

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**SIAYA COUNTY REFERRAL  
LEVEL 4 HOSPITAL**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**COUNTY GOVERNMENT OF SIAYA**

25/09/24  
SML  
Abela





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**SIAYA COUNTY REFERRAL LEVEL 4 HOSPITAL**

**(COUNTY GOVERNMENT OF SIAYA)**

**AMMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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



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## **1. Acronyms & Glossary of Terms**

*Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.*

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

Siaya County Referral Hospital is a level (4) hospital established under the Kenya gazette notice number 87 of state year and is domiciled in Siaya County under the County's Department of Health.

### (b) Principal Activities

The principal activity/mission/ mandate of the hospital is to offer high quality and affordable health services to bit's clients as captured in the following statements.

#### Vision

Provide efficient and high quality health care that is accessible, equitable and affordable to every Kenyan.

#### Mission

To promote and participate in the provision of an integrated high quality promotive, preventive, curative, rehabilitative and palliative health services.

### (c) Key Management

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

- County Department of Health
- Hospital Management Board, HMB
- Hospital Management Team, HMT led by the Medical Superintendent who is the CEO/Accounting Officer
- Various thematic sub committees
- 

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibilities were:

No.	Designation	Name
1.	Medical Superintendent/CEO	<b>Dr. Evans Ogoti</b>
2.	Head of Finance	<b>Ms. Violet Waswa Wanyonyi</b>
3.	Head of Supply Chain	<b>Mr. Edwin Ngode</b>
4.	Head of Administrative Services	<b>Mr. Andrew Hongo</b>

**(e) Fiduciary Oversight Arrangements**

- i. Hospital Audit sub-committees
- ii. Department of Health
- iii. County Internal Audit Department
- iv. Department of Finance
- v. Siaya County Assembly Health committee
- vi. Siaya County Assembly
- vii. KENAO

**Key Entity Information and Management (continued)**

**(f) Entity Headquarters**

Hospital Road  
P.O. Box 144-40600  
SIAYA, KENYA

**(g) Entity Contacts**

Telephone: +254717197349  
E-mail: siayacountyrh@gmail.com

**(h) Entity Bankers**

Kenya Commercial Bank  
P. O Box 52-40600  
SIAYA

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

**(k) County Attorney**

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

### **3. The Board of Management**

Siaya County Referral Hospital Board of Director's term of service had expired, and had not been renewed. The Facility is yet to appoint new board of directors. A new Board has already been identified awaiting gazetment. The members come from the six sub counties and include a person with knowledge in administration and finance, female representation, PWDs representative, NGO representation, Faith based representation, health insurance and representation from the health professional caucus. The Medical Superintendent is the Board secretary.

#### 4. Key Management Team

Management	Key Qualifications	Details
1. DR. EVANS OGOTI	MBCHB/MMed. OBS/GYN	MEDICAL SUPERINTENDENT
2. MR. JOASH OKINYI	BS. NURSING	NURSING MANAGER
3. DR. REUBEN OWINO	BACHELOR OF PHARMACY	PHARMACY IN CHARGE
4. MR. JARED OKELO	DIPLOMA IN MEDICAL LABORATORY SCIENCE/ BSC. IN MEDICAL LABORATORY SCIENCE	LAB MANAGER
5. MR. ANDREW HONGO	B. MBA (STRATEGIC MANAGEMENT)	HOSPITAL ADMINISTRATOR
6. MS. VIOLET WASWA WANYONYI	CPA FINALIST	ACCOUNTANT IN CHARGE

**5. Chairman's Statement**

Siaya County Referral Hospital Board of Director's term of service had expired, and had not been renewed. The facility is yet to appoint new board of directors. A new Board has already been identified awaiting gazetment. The members come from the six sub counties and include a person with knowledge in administration and finance, female representation, PWDs representative, NGO representation, Faith based representation, health insurance and representation from the health professional caucus. The Medical Superintendent is the Board secretary.

.....

**Name**

**Chairman to the Board**

## 6. Report of The Medical Superintendent

It is with great pleasure that I present to you our Annual Reports and Financial Statements for the Siaya County Referral Hospital for the period ended 30<sup>th</sup> June 2023. The SCRH is a high volume level 4 public hospital owned by the County Government of Siaya located in Alego Usonga Sub County. We are a 304 bed capacity facility offering health services at subsidized costs. We offer a wide range of services ranging from basic life support to super specialty care to the citizens of Siaya and other neighboring counties. We also do outreaches and are also a research and teaching hospital in various areas of medicine. We offer our services through a combination of traditional and modern technology. Our goal is to provide quality health care and at the same time instill positive values amongst our staff as we continue serving humanity.

Improvement in the qualitative aspect of health care inevitably means higher costs. We rely greatly on user fees and the NHIF to help finance our day to day operations as development projects are financed from the office of the COH. The County Government takes care of over 97% of staff salaries. The Department of Health also support the Hospital through commodities drawing rights in the areas of Pharmaceuticals, Non Pharmaceuticals, Radiology and Laboratory reagents and equipment.

Following the passage of the Siaya Health Act 2019, we are grateful that we are enjoying greater autonomy on 75% of our user fees that we are allowed to retain. This has led to better planning and improved operations. Though we acknowledge the importance of Primary Health Care, our opinion is that these should be funded through the exchequer and partners/donors instead of the current arrangement of 25% of the Hospital's user fees being directed for same.

I will not hesitate to aver that we are running an under resourced Medical Facility. The National Government through it's much vaunted UHC, Linda Mama, PWDs cover and Edu Afya schemes, principally social support schemes disbursed through the NHIF shows unpredictability in disbursements. The NHIF another major player in health care financing is also showing inefficiencies in timely payment of claims under the rebates, capitation and the supa cover schemes. Other drain on already scarce resources include waivers and exemptions that are inevitable in Public Hospitals but sadly have no mechanism to support the shortfalls in revenues foregone for such social support programs supporting the needy and vulnerable section of the society.

As you go through this report, I urge that there should be improvement in facility financing by transitioning financing away from reliance on user fees so that facilities can get direct funding from the exchequer based on realistic budgets and planning processes. Such an approach will see resource allocated on a need basis.

We also urge the process of gazzeting the HMB to be accelerated so that we can have community representation supporting the HMT in overseeing the management of hospital resources as envisaged in the inclusion criteria of the Constitution of Kenya 2010.

Finally, my team has availed/will readily avail financial and administrative documents regarding the financial and non-financial resources of the Hospital, facility expenditures, as a form of disclosure and enhancement of accountability and transparency in our finance management process.

Name *Dr. Michael*  
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

Siaya County Referral Hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022- FY 2023. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Offering quality health services to all

Pillar/theme/issue 2: Teaching and research

Siaya County Referral Hospital develops its annual work plans based on the above pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Hospital* achieved its performance targets set for the FY 2022- FY 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:Offering quality health services to all	A healthy populace	-healthy discharges	-treatment -avail drugs and non pharms	
Pillar/ theme/ issue 1: Teaching and research	-Train Medical staff -Explore new areas of knowledge in medicine	-		

## **8. Corporate Governance Statement**

We the staff of the Siaya County Referral Hospital hereby undertake to deliberately build a progressive, responsible and sustainable technologically driven, evidence based and client centred Hospital inherent with the following values:-

- Professionalism
- Accountability
- Respect
- Team work
- Leadership
- Integrity
- Fairness
- Compassion

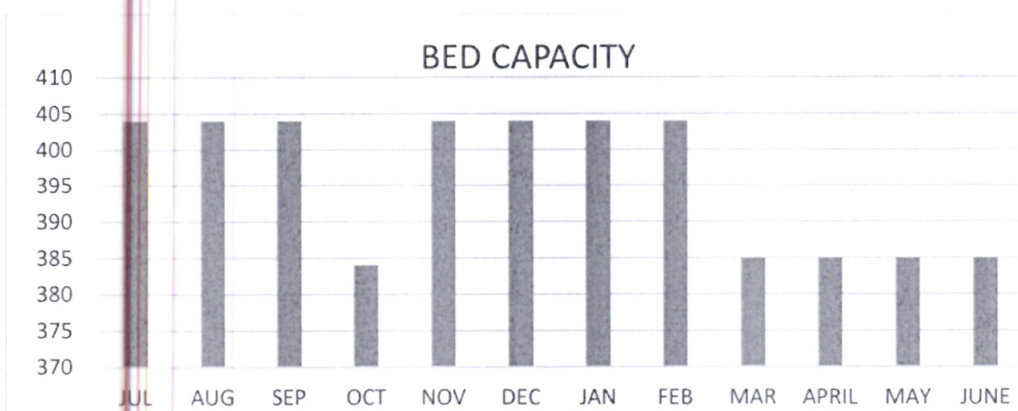
## 9. Management Discussion and Analysis

It is my pleasure to present the Siaya County Referral Hospital financial statements for the year ended 30<sup>th</sup> June 2023. The financial statements present the financial performance of the Hospital over the past year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

### (i) Clinical/operational performance

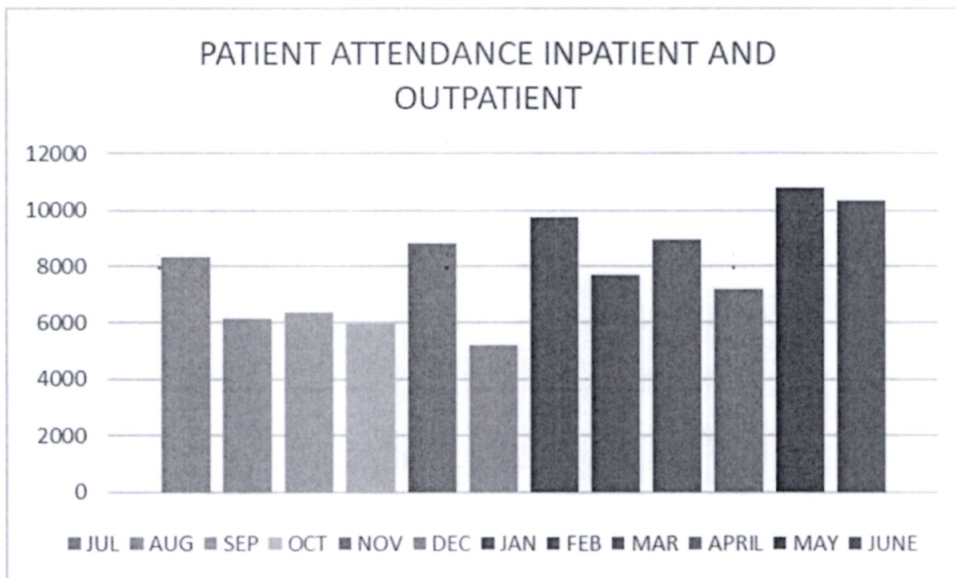
MONTH	BED CAPACITY
JUL	404
AUG	404
SEP	404
OCT	384
NOV	404
DEC	404
JAN	404
FEB	404
MAR	385
APRIL	385
MAY	385
JUNE	385



The bed capacity of the hospital has been averagely 404 for the above period of time; However, for the past quarter of the year the facility has been having 385 beds.

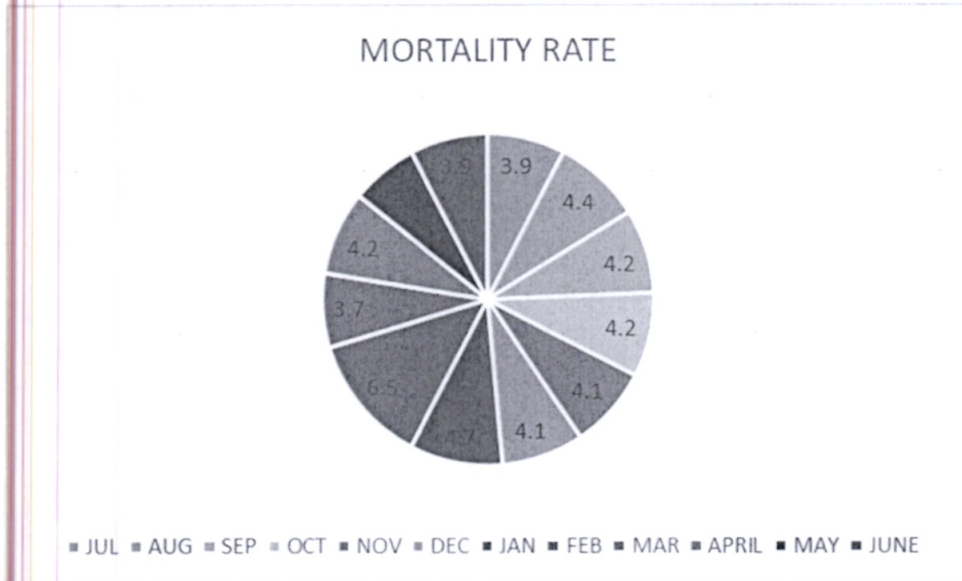
*Siaya County Referral Hospital (Siaya County Government)*  
*Annual Reports and Financial Statements for the Period Ended 30<sup>th</sup> June 2023*

MONTH	PATIENT ATTENDANCE INPATIENT AND OUTPATIENT
JUL	8296
AUG	6139
SEP	6388
OCT	5970
NOV	8819
DEC	5226
JAN	9737
FEB	7704
MAR	8955
APRIL	7200
MAY	10807
JUNE	10337



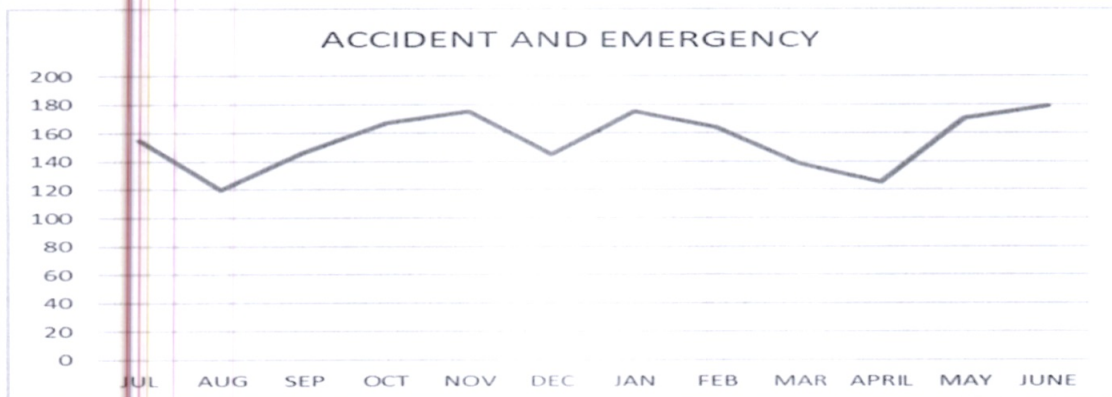
There has been an average increase of patients attending to the inpatient and outpatient during the above stated period

MONTH	MORTALITY RATE
JUL	3.9
AUG	4.4
SEP	4.2
OCT	4.2
NOV	4.1
DEC	4.1
JAN	4.7
FEB	6.5
MAR	3.7
APRIL	4.2
MAY	3.4
JUNE	3.9



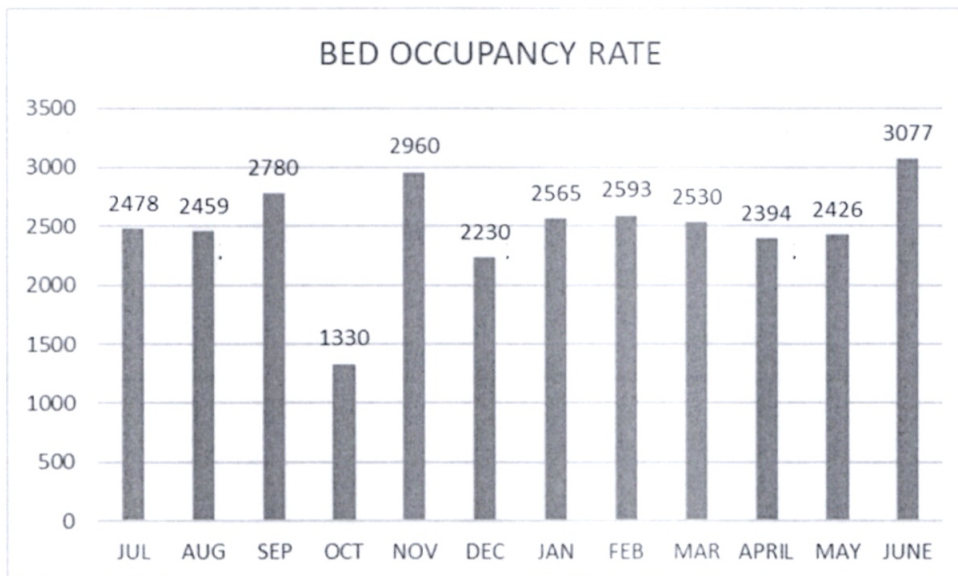
Of the total admissions during the stated period, averagely 4% of the patients died every month out of the total admissions.

MONTH	ACCIDENT AND EMERGENCY
JUL	155
AUG	120
SEP	146
OCT	167
NOV	175
DEC	145
JAN	175
FEB	164
MAR	138
APRIL	125
MAY	170
JUNE	179



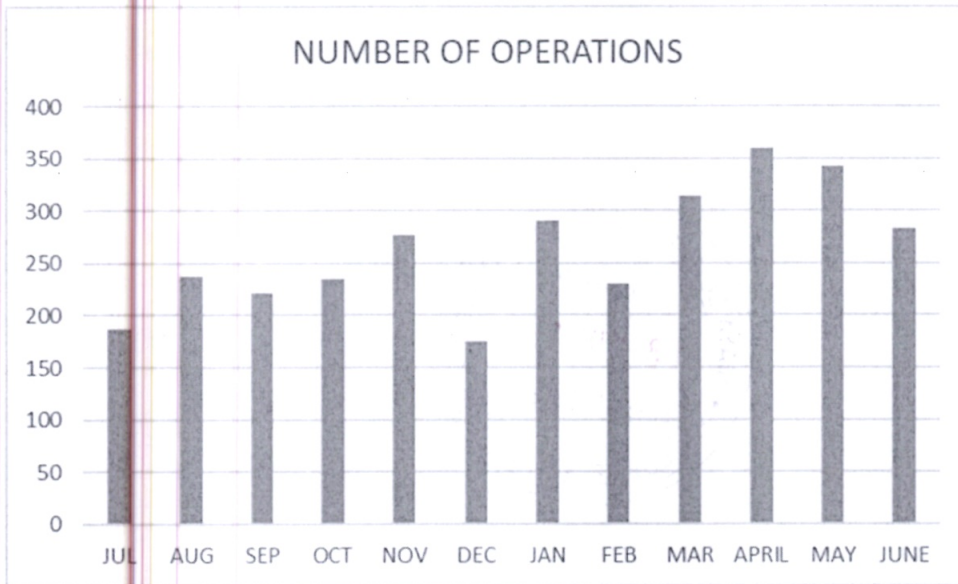
There has been observed a rising and falling trend for the stated period of time; a steady rise for the past quarter is worth noting for the best services for the patients attending to the facility.

MONTH	BED OCCUPANCY RATE
JUL	2478
AUG	2459
SEP	2780
OCT	1330
NOV	2960
DEC	2230
JAN	2565
FEB	2593
MAR	2530
APRIL	2394
MAY	2426
JUNE	3077



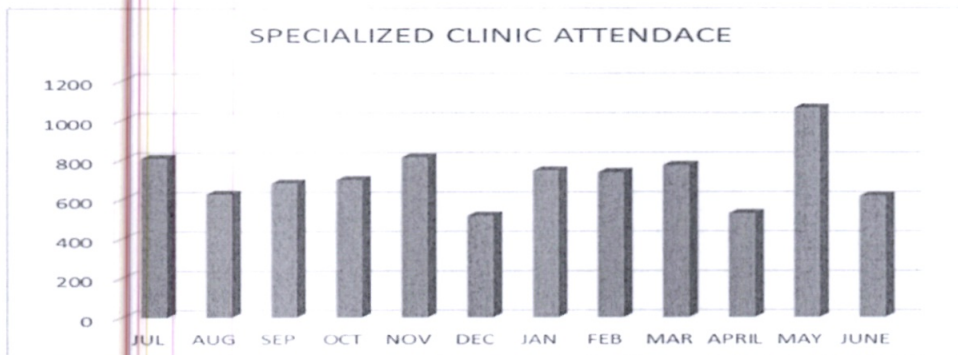
The general bed occupancy of the hospital is higher than the available beds considering the general patient length of stay.

MONTH	NUMBER OF OPERATION
JUL	187
AUG	238
SEP	221
OCT	235
NOV	277
DEC	175
JAN	290
FEB	230
MAR	314
APRIL	359
MAY	342
JUNE	283



The number of operations conducted throughout the period were 3151, which is averagely 263 patients per month for the stated period.

MONTH	SPECIALIZED CLINIC
JUL	807
AUG	626
SEP	682
OCT	698
NOV	812
DEC	516
JAN	745
FEB	736
MAR	771
APRIL	527
MAY	1062
JUNE	616



During the above stated period the hospital has seen 8598 patients on special clinic, which is an average of 717 patients per month.

**Financial performance that includes:**

The Hospital has seen a growth in revenue trends over the past periods. During the year, the facility posted a total of **Kshs. 174,953,294** as revenues. A total of **Kshs. 213,219,891** was incurred as expenditure.

.....  
Name **DR. MICHAEL ONDO**  
Secretary to the Board



## **10. Environmental And Sustainability Reporting**

### ***I. Sustainability strategy and profile***

Siaya County Referral 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 hospital 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 hospital has developed own source revenue collection strategy and is expanding this scope through introduction of more specialized services in a deliberate effort of laying down strategies of improving own source revenue collected within the facility. These efforts are aimed at boosting the fiscal resource basket of the hospital.

However, in the course of implementation, there are challenges experienced across user departments. They include; inadequate staffing, insufficient funding and delays in disbursement of funds especially by our principal financial partner, the NHIF.

### **II. Environmental performance**

Siaya County Referral 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, Siaya County Referral 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 to 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.

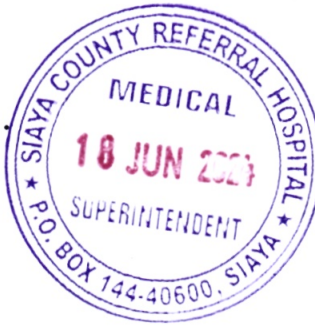
**V. Community Engagements-**

Siaya County Referral 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

Siaya County Referral Hospital Board of Director's term of service had expired, and had not been renewed. The facility is yet to appoint new board of directors. A new Board has already been identified awaiting gazetment. The members come from the six sub counties and include a person with knowledge in administration and finance, female representation, PWDs representative, NGO representation, Faith based representation, health insurance and representation from the health professional caucus. The Medical Superintendent is the Board secretary.

  
.....  
Name DR. MURTAZA OTHMAN  
Secretary to the Board



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

The Board of Management is responsible for the preparation and presentation of the facility's financial statements, which give a true and fair view of the state of affairs of the facility for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the facility; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the facility 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 the facility financial statements give a true and fair view of the state of facility transactions during the financial year ended June 30, 2023, and of the facility's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the facility, which have been relied upon in the preparation of the facility's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The Hospital's financial statements were approved on 17<sup>th</sup> July 2023 and signed on its behalf by:

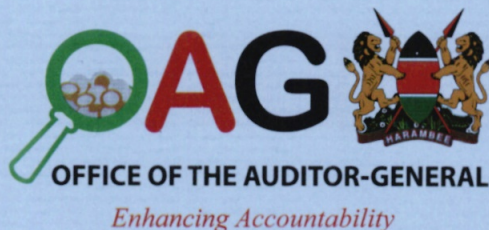
.....  
Name:  
Chairperson  
Board of Management

.....  
Name: *DR. MURIEL MURUGA*  
Accounting Officer



\*The hospital had no Board as at the time of preparation of this financial statement.

# REPUBLIC OF KENYA



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

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

## **REPORT OF THE AUDITOR-GENERAL ON SIAYA COUNTY REFERRAL LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF SIAYA**

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### **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**

#### **Adverse Opinion**

I have audited the accompanying financial statements of Siaya County Referral Level 4 Hospital – County Government of Siaya set out on pages 1 to 51, which comprise of the

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

statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in equity, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of the Siaya County Referral 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 International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

## **Basis for Adverse Opinion**

### **1. Inaccuracies in the Financial Statements**

Review of the financial statements provided for audit revealed the following unsatisfactory matters;

#### **1.1. Unbalanced Statement of Financial Position**

The statement of financial position reflects Kshs.4,972,674 in respect of net assets. However, the re-calculated net assets in the statement of changes in Net Assets revealed an amount of (Kshs.47,559,241) resulting in an unexplained variance of (Kshs.42,586,567) therefore an unbalanced statement of financial position

#### **1.2. Errors in the statement of Changes in Net Assets**

The statement of changes in net assets reflects an opening balance for surplus of Kshs.43,239,271 while the previous year's closing balance was (Kshs.9,225,7450). Further, the statement reflects accumulated surplus as at 30 June, 2023 of Kshs.4,972,674 while the recalculated amount was (Kshs.47,599,241). In addition, the statement of changes in net assets reflects accumulated surplus amounting to Kshs.4,972,674 while the statement of financial position reflects (Kshs.38,266,597).

#### **1.3. Errors in the Statement of Cash Flows**

The statement of cash flows reflects changes in working capital for receivables, payables and inventories of (Kshs.577,395), Kshs.18,517,348 and (Kshs.32,298,172) while the recalculated amounts were (Kshs.64,157), (Kshs.38,655,880) and (Kshs.7,776,555) respectively.

In the circumstances, the accuracy of the above balances reflected in these financial statements could not be confirmed.

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

## **2. Inaccuracies in Waivers of Patients' Bills**

The statement of financial performance reflects a Nil amount for medical services contracts gains/losses in respect of waivers and exemptions. However, the Hospital financial management system reflects an amount of Kshs.7,679,059.74 as waivers. Further, review of the waivers register revealed an amount of Kshs.7,354,931 in respect of waivers for the year under review, resulting to unexplained variance of Kshs.7,354,931. In addition, during the year under review, the Hospital waived a total of four hundred eighty-five (485) patient's bills amounting to Kshs.7,354,931 against total collections of Kshs.77,365,955 representing ten percent (10%) of the revenues. The total amount waived exceeds the allowable rate of 5% as per the Hospital's waiver and exemption policy.

In the circumstances, the accuracy of the Nil amount for waivers and exemptions could not be confirmed.

## **3. Non- Disclosure of Property, Plant and Equipment**

The statement of financial position reflects a Nil property, plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents were not provided for audit. In addition, the Hospital sits on land measuring approximately thirteen (13) acres. However, the land does not have a title deed and although the Hospital has pursued surveying and physical planning of the Hospital's land through the Ministry of Land, the ownership documents have so far not been obtained.

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

## **4. Unconfirmed Intangible Asset Balance**

The statement of financial position reflects Nil intangible assets balance. However, the Hospital had two (2) systems one for revenue collections and reporting, process control module (OPD/IPD), Electronic medical record system (Consultation module, theatre Laboratory, Pharmacy etc) and the other for medicine tracking and dispensing which were not which were not recognised, amortized and reported in the financial statements.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Siaya County Referral 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 adverse opinion.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Non-Compliance with the Financial Reporting Framework Template

Review of the annual report and financial statements submitted for audit revealed that the financial statements did not comply with the financial reporting format issued by the Public Sector Accounting Standards Board. This was contrary to Section 81(3) of the Public Finance Management Act, 2012 which requires that the accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board from time to time.

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

#### 2. Incomplete Theatre Complex

A physical inspection of the Hospital revealed a world bank funded development project for a theatre complex started in the year 2022 and which is at 75% completion stage. As at the time of audit in the Month of April, 2024, the expected completion date is end of June, 2024 for structural, mechanical and electrical works and of which does not show activity program commitment to complete the works by this date.

In the circumstances, the Hospital may not obtain value for money in this project if completion dates are not met.

#### 3. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of the Kenya Quality Model for Health Policy Guidelines

due to staff deficit by seven (7) staff requirements or 31.8% of the authorized establishments as tabulated below;

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	14	2	12.5
Anesthesiologists	2	0	2	100
Pediatrics	2	1	1	50
Radiologists	2	0	2	100
<b>Total</b>	<b>22</b>	<b>15</b>	<b>7</b>	<b>31.8</b>

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Resuscitaire in labour Ward	2	1	1	50
Functional ICU Beds	6	5	1	16.67
Functional High Dependence Unit (HDU) beds	6	0	6	100

The deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

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

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my

report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective

## **Basis for Conclusion**

### **1. Lack of Hospital Management Board**

Review of the Hospital records revealed that the County Executive Committee Member for Health had not appointed the Hospital Management Board for the last two (2) years to oversee administration, promote the development, approve plans, programs, and estimates of the hospital.

In these circumstances, the County Administration contravenes Section 12(1) of the Siaya County Health Services Act, 2019 that require the County Executive Committee (CEC) Member for Health should appointed the Hospital Management Boards for Level 4 and 5 Hospitals.

### **2. Use of Asbestos Roof**

During the physical verification in the month of April 2024, it was observed that several buildings within the Hospital have asbestos roof including the drugs store, kitchen and Immunization centre contrary to Environmental Management and Coordination (Waste Management) Regulations, 2006 which banned on the use of asbestos material in Kenya in the year 2006 and classified asbestos as hazardous waste.

In the circumstances, the hazardous nature of asbestos expose and pose a danger of health matters of staff and patients in the Hospital.

### **3. Lack of Risk Management Policy**

During the year under review, the Hospital Management did not have in place a risk management policy to identify, assess and control risks contrary to Regulation 158(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism and the county government entity develops a system of risk management and internal controls that builds robust business operations

In the circumstances, Management may not be in a position to identify risk, rank them and allocate resources to mitigate them.

### **4. Expired Maintenance Contract Under Managed Equipment Service**

The contact for maintenance of Managed Equipment Service had expired and chances of renewal of the contract is not foreseeable in the near future. This has resulted to

breakdown of equipment in renal unit. Audit have observed that two (2) dialysis machines are not functioning.

In the circumstances, the Hospital may not be able to offer services to patients and achieve its mandate due to the expiry and breakdown of equipment's under Managed Equipment Service contracts.

## **5. Incomplete Fixed Assets Register**

Review of the asset register provided for audit reveal missing details of assets description, cost or valuation, depreciation computation and relevant documentations for additions during the year. Further, the assets were not tagged with unique identification codes.

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

## **Responsibilities of Management and the Hospital Management Board**

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

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

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

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

The Board of Management is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**14 August, 2024**

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

Description	Notes	Financial Year 2022/2023	Comparative Period prior year- 2021/2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	883,000	5,228,845.00
In- kind contributions from the County Government	7	24,455,220	43,692,781.00
Grants from donors and development partners	8		-
Transfers from other Government entities	9		-
Public contributions and donations	10		-
		<b>25,338,220.00</b>	<b>48,921,626</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	149,615,074	143,092,956.00
Revenue from rent of facilities	12		-
Finance /Interest Income	13		-
Miscellaneous income	14		-
<b>Revenue from exchange transactions</b>		<b>149,615,074</b>	<b>143,092,956</b>
<b>Total revenue</b>		<b>174,953,294</b>	<b>192,014,582</b>
<b>Expenses</b>			
Medical/Clinical costs	15	70,674,527	114,125,864.00
Employee costs	16	35,611,366	29,975,091.00
Board of Management Expenses	17		
Depreciation and amortization expense	18		
Repairs and maintenance	19	14,970,844	9,297,411.00
Grants and subsidies	20	49,275,102	
General expenses	21	42,610,766	47,860,441.00
Finance costs	22	77,286	88,419.00
<b>Total expenses</b>		<b>213,219,891</b>	<b>201,347,226</b>
<b>Other gains/ (losses)</b>			
Gain on disposal of non-Current assets	23		
Unrealized gain on fair value of investments	24		
Medical services contracts Gains/Losses	25		
Impairment loss	26		
Gain on foreign exchange transactions			
<b>Total other gains / (losses)</b>			-
<b>Net Surplus for the quarter</b>		<b>- 38,266,597</b>	<b>- 9,332,644</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			



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**15. Statement of Financial Position As At 30<sup>th</sup> June 2023**


Description	Notes	Financial Year 2022/2023	Audited
		Kshs	Prior year Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	10,941,099	43,239,271
Receivables from exchange transactions	28	577,395	513,238
Receivables from non-exchange transactions	29		
Inventories	30	12,071,528	4,294,973
<b>Total Current Assets</b>		<b>23,590,022</b>	<b>48,047,482</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31		
Intangible assets	32		
Investment property	33		
<b>Total Non-current Assets</b>			-
<b>Total assets</b>		<b>23,590,022</b>	<b>48,047,482</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	18,617,348	57,273,228
Refundable deposits from customers/Patients	35		
Provisions	36		
Finance lease obligation	37		
Current portion of deferred income	38		
Current portion of borrowings	39		
<b>Total Current Liabilities</b>		<b>18,617,348</b>	<b>57,273,228</b>
<b>Non-current liabilities</b>			
Provisions	36		
Non-Current Finance lease obligation	37		
Non-Current portion of deferred income	38		
Non - Current portion of borrowings	39		
Service concession liability	40		
<b>Total Non-current liabilities</b>			-
<b>Total Liabilities</b>			-
<b>Net assets</b>		<b>4,972,674</b>	<b>- 9,225,746</b>
Opening balance		43,239,271	106,899
Accumulated surplus/Deficit		- 38,266,597	- 9,332,644
Capital Fund		-	-
<b>Total Net Assets and Liabilities</b>		<b>4,972,674</b>	<b>- 9,225,745</b>

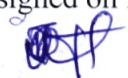
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The Hospital's financial statements were approved on 17<sup>th</sup> July 2023 and signed on its behalf by:

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

  
**ERICK DUHUMBE**  
**ACCOUNTANT-IN-CHARGE**  
**SIAYA COUNTY REFERRAL HOSPITAL**  
**ICPAK No: 19724**  
**P. O. Box 144-40600,**  
**SIAYA**

  
**DR. MICHAEL ODUOR**  
**Medical Superintendent**



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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
			Fund	
<b>As at July 1, 2022 (previous year)</b>	<b>106,899</b>	-	-	<b>106,899</b>
Revaluation gain		-	-	-
Surplus/(deficit) for the year	9,332,644	-	-	<b>9,332,644</b>
Capital/Development grants		-	-	-
<b>As at June 30, 2022 (previous year)</b>	<b>- 9,225,745</b>	-	-	<b>9,225,745</b>
		-	-	-
<b>At July 1, 2022 (current year)</b>	<b>43,239,271</b>	-	-	<b>43,239,271</b>
Revaluation gain		-	-	-
Surplus/(deficit) for the year	- 38,266,597	-	-	<b>38,266,597</b>
Capital/Development grants		-	-	-
<b>At June 30, 2023 (current year)</b>	<b>4,972,674</b>	-	-	<b>4,972,674</b>

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

Description	Note	Financial Year 2022/2023	Comparative Period prior year
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		883,000	5,228,845
In Kind Contributions from The County Government		24,455,220	43,692,781
Grants from donors and development partners			
Transfers from other Government entities			
Public contributions and donations			
Rendering of services- Medical Service Income		149,615,074	143,092,956
Revenue from rent of facilities			
Finance / interest income			
Other receipts( <i>specify</i> )			
<b>Total Receipts</b>		<b>174,953,294</b>	<b>192,014,582</b>
<b>Payments</b>			
Medical/Clinical costs		70,674,527	114,125,864
Employee costs		35,611,366	29,975,091
Board of Management Expenses		-	-
Repairs and maintenance		14,970,844	9,297,411
Grants and subsidies		49,275,102	-
General expenses		42,610,766	47,860,441
Finance costs		77,286	88,419
Refunds paid out		-	
<b>Total Payments</b>		<b>213,219,891</b>	<b>201,347,226</b>
<b>Adjusted for</b>			
Decrease/ (Increase) in Accounts Receivable: Outstanding imprest		- 577,395	- 513,238
Decrease/ (Increase) in Accounts Payable		18,617,348	57,273,228
Inventory		- 12,071,528	- 4,294,973
<b>Net cash flows from/(used in)operating activities</b>		<b>- 32,298,172</b>	<b>43,132,373</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment, & intangible assets		-	
Proceeds from the sale of property, plant, and equipment			

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Acquisition of investments			
<b>Net cash flows from /(used in) investing activities</b>		-	-
<b>Cash flows from financing activities</b>		-	
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
<b>Net cash flows from /(used in) financing activities</b>		-	-
<b>Net increase /(decrease) in cash and cash equivalents</b>		- 32,298,172	43,132,373
Cash and cash equivalents at 30th June 2022	27	43,239,271	106,899
<b>Cash and cash equivalents at 30th June 2023</b>	27	<b>10,941,099</b>	<b>43,239,271</b>

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

Description	Original budget	Adjustments	Final budget	Actual		% of utilization
				Cumulative to date		
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from the County Government			-	883,000	- 883,000	
Grants from donors and development partners					-	
Transfers from other Government entities					-	
In- kind contributions from the County Government				24,455,220	- 24,455,220	
Public contributions and donations					-	
Rendering of services- Medical Service Income	325,819,160		325,819,160	149,615,074	<b>176,204,086</b>	46
Revenue from rent of facilities					-	
Finance / interest income					-	
Other receipts (specify)					-	
<b>Total income</b>	<b>325,819,160</b>		<b>325,819,160</b>	<b>174,953,294</b>	<b>150,865,866</b>	<b>54</b>
<b>Expenses</b>					-	
Medical/Clinical costs	160,180,000		160,180,000	70,674,527	89,505,473	44
Employee costs	28,652,160		28,652,160	35,611,366	- 6,959,206	124
Remuneration of directors			-	-	-	
Repairs and maintenance	85,049,000		85,049,000	14,970,844	70,078,156	18
Grants and subsidies	-		-	49,275,102	- 49,275,102	
General expenses	51,902,000		51,902,000	42,610,766	9,291,234	82
Finance costs	36,000		36,000	77,286	- 41,286	215
Refunds			-	-	-	-
<b>Total expenditure</b>	<b>325,819,160</b>		<b>325,819,160</b>	<b>213,219,891</b>	<b>112,599,269</b>	<b>65</b>
<b>Surplus for the period</b>	-			- <b>38,266,597</b>		

*Budget notes*

- i. There was no change in the final budget from the original budget

**19. Notes to the Financial Statements**

**1. General Information**

Siaya County Referral Hospital functions under the Devolution Act of 2012 and operates within Section 10 of the Siaya Health Services Act of 2017, that makes it an operational entity that is able to provide preventive, promotive, curative, rehabilitative and palliative health care. The Act also allows it to be a revenue and expenditure entity.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospital's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and 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><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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> <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;</p> <p>and</p>

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Standard	Effective date and impact
	(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 29: Financial instruments: Recognition and Measurement</i></li> </ul> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> 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><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires: -</p> <ul style="list-style-type: none"> <li data-bbox="475 969 1380 1104">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> <li data-bbox="475 1126 1380 1305">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.</li> </ul>

***iii) Early adoption of standards***

The Entity did not early – adopt any new or amended standards in the financial year.

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

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

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

**Sale of goods**

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

**Interest income**

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

**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 2022 2023 was approved on 14<sup>th</sup> June 2022. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**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)*

**c. Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

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

**d. Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

*Notes to the Financial Statements (Continued)*

**e. Leases**

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

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

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

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

**f. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**g. 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.

**h. 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.

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 cashflows 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.

**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)*

**i. Inventories**

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

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

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

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

**j. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**k. 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.

**l. 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.

**m. 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.

**n. Nature and purpose of reserves**

The entity creates and maintains reserves in terms of specific requirements.

**o. 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)*

**p. 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.

**q. 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.

**r. 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.

**s. Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the facility, 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)*

**t. 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 facility recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**u. 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.

**v. Comparative figures**

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

**w. 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, 2023.

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	Period ended 30th September 2022	Period ended 31ST December 2022	Period ended 31ST March 2023	Period ended 30th June 2023	Comparative Period prior period
	Kshs	Kshs	Kshs	Kshs	
<b>Unconditional Grants</b>					
Operational Grant	-	-	-		-
Level 5 Grants	-	-	-		-
Other Grants	-	-	-		5,228,845
	-	-	-		5,228,845
<b>Conditional Grants</b>					
User Fee Forgone	-	-	-		-
Transforming Health Services For Universal Care Project (THUCP)	-	-	-		-
DANIDA	-	-	-	383,000	-
Wards Development Grant	-	-	-		-
Paediatric Block Grant	-	-	-		-
Administration Block Grant	-	-	-		-
Laboratory Grant	-	-	-		-
<b>Total Government Grants And Subsidies</b>	-	-	-	383,000	5,228,845

6b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the period	Comparative period prior year
	Kshs	Kshs			
			Kshs	Kshs	Kshs
Siaya County Government	500,000	-	-	-	5,228,845
<b>Total</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,228,845</b>

**Notes to Financial Statements Continued**

**7. In Kind Contributions from The County Government**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Salaries and wages	24,455,220	23,633,019
Pharmaceutical and Non-Pharmaceutical Supplies	-	-
Medical supplies-Drawings Rights (KEMSA)	-	20,059,762
Utility bills	-	-
<b>Total grants in kind</b>	<b>24,455,220</b>	<b>43,692,781</b>

**8. Grants From Donors and Development Partners**

Description	FY 2022/2023	FY 2021-2022
	Kshs	Kshs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Pediatric ward grant- JICA	-	-
Research grants	-	-
Other grants	-	-
<b>Total grants from development partners</b>	<b>-</b>	<b>-</b>

**8 (a) Grants from donors and development partners (Classification)**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

9. Transfers From Other Government Entities

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from National Hospital	-	-
Transfer from Institute	-	-
<b>Total Transfers</b>	-	-

10. Public Contributions and Donations

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	-	-

10 (a) Reconciliations of amortised grants

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
<b>Conditions to be met – remain liabilities</b>	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	Financial Year 2022/2023	Comparative Period prior year- FY 2021/2022
	Kshs	Kshs
Pharmaceuticals	7,179,955	2,639,842
Non-Pharmaceuticals	3,930,006	579,040
Laboratory	17,268,705	7,682,963
Radiology	15,233,346	12,642,807
		624,748
Orthopedic and Trauma Technology	829,584	
Theatre	2,576,605	624,900
	-	-
Accident and Emergency Service		
Anesthesia Service	-	-
Ear Nose and Throat service	143,100	105,300
Eye unit	204,585	263,700
Nutrition service	-	-
Cancer centre service	-	-
Dental services	686,851	570,700
Reproductive health	-	
Paediatrics services	1,902,356	-
Inpatient services	12,740,324	34,920,655
Farewell home services	8,005,463	6,545,144
	-	
<b>Other medical services income</b>		
	72,249,129	70,750,546
<i>NHIF, LINDA MAMA AND UHC</i>		
<i>Medical Records</i>	2,767,837	2,217,651
<i>Attachment fee</i>	1,467,070	860,953
<i>Outpatient Services</i>	534,738	407,922
<i>Physiotherapy</i>	481,897	451,400
<i>Medical Legal Fees</i>	233,500	53,700
<i>Occupational Therapy</i>	173,872	169,560
<i>Renal Services</i>	96,150	92,200
<i>Clinics</i>	12,504	2,860
<i>ICU</i>	508,902	-
	388,595	886,365
<i>Other medical services income</i>		
<b>Total revenue from the rendering of services</b>	<b>149,615,074</b>	<b>143,092,956</b>

**12. Revenue from Rent of Facilities**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
<b>Total Revenue from rent of facilities</b>	-	-

**13. Finance /Interest Income**

Description	2022/2023	2021/2022
	Kshs	Kshs
Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	-	-

**14.**

Description	2022/2023	2021/2022
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
<b>Total Miscellaneous income</b>	-	-

**Notes to the Financial Statements (Continued)**

**15. Medical/ Clinical Costs**

Description	Financial Year 2022/2023	Comparative Period prior year- FY 2021/2022
	Kshs	Kshs
Dental costs/medical equipment	2,692,370	482,450
Laboratory chemicals and reagents	4,265,273	10,469,644
Public health activities	-	-
Food and Ration	41,255,024	37,460,890
Uniform, clothing, and linen	235,330	204,140
Dressing and Non-Pharmaceuticals	8,286,388	20,188,562
Pharmaceutical supplies	1,227,182	29,672,724
Health information stationery	225,550	48,050
Reproductive health materials	-	-
Surgical consumables	-	646,000
Sanitary and cleansing Materials	2,754,240	5,371,854
Purchase of Medical gases	3,327,629	5,740,000
Rehabilitation materials	349,790	697,850
X-Ray/Radiology supplies	6,055,751	3,143,700
Other medical related clinical costs (Orthopaedic materials)	-	-
<b>Total medical/ clinical costs</b>	<b>70,674,527</b>	<b>114,125,864</b>

**16. Employee Costs**

Description	Financial Year 2022/2023	Comparative Period prior year- FY 2021/2022
	Kshs	Kshs
Salaries, wages, and allowances	35,611,366.00	29,975,091.00
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>specify</i> )	-	-
<b>Employee costs</b>	<b>35,611,366</b>	<b>29,975,091</b>

**17. Board of Management Expenses**

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	-	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	-	-

**18. Depreciation and Amortization Expense**

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	-	-

**19. Repairs And Maintenance**

Description	Financial Year 2022/2023	Comparative Period prior year- FY 2021/2022
	Kshs	Kshs
Property- Buildings	10,758,439.00	3,674,143.00
Medical equipment	-	313,600.00
Office equipment	-	311,505.00
Plant and Machinery	104,150.00	2,526,186.00
Furniture and fittings	315,370.00	-
Computers and accessories	182,500.00	115,927.00
Motor vehicle expenses	3,610,385.00	493,500.00
Maintenance of civil works	-	1,862,550.00
<b>Total repairs and maintenance</b>	<b>14,970,844.00</b>	<b>9,297,411.00</b>

**20. Grants And Subsidies**

Description	2022/2023	2021/2022
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidized medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Other grants and subsidies	-	-
Transfers to the County Health HSSF Account and other facilities	49,275,102.00	-
<b>Total grants and subsidies</b>	<b>49,275,102.00</b>	-

**21. General Expenses**

Description	Financial Year 2022/2023	Comparative Period prior year- FY 2021/2022
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	26,760.00	9,600.00
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Conferences and delegations	143,800.00	-
Consultancy fees	-	-
Contracted services	2,969,253.00	1,896,970.00
Electricity expenses	13,955,094.00	19,481,820.00
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	2,794,540.00	2,133,352.00
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	40,813.00	55,850.00
Printing and stationery	7,309,422.00	7,848,600.00
Computers, printers & other IT Equipment	401,987.00	1,035,650.00
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	4,712,500.00	5,053,500.00
Skills development levies	-	191,700.00
Telephone and mobile phone services	1,322,895.00	882,855.00
Fuel, oil & lubricants	4,957,949.00	3,800,120.00
Institutional appliances	195,100.00	500,135.00
Other fuel (Charcoal and firewood)	2,248,555.00	4,046,990.00
Internet expenses	-	-
Staff training and development	109,250.00	11,300.00
Subscriptions to professional bodies	1,422,848.00	911,999.00
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Other operating expenses	-	-
<b>Total General Expenses</b>	<b>42,610,766</b>	<b>47,860,441</b>

**22. Finance Costs**

Description	2022/2023	2021/2022
	Kshs	Kshs
Bank Charges	77,286	88,419.00
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	<b>77,286</b>	<b>88,419</b>

**23. Gain/Loss on Disposal of Non-Current Assets**

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
<b>Total gain on sale of assets</b>	<b>-</b>	<b>-</b>

**24. Unrealized Gain On Fair Value Investments**

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	<b>-</b>	<b>-</b>

**25. Medical Services Contracts Gains /Losses**

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	-	-
<b>Total Gain/Loss</b>	<b>-</b>	<b>-</b>

**26. Impairment Loss**

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
<b>Total impairment loss</b>	<b>-</b>	<b>-</b>

## 27. Cash And Cash Equivalents

Description	2022-2023	2021-2022
	KShs	KShs
Current accounts	10,941,099	43,239,272.00
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>10,941,099</b>	<b>43,239,272.00</b>

### 27 (a). Detailed Analysis of Cash and Cash Equivalents

Description		2022/2023	2021/2022
Financial institution	Account number	Kshs	Kshs
<b>a) Current account</b>			
Siaya District Hospital- KCB	1156677165	10,366,993.48	10,631,678.00
Siaya County Referral Hospital (Operation A/C)- KCB	1290278679	181,606.00	9,673,112.00
Siaya County Referral Hospital (Revenue A/C)- KCB	1290277958	392,500.00	22,934,482.00
		-	-
<b>Sub- total</b>		<b>10,941,099.48</b>	<b>43,239,272.00</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank –etc		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>c) Fixed deposits account</b>			
Bank Name		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>d) Others(<i>specify</i>)</b>			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>10,941,099.48</b>	<b>43,239,272.00</b>

## 28. Receivables From Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Medical services receivables	71,395	-
Rent receivables	-	-
Other exchange debtors	506,000	513,238.00
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>577,395</b>	<b>513,238.00</b>

**Analysis of Receivables From Exchange Transactions**

Description	2022/2023		2021/2022	
	KShs		KShs	
	Current FY	% of the total	Comparative-FY	% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (a+b)</b>	-	-	-	-

**29. Receivables From Non-Exchange Transactions**

Description	2022/2023	2021/2022
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors ( <i>non-exchange transactions</i> )	-	-
Less: impairment allowance	-	-
<b>Total</b>	-	-

**Analysis of Receivables From Non-Exchange Transactions**

Description	Financial Year 2022/2023		Financial Year 2021/2022	
	KShs		KShs	
	Current 2023	% of the total	Comparative 2022	% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (a+b)</b>	-	-	-	-

**30. Inventories**

Description	Period ended 30th June 2023	Prior year audited
	Kshs	Kshs
Pharmaceutical supplies	5,690,623	-
Non-pharmaceuticals	3,867,612	2,386,882.00
Maintenance supplies	-	-
Lab materials	2,078,545	1,713,109.00
Food supplies	434,748	194,982.00
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>12,071,528</b>	<b>4,294,973</b>

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*Notes to the Financial Statements (Continued)*

**31. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2022</b>	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
At 1 July 2023 (current year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2023</b>	-	-	-	-	-	-	-	-
<b>Depreciation and impairment</b>	-	-	-	-	-	-	-	-
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment								

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
<b>At30 June 2022</b>	-	-	-	-	-	-	-	-
At July 2023 (current year)	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-	-	-	-
<b>Net book values</b>	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2022(previous)	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun2023 (current)	-	-	-	-	-	-	-	-

**32. Intangible Assets-Software**

Description	2022/2023	2021/2022
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization for the period	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

**33. Investment Property**

Description	2022/2023	2021/2022
	KShs	KShs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation ( <i>where investment property is at cost</i> )	-	-
Impairment	-	-
<b>At end of the year</b>	-	-

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**34. Trade and other Payables**

Description	F2022/2023		2021/2022	
	KShs		KShs	
Trade payables	18,617,348		57,273,228	
Employee dues	-		-	
Third-party payments	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
<b>Total trade and other payables</b>	<b>18,617,348</b>		<b>57,273,228</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Compa rative FY</b>	<b>% of the total</b>
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total</b>	-	-	-	-

**35. Refundable Deposits from Customers/Patients**

Description	2022/2023		2021/2022	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others ( <i>specify</i> )	-		-	
<b>Total deposits</b>	<b>-</b>		<b>-</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total</b>	-	-	-	-

Notes to the Financial Statements (Continued)

**36. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount & time value for money	-	-	-	-
<b>Total provisions</b>	-	-	-	-
	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-
<b>Total Provisions</b>	-	-	-	-

**37. Finance Lease Obligation**

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-

**38. Deferred Income**

Description	2022/2023	2021/2022
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

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Notes to the Financial Statements (Continued)

38 (a) The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to statement of financial performance	-	-	-	-
Other transfers ( <i>Specify</i> )	-	-	-	-
Balance C/F	-	-	-	-

39. Borrowings

Description	Financial Year 2022/2023	Financial Year 2021/2022
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the period	-	-

39. (a) Breakdown of Long- and Short-Term Borrowings

Description	Financial Year 2022/2023	Financial Year 2021/2022
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

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**40. Service Concession Arrangements**

Description	2022/2023	2021/2022
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

**41. Social Benefit Liabilities**

Description	2022/2023	2021/2022
	KShs	KShs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People Living with Disabilities benefit Scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

**42. Cash Generated from Operations**

	Period ended 30th June 2023	Prior year audited
	Kshs	Kshs
<b>Surplus for the year before tax</b>	- 38,266,597	- 9,332,644
<b>Adjusted for:</b>	-	-
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>	-	-
Increase in inventory	- 12,071,528	- 4,294,973
Increase in receivables	- 577,395	- 513,238
Increase in deferred income	-	-
Increase in payables	18,617,348	57,273,228
Increase in payments received in advance	-	-
<b>Net cash flow from/used in operating activities</b>	- 32,298,172	43,132,373

**Notes to the Financial Statements (Continued)**

**43. 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 2022 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
At 30 June 2023 (current year)	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

**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. The entity 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 the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2023</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**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**

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2023</b>			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2023</b>			
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
<b>2022 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2023 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Notes to the Financial Statements (Continued)**

**Sensitivity analysis**

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

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

**iv) Capital Risk Management**

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

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
<b>Total funds</b>	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ <i>(excess cash and cash equivalents)</i>	-	-
<b>Gearing</b>	-	-

**Notes to the Financial Statements (Continued)**

**44. Related Party Balances**

**Nature of related party relationships**

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

Siaya County Government is the principal shareholder of 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 the entity, both domestic and external. The related parties include:

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

Description	Financial Year 2022/2023	Financial Year 2021/2022
	KShs	KShs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to	-	-
Sales of services to	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	-	-
Payments for goods and services for	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

**45. Segment Information**

**46. Contingent Liabilities**

Contingent liabilities	2022/2023	2021/2022
	KShs	KShs
Court case against the company	-	-
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	-	-

**47. Capital Commitments**

Capital Commitments	2022/2023	2021/2022
	KShs	KShs
Authorised For		
Authorised And Contracted For		
<b>Total</b>		

*(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)*

**48. Events after the Reporting Period**

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

**49. 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.

**50. 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.

*Dr. MUTHAHL*  
.....  
**Accounting Officer**



*Siaya County Referral Hospital (Siaya County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

**Appendix II: Projects Implemented by The Entity**

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

*Siaya County Referral Hospital (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*


**Appendix III: Inter-Entity Confirmation Letter**

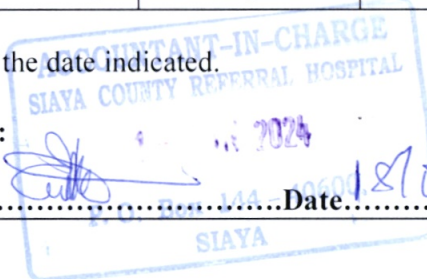
The wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 <sup>th</sup> June 2023							
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 <sup>th</sup> June 2023(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 ENDU ODHIAMBO ONG'ODIA Sign  Date 18/06/2024



*Siaya County Referral Hospital (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

**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		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

*Siaya County Referral Hospital (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

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**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
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-



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**SIAYA COUNTY REFERRAL Level 4 HOSPITAL  
(Siaya County Government)**

**TRIAL BALANCE**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

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

**SIAYA COUNTY REFERRAL HOSPITAL**

**REPORTS AND FINANCIAL STATEMENTS 30TH JUNE 2023**

**TRIAL BALANCE**

	Note	DR	CR
<b>BROUGHT FORWARD</b>			43,239,271
TRANSFER FROM COUNTY GOVERNMENT	6		883,000
IN KIND CONTRIBUTIONS	7		24,455,220
GRANTS FROM DONORS AND DEVELOPMENT PARTNERS	8		-
TRANSFER FROM OTHER GOVERNMENT ENTIES	9		
PUBLIC CONTRIBUTIONS AND DONATIONS	10		
RENDERING OF SERVICES-MEDICAL SERVICE INCOME	11		149,615,074
REVENUE FROM RENT OF FACILITIES	12		
FINANCE/INTEREST INCOME	13		
OTHER INCOME	14		
MEDICAL/CLINICAL COST	15	70,674,527.00	
EMPLOYEE COST	16	35,611,366.00	
BOARD OF MANAGEMENT EXPENSES	17		
DEPRECIATION AND ARMOTIZATION EXPENSES	18		
REPAIR AND MAINTENANCE	19	14,970,844.00	
GRANTS AND SUBSIDIES	20	49,275,102.00	
GENERAL EXPENSES	21	42,610,766.00	
FINANCE COST	22	77,286.00	
GAIN/LOSS ON DISPOSAL OF NON -CURRENT ASSETS	23		
UNREALIZED GAIN ON FAIR VALUE INVESTEMENT	24		
MEDICAL SERVICES CONTRACT GAIN/LOSSES	25		
IMPAIRMENT LOSS	26		
CASH AND CASH EQUIVALENT	27	10,941,099.48	
RECEIVABLE FROM EXCHANGE TRANSACTION	28	577,395.00	
RECEIVABLE FROM NON-EXCHANGE TRANSACTION	29		
INVENTORY	30	12,071,528.00	
PROPERTY PLANT AND EQUIPMENT	31		
INTANGBLE ASSET	32		
INVESTMENT PRPORTY	33		
TRADE AND OTHER PAYABLES	34		18,617,348.00
REFUNDABLE DEPOSIT FROM CUSTOMERS/PATIENTS	35		
PROVISIONS	36		
FINANCE LEASE OBLIGATION	37		
DEFERRED INCOME	38		
BORROWINGS	39		
SERVICE CONCESSION ARRANGEMENTS	40		
CASH GENERATED FROM OPERATIONS	41		
<b>TOTAL PAYMENTS</b>		<b>236,809,913</b>	<b>236,809,913</b>