

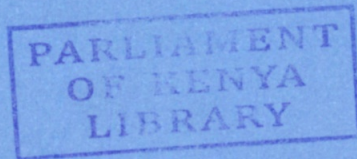
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

RWAMBWA SUB-COUNTY LEVEL 4 HOSPITAL

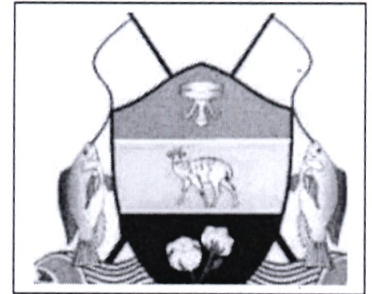
FOR THE YEAR ENDED
30 JUNE, 2023

COUNTY GOVERNMENT
OF SIAYA

25/09/24
S.M.L.
Angels



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
25 JUN 2024
RECEIVED



**Rwambwa Level 4 Hospital
(Siaya County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

RECEIVED
PART 1
FORWARD

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1. Acronyms & Glossary of Terms

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

2. Key Entity Information and Management

(a) Background information

Rwambwa is a level 4 hospital established under Gazette Notice Number- Vol. CXXII- No. 87 and is domiciled in Siaya County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

Vision

An efficient and High quality Health care system that is accessible, equitable and affordable for every citizen

Mission

To promote and participate in the provision of the integrated High quality preventive curative, rehabilitative Health care services to all citizens.

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Administrator
- Hospital Accountant
- Nursing in Charge

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Silah Oluoch
2.	Health Administrator	Agnes Owuor

(e) Fiduciary Oversight Arrangements

- County Assembly
- Parliamentary committees
- County Assembly health Committee
- County Assembly Finance Committee
- County Assembly Public Investment and Accounts Committee
- Audit committee

-
Key Entity Information and Management (continued)

(a) Entity Headquarters

P.O. Box 597-40600
SIAYA, KENYA
MILIMANI ROAD
ADJACENT TO JCC CHURCH

(b) Entity Contacts

Telephone: +254743348448

E-mail: rwambwasch@gmail.com

(c) Entity Bankers

Kenya Commercial Bank
Siaya Branch
P. O Box 52-40600
Siaya

(d) Independent Auditors

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

(e) Principal Legal Adviser

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





(f) County Attorney

P.O. Box.803-40600
Siaya County Headquarters
Siaya, Kenya

3. The Board of Management

Rwambwa level 4 Hospital doesn't have Board of management. The previous Board of Management term expired on 30th March, 2021. Currently the board of management nominees is before the County Assembly for consideration

4. Key Management Team

Ref	Management	Details
1.	 Mr. Silah Oluoch Medical Superintendent BScM	Medical Superintendent of the hospital and chair of the management team. BSCM holder. Duties include: <ul style="list-style-type: none"> • Seeing patients for treatment • Overall supervision of the hospital • Chairing of HMT meetings of the hospital
2.	 Ms. Agnes Owuor Hospital Administrator BComm	Hospital administrative officer (HAO) and member of HMT Duties include <ul style="list-style-type: none"> • Ensuring effective running of facility daily activities • Developing work and leave schedules for staff • Is the secretary to the HMT
3.	 Mr. Charles Mujok Nursing Service Manager (NSM) BSCN/KRPaed/KRCHN	Nurse in charge and HMT member Duties <ul style="list-style-type: none"> • Preparing duty rotas for all nursing staff • Preparing end month nursing reports • Supervising the nursing staff
4.	 Ms. Golder Abongo Pharmacy In-charge Diploma in Pharmaceutical Technology	Pharmaceutical technologist and member of HMT Duties <ul style="list-style-type: none"> • Issuing medicine to patients • Managing pharmacy operations • Ordering and receiving medical supplies • Doing stock takes

5. Chairman's Statement

Rwambwa level 4 Hospital doesn't have Board of management. The previous Board of Management term expired on 30th March, 2021. Currently the board of management nominees is before the County Assembly for consideration

6. Report of The Medical Superintendent

Ladies and gentlemen, it's a great honour to issue a statement on behalf of Rwambwa sub county Hospital family. Rwambwa sub county Hospital is a level 4 hospital located in Alego Usonga constituency, Usonga location, Nyadorera B sub location. It serves a catchment population of about 16,895 persons. Since the facility is located at the boarder of western and Nyanza, it also serves a good number of patients from Busia County.

Our mission is to holistically improve wellness to the rural population through the provision of quality promotive, preventive, curative and rehabilitative services

Currently the facility does not have a board of Management since their tenure of service expired in March 2021. The process of forming a new board of management is already in advanced stage, awaiting gazettelement. The hospital Management Team now takes the sole responsibility of managing the hospital. HMT is a body comprising of all Heads of Departments, meets on a monthly basis and is chaired by the Medical superintendent.

The Hospital has 10 departments headed by qualified staff. These include: Outpatient, MCH, Pharmacy, Laboratory, Revenue, Accounts, In patient, Maternity, Records and CCC

The facility operates 24hrs basis, serving both inpatient and outpatient cases. This has enabled the community to get quality services at whatever time they befall sick hence fastening the healing period and preventing further complications


We are proud of the achievement witnessed so far. Our patients/ clients are able to get quality treatment supported by evidence based laboratory generated results courtesy of biochemistry and Haematology machines that were procured with the Facility improvement funds. The efforts to equip the laboratory and improve the infrastructural components within the facility is our main goal

We are cognizant of the immense opportunities we have provided to the different individuals and organizations by offering attachment and learning forums to enable them achieve their goal. The last Financial Year, we were privileged to host students from Bondo, Vihiga and Iten Medical Trainig Colleges to undertake rural Health experience and learn more. We are also in partnership with Masinde Muliro University where the PHD students comes for research work. This demonstrates how resourceful we are.

Last financial year was the toughest year ever since, marked by increased pending bills due to high inflation, unpredictable and un reliable reimbursement from the NHIF, Despite the facility tightening operations and recording a significant improvement in revenue collection, the high inflation rates of goods and services made it impossible to clear pending bills. We are determined to clear these bills as soon as we are in a position to do so. Other challenges include: inadequate staff, lack of essential commodities etc

Despite all the above we must acknowledge the support we received from both the technical and support staff of Rwambwa Sub-County Hospital, the department of Health from the CECM, COH and the directors. They have stood and supported us at our low moments both financially, physically and by extension through support supervision and trainings

Thank you


.....
Name SIRAH - O. OLUOCH
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

(Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

Strategic development objectives *(Adopted from Siaya County)*

The County’s CIDP has identified 10 key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor’s Manifesto, the National Government’s “Big Four”, NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks. The targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:				
Health and Sanitation	To reduce mortality from preventable deaths	To reduce mortality from preventable deaths	No. Completed medical laboratories	3
			No. Completed maternity units	5
			No. Completed general wards	2
			No. Completed dispensaries	3
			% of Clients counselled and tested for HIV	83%

Rwambwa Sub County- level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

			Percentage of HEI turning HIV positive at 18 months	2%
			% of clients with viral load <1000c/ml	93%
			No. of accredited CHVs given feedback	1535
			No. of CHAs sensitized on eye health	24
			No. of half jackets distributed	2200
			No. of CHVs sensitized on NCDs	40
			No. of CHAs trained on community MNH	30
			No. of stakeholders meetings held	2
			No. of HHs reached with COVID19 messages	250,698
			No. of targeted dialogue days held	6
	Improved diagnostic services through completion of maternity wing			
	To provide accessible and appropriate diagnostic and curative services	Reduced disease burden in Siaya County		
			Blood Bank fenced at SCRH	Completed

8. Corporate Governance Statement

During the year under review the facility did not have a Board of management. The previous Board of Management term expired on 30th March, 2021. Currently the board of management nominees is before the County Assembly for consideration.

9. Management Discussion and Analysis

It is my pleasure to present the Rwambwa Level 4 Hospital financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the Rwambwa Level 4 Hospital over the past year.

Clinical/operational performance

- Rwambwa sub county Hospital, has a bed capacity of 30 beds.
- The facility serves both in and outpatient cases.
- It has several departments that offer care to our esteemed clients and patients.
- In the just ended financial year the facility recorded improved workload of 12608.
- The facility contracted one laboratory technologist hence laboratory department was able to operate on a 24hr basis, this improved diagnosis and care to patients that fall sick at night and as well improved on the revenue collected.
- The facility was able to record an improvement in the special clinic attendance that stood at 815.
- The admission cases had increased with maternity recording an average of 80 deliveries per month and at least 3 inpatient admissions on a daily basis with an average hospital stay of 3 days
- the bed occupancy rate of 51.51%
- The mortality rate stood at 0.24%.
- The major partners supporting the facility in care and treatment was CHS (Centre for Health Solutions)

The entity's operational and financial performance

The Hospital has seen a growth in revenue trends over the past periods. During the year, the facility raised a total of Kshs. 5,685,068 as revenues. A total of Kshs. 5,075,084.75 was as incurred as expenditures.

Entity's compliance with statutory requirements

The Hospital is continually carrying out its mandate in line with different regulations guiding its operations.

Major risks facing the entity

The major risk factor facing the Hospital is the lack of liquidity to finance most of its operations. Moreover, this poses a challenge in terms of offsetting its accrued pending bills.

Material arrears in statutory/financial obligations

During the reporting period, the hospital accrued a total of **Kshs. 4,745,331** as pending bills.

.....
Name

Secretary to the Board

10. Environmental And Sustainability Reporting

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

i. Sustainability strategy and profile

Rwambwa Sub-County Hospital has identified the following sustainability priorities; consultative planning and budgeting process, improving own source revenue collection and sourcing for local service providers. In consultative planning and budgeting process, the county has ensured all stakeholders are brought on board in project identification, implementation to completion and this has ensured project ownership by the intended beneficiaries and ultimately creating the desired impact. The county has developed own source revenue collection strategy as a deliberate effort of laying down strategies of improving own source revenue collected within the county. These efforts are aimed at boosting the fiscal resource basket of the county that is largely supported by the exchequer from the National Government. In the end, the county is also promoting sourcing of services from local providers with an objective of 'buying Siaya building Siaya'. This translates to promoting local goods and services that will ultimately build the local economy.

While implementing the above sustainability priorities, there are broad political and macroeconomic trends from the National outlook that are likely to affect their realization. The major macroeconomic trend projected is high cost of inflation in the country. The high inflation rate will affect the cost of living and production cost that will negatively affect the business environment and eventually own source revenue collection. Similarly, the country is also headed in the electioneering period and the political environment interfere with the sustainability priorities. Notwithstanding, the county will align its policies to adjust to the microeconomic conditions and implement succession management plan in the transition period to manage the political environment.

. However, in the course of implementation, there are challenges experienced across departments. They include; effects of covid-19, inadequate staffing, inadequate funding and delays in disbursement of funds

ii. Environmental performance

Rwambwa Sub-County Hospital is yet to establish an environmental policy however, the county has adopted National laws to guide the public and help in compliance with environmental laws. Some of the environmental and climate change issues experienced in the County include; deforestation in hills, flooding in areas near water bodies, pollution in urban areas, drought and famine, invasive species, loss of biodiversity and change in water levels especially in lake Victoria. To manage these environmental hazards, the county is; **developing policies that will help protect the environment**; investing in woodlots to promote tree planting, establishing designated dumping sites for waste management; promoting irrigation; establishing dykes in flood prone areas; preserving indigenous trees and certain wild animals.

iii. Employee welfare

To improve staff performance, Rwambwa Sub County Hospital has initiated capacity building programmes to staffs through trainings by Kenya School of Government and partners such as World Bank. Further, the Human Resource department coordinates staff appraisal, performance contracting and propose rewards and sanctions.

The County has complied with Occupational Safety and Health Act of 2007, (OSHA) by providing adequate office space that is regularly cleaned, providing sanitation facilities, regular trainings on drug and substance abuse and providing PPEs to staffs in health-related fields.

iv. Market place practices-

In 2019, the County Government was declared a corruption free zone after engagements with Ethics and Anti-corruption commission. The county government advocates for fairness in service provision, resource allocation, open bidding, evaluation and awarding of tenders to suppliers. All advertisement of tenders and communications are done through the County Government website and official social media platforms. The county has fully embraced the e-procurement system to help in the tendering process. To successful suppliers, the county makes timely payment of goods and services delivered and made efforts of settling pending bills owed to creditors. The County expect quality goods and services despite not having a quality assurance unit to check on standards. Nonetheless, the process of ISO certification is on course.

v. Community Engagements-

Rwambwa Sub-County Hospital is fostering interaction with businesses, NGOs and other key stakeholders to address social problems through Corporate Social Responsibility (CSR) agenda. Various sectors have partnered with NGO's to provide CSR services. In health sector, the county has partnered with NGO's to provide polio vaccine to new born in the communities, training of expectant mothers, providing mosquito nets and providing food supplements. In agriculture, through partners, farmers have benefitted from free extension services, provision of certified seeds and fertilizers, provision of fingerlings and fishing gears.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of the Rwambwa Sub County- level 4 Hospital's affairs.

Principal activities

The principal activities of the entity are to :

- Give policy directions and guidance to the Medical superintendent
- Promote the general welfare of the patients and staff in the facility
- Develop and review the Hospital overall mission and strategy
- They act as a linkage between the community and the facility

Results

The results of the entity for the year ended June 30 2023 are set out on pages 1 to 5.


Board of Management

The members of the Board who served during the year are shown on page xi. During the year, there was no active board of management.

Auditors

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

By Order of the Board



.....
Name **SILAS O. OLUOCH**

Secretary to the Board

Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Rwambwa level 4 hospital, which give a true and fair view of the state of affairs of Rwambwa Level 4 Hospital at the end of the financial year/period and the operating results of the Rwambwa level 4 hospital for that year/period. The Board of Management is also required to ensure that the Rwambwa level 4 hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Rwambwa level 4 hospital. The council members are also responsible for safeguarding the assets of Rwambwa level 4 hospital.

The Board of Management is responsible for the preparation and presentation of Rwambwa level 4 hospital financial statements, which give a true and fair view of the state of affairs of Rwambwa level 4 hospital for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of Rwambwa level 4 hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

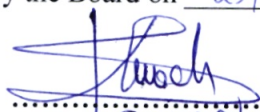
The Board of Management accepts responsibility for Rwambwa level 4 hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that Rwambwa hospital financial statements give a true and fair view of the state of Rwambwa level 4 hospital transactions during the financial year ended June 30, 2022, and of the Rwambwa level 4 hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Rwambwa hospital, which have been relied upon in the preparation of Rwambwa level 4 hospital financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 25/7/2023 and signed on its behalf by:

.....
Name:
Chairperson
Board of Management


.....
Name: SILANT D. QUOCH
Accounting Officer

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT OF THE AUDITOR-GENERAL ON RWAMBWA SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF SIIAYA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Rwambwa Sub-County Hospital-County Government of Siaya set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance,

Report of the Auditor-General on Rwambwa Sub-County Level 4 Hospital for the year ended 30 June, 2023 – County Government of Siaya.

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly in all material respects, the financial position of Rwambwa Sub-County Level 4 Hospital - County Government of Siaya as at 30 June, 2023, 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 Health Act, 2017, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances in Revenue from Rendering Services

The statement of financial performance reflects the rendering of services – medical services income amount of Kshs.5,711,173 as disclosed in Note 8 to the financial statements. The amount includes claims reimbursed from the National Health Insurance Fund (NHIF) amounting to Kshs.2,147,700. However, records maintained by NHIF revealed an amount of Kshs.2,008,700 was paid to the Hospital resulting to unexplained variance of Kshs.139,000.

In the circumstances, the accuracy and completeness of revenue from rendering services – medical service income amount of Kshs.5,711,173 could not be confirmed.

2. Variances in Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.1,800,030 as disclosed in Note 17 to the financial statements. The amount relates to dues from NHIF whose records indicate a balance of Kshs.5,942,909, resulting to an unexplained variance of Kshs.4,142,879. Further, the balance has been outstanding for more than twelve (12) months while the contract between the Hospital and NHIF indicated the period to pay genuine claims is within thirty (30) days of submission.

In the circumstances, the accuracy, completeness and recoverability of the trade receivables balance of Kshs.1,800,030 could not be confirmed.

3. Non-Disclosure of Donated Drugs

The statement of financial performance reflects Nil balance on grants from donors and development partners as disclosed in Note 8 to the financial statements and a Nil balance for transfer from other Government entities. However, data from KEMSA revealed that the Hospital received donations and program commodities drugs worth Kshs.15,444,691 and Universal Health Coverage of Kshs.802,515 which were not disclosed in the financial statements.

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

4. Variance in Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.4,744,547 as disclosed in Note 21 to the financial statements. The balance includes an amount of Kshs.129,603 owed to Kenya Medical Supplies Authority (KEMSA). However, the Hospital records reflected a balance of Kshs.3,648,281 resulting to unexplained variance of Kshs.3,518,678.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.4,744,547 could not be confirmed.

5. Unconfirmed Stock Balance

The statements of financial position reflects an inventory balance of Kshs. 890,479 as disclosed in Note 19 to the financial statements. However, the annual stock take was not conducted to confirm the closing balances as at 30 June, 2023. It is therefore not clear how the Hospital determined the inventory values disclosed in the financial statements.

In the circumstances, the valuation, accuracy, and completeness of the inventory balance of Kshs.890,479 could not be confirmed.

6. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.777,452 which relates to ICT equipment and plant and medical equipment of Kshs.105,000 and Kshs.672,452 respectively. However, Management did not disclose other assets owned which include land and buildings, specialized and non-specialized medical equipment, furniture and fittings. In addition, excluded from property, plant and equipment balance is the value of land on which the facility has set up own buildings. Although Management indicated that the parcel of land was donated by the community, the facility is yet to initialize the process of conveyancing to transfer the ownership of the land to the Hospital.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.777,542 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare a Procurement Plan

Review of records revealed that Management did not prepare procurement plan during the year under review despite having procured several items including medical or clinical item, computers printing and stationery, fuel and lubricants among other items. This is contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 which stipulates that an accounting officer shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

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

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

Review of the Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficit by 78 staff requirement or 77% of the authorized establishment.

Staffing Requirement	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage (%)
Medical Officers - Clinicians	16	7	9	56
Anesthesiologists	2	-	2	100
General Surgeons	2	-	2	100
Gynecologists	2	-	2	100
Pediatricians	2	-	2	100
Radiologists	2	-	2	100

Staffing Requirement	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage (%)
Registered Community Health Nurses	75	16	59	79
Total	101	23	78	77

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

Service	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage (%)
Beds	150	30	120	80
Resuscitaire (2 In Labor room & 1 In Theatre)	2	-	2	100
New Born Unit Incubators	5	-	5	100
New Born Unit Cots	5	-	5	100
Resuscitaire in Theatre	1	-	1	100
Functional ICU Beds	6	-	6	100
High Dependency Unit (HDU) Beds	6	-	6	100
Renal Unit with at least 5 Dialysis Machines	5	-	5	100
Two Functional Operating Theatres-Maternity and General	2	-	2	100

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, the Hospital will not be able to deliver on its mandate.

3. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 21 to the financial statements reflects a balance of Kshs.4,744,547 in respect of trade and other payables. Included therein are nineteen (19) historical creditors with balances totalling to Kshs.3,647,498 which had not been settled as at the time of audit in May, 2024.

In the circumstances, failure to settle bills may affect supply of critical goods and services, which may adversely impact on service delivery.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Non-Disposal of Unserviceable Assets

The statement of financial position reflects a balance of Kshs.777,452 in respect of property, plant and equipment and as disclosed in Note 20 to the financial statements. Physical verification at the facility in the month of April, 2024 revealed numerous assets which were either grounded or unserviceable and abandoned. The disposal plan for these assets had not been approved. In addition, there was, no clear explanation was provided on why the assets had not been disposed.

In the circumstances, the effectiveness of the controls on assets management could not be confirmed.

2. Lack of Board of Management

During the year under review the facility did not have a Board of Management in place whose purpose would include oversight, promoting development, approving plans, programs and estimates for implementing county health strategies in the hospital, and controlling the administration of the funds.

In the circumstances, the Hospital's oversight and governance has not been effective without Board of Management.

3. Failure to Maintain Fixed Assets Register

The statement of financial position reflects balance of Kshs.596,625 in respect to property, plant and equipment as disclosed in Note to the financial statements. However, it was noted that the Hospital does not maintain fixed assets register to control its assets. This is contrary to Regulation 136(1) of the Public Finance Management (County

Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In addition, there was no evidence to show that the fund has ever evaluated its assets to ascertain the correct market values.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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


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

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

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

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

12 July, 2024

Rwambwa Sub County- level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

14. Statement of Financial Performance for The Year Ended 30 June 2023

Description	Notes	Period ended	Period ended 30th
		30th June 2023	June 2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6		596,510
In- kind contributions from the County Government	7	6,746,503	3,632,131
		6,746,503	4,228,641
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	5,711,173	7,188,868
Revenue from exchange transactions		5,711,173	7,188,868
Total Revenue		12,457,676	11,417,509
Expenses			
Medical/Clinical costs	9	5,220,190	2,960,647
Employee costs	10	3,538,958	2,873,572
Depreciation and Amortization	11	305,442	198,875
Repairs and maintenance	12	280,400	441,582
Grants and subsidies	13	943,503	1,451,516
General expenses	14	1,226,005	1,497,747
Finance costs	15	20,112	4800
Total expenses		11,534,610	9,428,739
Net Surplus for the year		923,066	1,988,770
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

The Hospital's financial statements were approved by the Board on 25/7/2023 and signed on its behalf by:

.....
Chairman
Board of Management

.....
Head of Finance
ICPAK No: 19607

.....
Medical Superintendent

Rwambwa Sub County- level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

15. Statement of Financial Position As At 30th June 2023

Description	Notes	Period ended 30th	Period ended 30th
		June 2023	June 2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	16	2,135,168	1,392,926
Receivables from exchange transactions	17	1,800,030	3,647,498
Receivables from non-exchange transactions	18	2,054,039	
Inventory	19	890,479	
Total Current Assets		6,879,716	5,040,426
Non-Current Assets			
Property, plant, and equipment	20	777,452	596,625
Intangible assets			-
Investment property			
Total Non-current Assets		777,452	596,625
Total Assets		7,657,167	5,637,051
Liabilities			
Current Liabilities			
Trade and other payables	20	4,744,547	3,647,497
Total Current Liabilities		4,744,547	3,647,497
Non-Current Liabilities			
Provisions			-
Total Non-current liabilities			-
Total Liabilities		4,744,547	3,647,497
Net assets			
Revaluation reserve	23	784	784
Accumulated surplus/Deficit		2,911,836	1,988,770
Capital Fund			-
Total Net Asset		2,912,620	5,637,051
Total Net Assets and Liabilities		7,657,167	5,637,051

The Hospital's financial statements were approved by the Board on 25/7/2023 and signed on its behalf by:

.....
Chairman
Board of Management

.....
Head of Finance
 ICPAK No: 19607

.....
Medical Superintendent

16. Statement of Changes in Net Asset for The Year Ended 30 June 2023

	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
			Fund	
As at July 1, 2021	784			784
Revaluation gain				
Surplus/(deficit) for the year		1,988,770		1,988,770
Capital/Development grants				
As at June 30, 2022	784	1,988,770		1,989,554
At July 1, 2022	784	1,988,770		1,989,554
Revaluation gain				
Surplus/(deficit) for the year		923,066		923,066
Capital/Development grants				
At June 30, 2023	784	2,911,836		2,912,620

Rwambwa Sub County- level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	Period ended 30th June 2023	Period ended 30th June 2022
		Kshs	Kshs
Cash Flows from Operating Activities			-
Receipts			-
Transfers from the County Government	6		596,510
Rendering of services- Medical Service Income	8	5,711,173	7,188,868
Total Receipts		5,711,173	7,785,378
Payments			
Medical/Clinical costs	9	1,674,229	1,646,544
Employee costs	10	338,416	555,544
Repairs and maintenance	12	280,400	441,582
Grants and subsidies	13	943,503	1,451,516
General expenses	14	1,226,005	1,497,747
Finance costs	15	20,112	4,800
Refunds paid out			
Total Payments		4,482,665	5,597,733
Net Cash Flows from/(used in) Operating Activities	22	1,228,509	2,187,645
Cash Flows From Investing Activities			
Purchase of property, plant, equipment, & intangible assets		486,269	795,500
Proceeds from the sale of property, plant, and equipment			
Acquisition of investments			
Net Cash Flows from/(used in) Investing Activities		742,240	1,392,145
Cash Flows From Financing Activities			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
Net Cash Flows from/(used in) Financing Activities			-
Net Increase/(Decrease)in Cash and Cash Equivalentents		742,240	1,392,145
Cash and cash equivalents at 30th June 2021	16	1,392,929	784
Cash and Cash equivalents at 31st June 2022	16	2,135,168	1,392,929

Rwambwa Sub County- level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2023

Description	Original budget	Adjustments	Final budget	Actual Cumulative to date	Performance Difference	% of utilization
	A	B	c=(a+b)	d	e=c-d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue						
In- kind contributions from the County Government	6,750,000		6,750,000	6,746,503	3,497	100%
Rendering of services- Medical Service Income	5,720,000	-	5,720,000	5,711,173	8,827	100%
Total Income	12,470,000	-	12,470,000	12,457,676	12,324	100%
Expenses		-	-		-	
Medical/Clinical costs	5,330,000	-	5,330,000	5,220,190	109,810	98%
Employee costs	4,140,000	-	4,140,000	3,538,958	601,042	85%
Repairs and maintenance	300,000	-	300,000	280,400	19,600	93%
Grants and subsidies	945,000	-	945,000	943,503	1,497	100%
General expenses	1,230,000	-	1,230,000	1,226,005	3,995	100%
Finance costs	25,000	-	25,000	20,112	4,888	80%
Acquisition of Assets	500,000	-	500,000	486,269	13,731	97%
Total Expenditure	12,470,000		12,470,000	11,715,437	754,563	94%
Surplus for the period				742,239	742,239	

19. Notes to the Financial Statements

1. General Information

Rwambwa level 4 Hospital entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Siaya County Government and is domiciled in Siaya County in Kenya. The entity's principal activity is to provide quality health services.

2. Statement of Compliance and Basis of Preparation

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

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

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>

Standard	Effective date and impact
	<p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<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>Other improvements to IPSAS</p>	<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"> • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></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 leases have on the financial position, financial performance and cash flows 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>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires:-</p> <ul style="list-style-type: none"> <li data-bbox="507 801 1351 943">i. 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: <li data-bbox="507 954 1351 1137">ii. 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.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

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 Rwambwa sub county Hospital and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

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 30th June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, Rwambwa sub county Hospital recorded additional appropriations of on the FY budget following the Board's approval. Rwambwa sub county Hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under note 18 of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

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

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (Amend as appropriate).*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

Notes to the Financial Statements (Continued)

j. 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.

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m. 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.

n. 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.

o. 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.*)

p. 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.

Notes to the Financial Statements (Continued)

q. 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.

r. 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.

s. 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.

t. 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 Rwambwa sub county Hospital, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

Notes to the Financial Statements (Continued)

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

v. 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.

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2022-23	FY 2021-22
	KShs	KShs
Unconditional grants	-	596,510
Operational grant		
Level 5 grants		
Unconditional development 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	-	596,510

6b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Siaya County Government					596,510
Total					596,510

7. In Kind Contributions from The County Government

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Salaries and wages	3,200,542	
Pharmaceutical and Non-Pharmaceutical Supplies		2,318,028
Medical supplies-Drawings Rights (KEMSA)	3,545,961	1,314,103
Total grants in kind	6,746,503	3,632,131

8. Rendering of Services-Medical Service Income

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Pharmaceuticals	621,668	490,806
Non-Pharmaceuticals	100,869	52,639
Laboratory	1,098,260	721,022
Radiology		4000
Orthopedic and Trauma Technology		-
Theatre		
Ear Nose, Eye and Throat service		
Ophthalmology		-
Cancer Centre service		-
Dental services		
Reproductive health- Linda Mama	26,105	75,167
Pediatrics services		-
Inpatient services	1,406,273	1,317,314
Farewell home services		
Other medical services income		-
NHIF AND UHC	2,147,700	4,255,520
Medical Records	203,487	206,234
Attachment fee		-
<i>Outpatient Services</i>	106,811	66,166
<i>Physiotherapy</i>		
<i>Medical Legal Fees</i>		-
<i>Occupational Therapy</i>		-
Total revenue from the rendering of services	5,711,173	7,188,868

9. Medical/ Clinical Costs

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Medical/ Clinical Costs	3,545,961	1,646,544
County Government Drawing Rights	1,674,229	1,314,103
Employee costs	5,220,190	2,960,647

9b. Medical/ Clinical Costs

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	140,000	159,018
Public health activities		-
Food and Ration	610,940	690,530
Uniform, clothing, and linen	81,500	-
Dressing and Non-Pharmaceuticals	246,348	370,374
Pharmaceutical supplies	356,903	279,074
Health information stationery	31,750	35,000
Reproductive health materials		-
Surgical Consumables		-
Sanitary and cleansing Materials	198,900	91,700
Purchase of Medical gases	7,888	20,988
Other medical related clinical costs (Drawing Rights)	3,545,961	1,314,103
Total medical/ clinical costs	5,220,190	2,960,647

10. Employee Costs

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Salaries, wages, and allowances	338,416	555,544
Social contribution	-	-
Employee costs paid – Drawing Rights from the County	3,200,542	2,318,028

Rwambwa Sub County- level 4 Hospital (Siaya County Government)
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Employee costs	3,538,958	2,873,572
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11. Depreciation and Amotization expense

Description	Period ended 30th June 2023	Comparative Period
	Kshs	prior year Kshs
Property, plant and equipment	305,442	198,875
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	305,442	198,875

12. Repairs And Maintenance

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Property- Buildings	204,000	403,082
Medical equipment		-
Office equipment		-
Plant and Machinery		-
Furniture and fittings		-
Computers and accessories	76,400	38,500
Motor vehicle expenses		-
Maintenance of civil works		-
Total repairs and maintenance	280,400	441,582

13. Grants And Subsidies

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Other grants and subsidies(<i>specify</i>)	-	-
Transfers to the County Health HSSF Account	943,503	1,451,516
Total grants and subsidies	943,503	1,451,516

14. General Expenses

Description	Period ended 30th June 2023	Period ended 30th June 2022
		Kshs
Advertising and publicity expenses		-
Catering expenses	84,850	35,000
Insecticides and rodenticides	30,000	45,850
Electricity expenses	220,648	442,650
Insurance		-
Travel and accommodation allowance	163,075	340,500
Legal expenses		-
General Office Supplies	129,100	1,451,485
Courier and postal services		-
Printing and stationery	108,000	422,650
Computers, printers & other IT Equipment		-
Water and sewerage costs		-
Telephone and mobile phone services	97000	72000
Fuel, oil & lubricants	112,632	12550
Institutional appliances		-
Other fuel (Charcoal and firewood)	138,700	127,100
Internet expenses	142,000	-
Total General Expenses	1,226,005	1,497,747

15. Finance Costs

Description	Period ended 30th June 2023	Period ended 30th June 2022
	kshs	Kshs
Bank Charges	20,112	4,800
Borrowings (amortized cost) *		-
Finance leases (amortized cost)		-
Total finance costs	20,112	4,800

16. Cash and Cash Equivalents

Description	Period ended 30th June 2023	Period ended 30th June 2022	Prior Year
			audited
	Kshs	Kshs	Kshs
Current accounts	2,135,168	1,392,929	
On - call deposits		-	-
Fixed deposits accounts		-	-
Cash in hand		-	-
Others(<i>specify</i>)- Mobile money		-	-
Total cash and cash equivalents	2,135,168	1,392,929	

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

Description		Period ended 30th June 2023	Period ended 30th June 2022
Financial institution	Account number	Kshs	Kshs
a) Current account			
Rwambwa Sub County Hospital- Danida	1162563745	106,926	18,518
Rwambwa Sub County Hospital	1129591484	2,028,242.00	1,374,411
Sub- total		2,135,168	1,392,929
b) Others(specify)			
cash in hand			-
Mobile money- Mpesa, Airtel money			-
Sub- total			-
Grand total		2,135,168	1,392,929

17. Receivables From Exchange Transactions

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Medical services receivables		
Rent receivables	-	-
Other exchange debtors NHIF	1,800,030	3,647,498
Less: impairment allowance		-
Total receivables	1,800,030	3,647,498

18. Receivables From Non Exchange Transactions

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs.	Kshs
Transfers from the County Government		
Undisbursed donor funds		
Other debtors (<i>non-exchange transactions</i>)- KEMSA	2,054,039	
Less: impairment allowance		-
Total	2,054,039	

19. Inventories

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Inventory	890,479	
Total	890,479	

Rwambwa Sub County- level 4 Hospital (Siaya County Government)
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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost								
As at 1 July 2021	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	795,500	-	795,500
Disposals during the year	-	-	-	-	-	-	-	-
Transfers/adjustments during the year	-	-	-	-	-	-	-	-
As at 30 June 2022	-	-	-	-	-	795,500	-	795,500
								-
As at 1 July 2022	-	-	-	-	-	795,500	-	795,500
Additions during the period	-	-	-	-	120,000	366,269	-	486,269
Disposals during the period	-	-	-	-	-	-	-	-
Transfer/adjustments during the period	-	-	-	-	-	-	-	-
As at 30 June 2023	-	-	-	-	120,000	1,161,769	-	1,281,769
	-	-	-	-	-	-	-	-
Depreciation and impairment	-	-	-	-	-	-	-	-
As at 1 July 2021	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	15,000	290,442	-	305,442
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
As at 30 June 2022	-	-	-	-	15,000	290,442	-	305,442

21. Trade and other Payables

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Trade payables	4,744,547	3,647,497
Employee dues	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables	4,744,547	3,647,497

22. Cash Generated from Operations

Description	Period ended 30th June 2023	Period ended 30th June 2022
	KShs	KShs
Surplus for the year before tax	923,066	1,988,770
Adjusted for:		
Depreciation	305,442	198,875
Working Capital adjustments		
Increase in inventory	- 890,479	-
Increase/ Decrease in receivables -Receivables from exchange transactions	1,847,468	-3,647,498
Increase in receivables - Receivables from non-exchange transactions	2,054,039	-
Increase in payables	1,097,050	3,647,497
Net cash flow from operating activities	1,228,509	2,187,645

23. Revaluation Reserve

Description	Period ended 30th June 2023	Period ended 30th June 2022
	KShs	KShs
Balance at beginning of the period	784	-
Cash and cash equivalent balance as at 30 June 2021		784
Balance at end of the period	784	784

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24. 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:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
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				

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. Rwambwa hospital has significant concentration of credit risk on amounts due from 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 Rwambwa level 4 Hospital short, medium and long-term funding and liquidity management requirements. Rwambwa level 4 Hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 2022				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

Rwambwa Sub County- level 4 Hospital (Siaya County Government)
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Notes to the Financial Statements (Continued)

(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.

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

Rwambwa hospital 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 Rwambwa hospital foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

Rwambwa level 4 Hospital 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.

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro			
USD			
20XX (current year)			
Euro			
USD			

b) Interest rate risk

Interest rate risk is the risk that Rwambwa hospital 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.

Rwambwa Sub County- level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

Sensitivity analysis

Rwambwa level 4 Hospital 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.

Iv Capital Risk Management

The objective of the Rwambwa level 4 Hospital's capital risk management is to safeguard the Hospital's ability to continue as a going concern. Rwambwa hospital capital structure comprises of the following funds:

Description	Current Period	Comparative Period
	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		

25. Related Party Balances

Nature of related party relationships

Entities and other parties related to the Rwambwa level 4 Hospital include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

Siaya County Government is the principal shareholder of Rwambwa level 4 Hospital the *entity*, holding 100% of the *entity's* equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of Rwambwa level 4 Hospital, both domestic and external. The related parties include:

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

26. 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)

27. Contingent Liabilities

Contingent liabilities	FY 2021-2022	FY 2020-2021
	KShs	KShs
Court case xxx against the company		
Bank guarantees in favour of subsidiary		
Total		

(Give details)

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28. Capital Commitments

Capital Commitments	FY 2021-2022	FY 2020-2021
	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)

29. Events after the Reporting Period

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

30. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Siaya.

31. Currency

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

20. 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 for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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Accounting Officer

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Appendix II: Projects Implemented by Rwambwa Sub County Hospital
Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: 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 2023 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 20XX							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2023				Amount Received by [beneficiary entity] (KShs) as at 30 th June 20XX (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 Accounts Department of the beneficiary entity:

Name **Sign** **Date**

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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

