11,764,943	
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	11,764,943	-



Notes to the Financial Statements (Continued)

22. Financial Risk Management

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

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

(i) Credit risk

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



Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2020				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx

The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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



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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 20xx				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

(iii) Market risk

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



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Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

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

	KShs	Other currencies	Total
	KShs	KShs	KShs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

	KShs	Other currencies	Total
	KShs	KShs	KShs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-



Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

	Change in currency rate Kshs	Effect on Profit before tax Kshs	Effect on equity Kshs
20xx			
Euro	10%	-	-
USD	10%	-	-
20xx			
Euro	10%	-	-
USD	10%	-	-

Interest rate risk

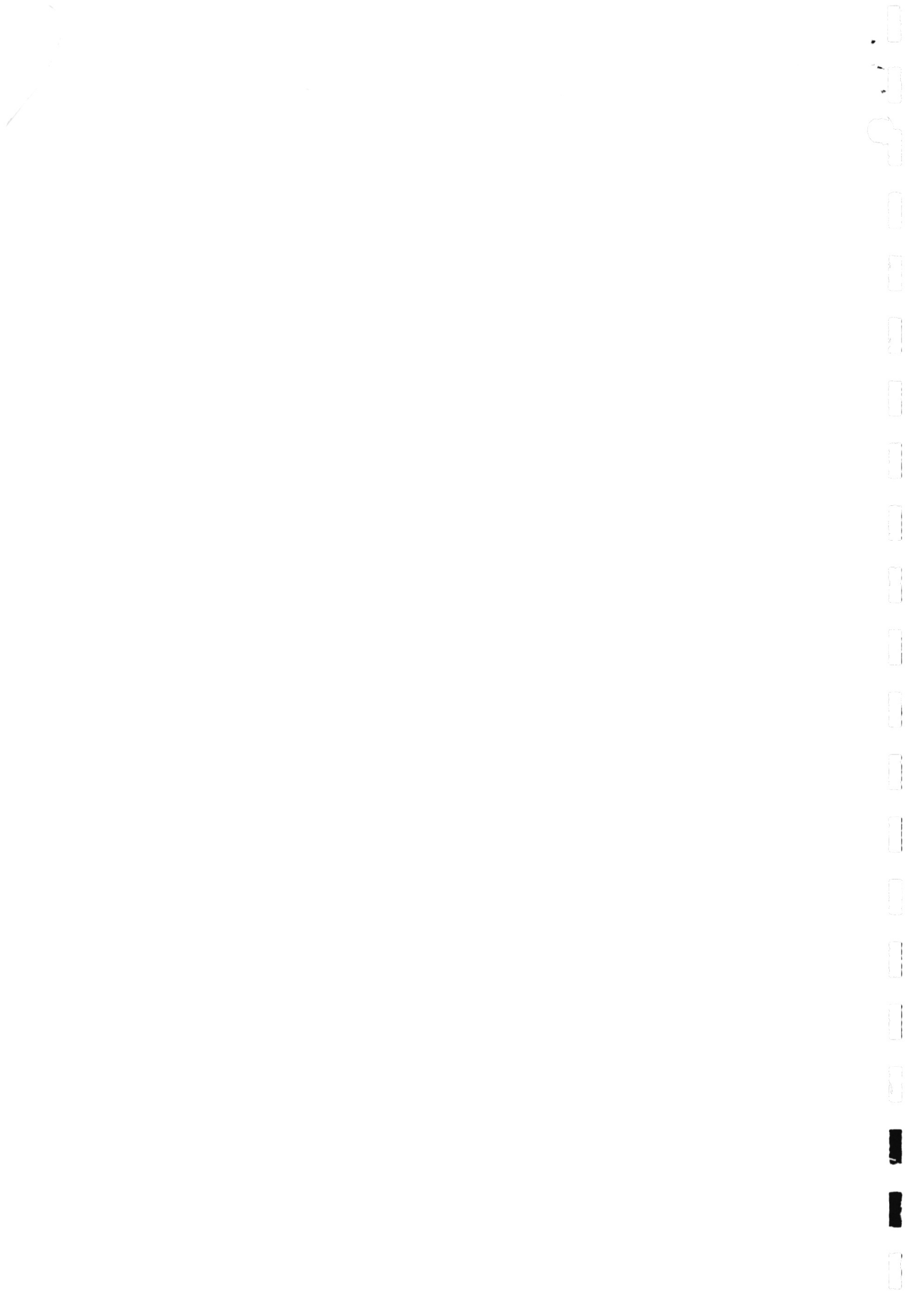
Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly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

Management of interest rate risk

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

Sensitivity analysis

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



Notes to the Financial Statements (Continued)

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).

iv) Capital Risk Management

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

	2022	2021
	KShs	KShs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	-	-

23. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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Notes to the Financial Statements (Continued)

- i) The National Government;
- ii) The Parent Ministry;
- iii) Xxx;
- iv) Xxx;
- v) Xxx;
- vi) Key management;
- vii) Board of directors;

Description	2021/22	2020/21
	KSh	KSh
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	-	-
Sales of services to xxx	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

Notes to the Financial Statements (Continued)

24. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

25. Contingent Liabilities

Contingent liabilities	2021/22	2020/21
	Kshs	Kshs
Court case xxx against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

(Give details)

26. Capital Commitments

Capital Commitments	2021/22	2020/21
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

27. Events After The Reporting Period

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

28. Ultimate And Holding Entity

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

29. Currency

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

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XIX. 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)

Guidance Notes:

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

Accounting Officer

Samburu county Referral and Teaching Hospital (Samburu County Government)
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APPENDIX II: Projects Implemented by The Entity

Projects

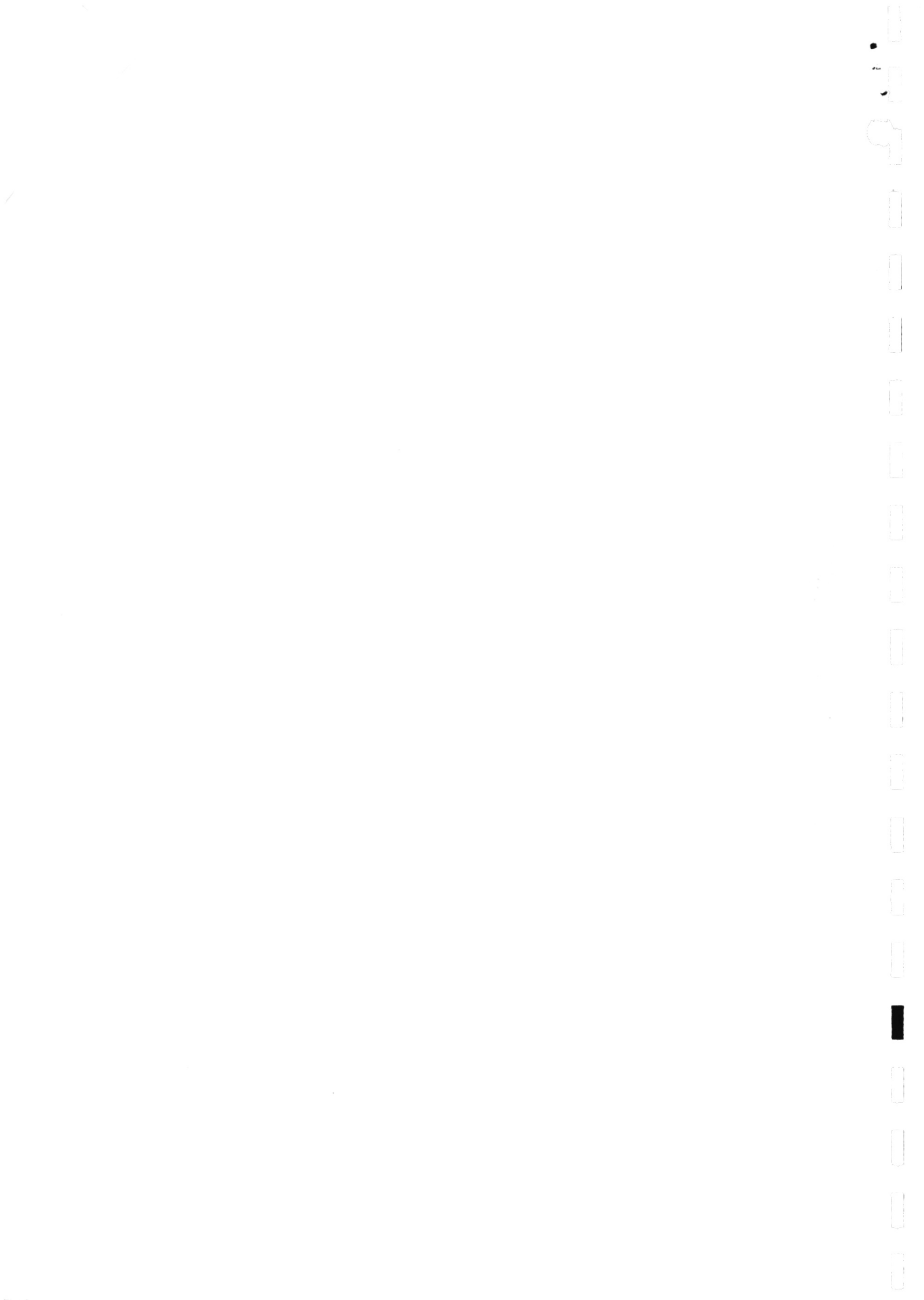
Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

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



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APPENDIX IV: Inter-Entity Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary entity]
[Insert Address]

The [insert SC/SAGA/Fund name here] 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 entity] 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 entity] (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)		
Total							

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

Head of Accountants department of beneficiary entity:

Name **Sign** **Date**



APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

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

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



APPENDIX VI Disaster Expenditure Reporting Template

Date						
Entry						
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

