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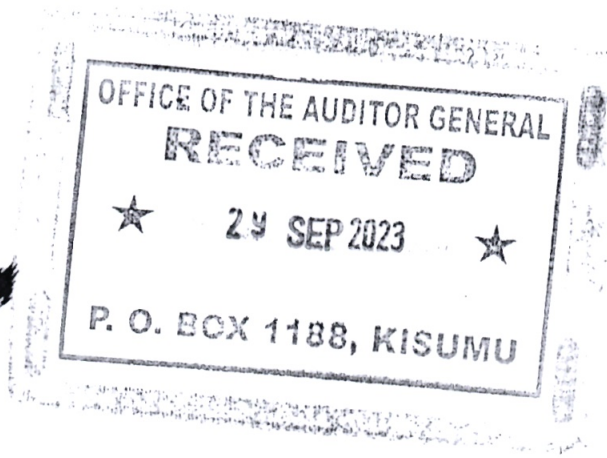
MASOGO SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2023

COUNTY GOVERNMENT OF KISUMU

25/09/24
S.M.L
Angels



MASOGO SUBCOUNTY LEVEL 4 HOSPITAL

(Kisumu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

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1. Acronyms & Glossary of Terms

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

2. Key Entity Information and Management

(a) Background information

Masogo Sub County Hospital is a level (4) hospital established under gazette notice number xxx and is domiciled in Kisumu County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide universal healthcare to the citizens of Muhoroni subcounty and its neighbours.

Core activities being provision of preventive, promotive and curative services to the community.

(c) Key Management

MSCH's management is under the following key organs:

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Geoffrey Otieno Ocheche
2.	Head of finance	Lyvian Akoth Osodo
3.	Head of Nursing	Victor Olang
4.	Head of Laboratory	Vincent Kitangala
5.	Head of Pharmacy	Rose Akako

(e) Fiduciary Oversight Arrangements

MSCH oversight arrangements are categorised as below:

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

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 14

MIWANI, KENYA

(g) Entity Contacts

Telephone: (+254) 723837958

E-mail: masogosubcountyhospital53@gmail.com

(h) Entity Banker

Kenya commercial bank

Account no. 1148796614

Branch: muhoroni

(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. 721-40100

Kisumu, Kenya

3. The Board of Management

Ref	Directors	Details
1.	Vitalis Okuta	Chairman
2.	James Obera	Treasurer
3.	Geofrey Omollo	Youth Representative
4.	Mary Rakiro	Women Rep.
5.	MED SUP	Geoffrey Otieno Ocheche
6.	Dorcas Achieng	Member
7.	Jedida Awuor	Member
8.	Maricus Abieso	Member

4. Key Management Team

Ref	Management	Details
1.	Geoffrey Otieno Ocheche	Medical Superintendent
2.	Lyvian Akoth Osodo	Head of Finance
3.	Victor Olang	Head of Nursing
4.	Vincent Kitangala	Head of Laboratory
5.	Rose Akako	Head of Pharmacy

5. Chairman's Statement

On behalf of the Board, I acknowledge that we are responsible for this hospital entity governance. I am specifically responsible for the leadership of the Board, ensuring its effectiveness on all aspects of its role, including good governance in dealing with our core mandate. This includes ensuring that Board meetings are held in an open manner, that the directors receive accurate, timely and clear information and allowing sufficient time for agenda items to be discussed. I am also responsible for effective communications with stakeholders and acting as a link between the hospital and the community in providing holistic care.

The Board remains committed to maintaining and evolving high standards of oversight throughout the entity

On behalf of the board of directors' of Masogo Sub County Hospital, I am pleased to present the 2023 financial statements of the hospital, the financial year 2023 ("FY 2022/2023") has proven to be a challenging year for us.

Annual average inflation in 2022 was at 6.1% supported by subdued demand pressure, rising food prices (lower than-average rainfall) and higher global oil prices. Against the United States Dollar, the Kenya Shilling depreciated by 3.6% to close the year at 113.15; rebound in imports exceeded recovery in export earnings on the back of increased orders as the economy re-opened. The average exchange rate in 2022 was 140. Disruptions across supply chains, together with the depreciation of the shilling, increased the cost of doing business and impacted on our business spend management.

As we transitioned toward the endemic phase and economic activities continue to normalize, the Covid-19 pandemic greatly affected the operations of the hospital and totally disoriented the system, thinly stretching out the meek resources in the hospital sector.

As of May 2023, the world recorded at least 534 million confirmed cases of the disease and 6 million deaths since the disease was first identified. With increasing vaccinations worldwide resulting in reducing positivity rates, 2021 experienced better prospects compared to the previous year. Health seeking behaviour improved in 2021, however the disease still impacted adversely on our overall service delivery capability.

Nevertheless, despite facing an ongoing volatile and uncertain health situation, we managed to overcome these hurdles by tapping into our robust fundamentals and providing the much sorted aid to our patients during this dark period that made us see so many deaths and suffering as Covid -19 wave came and intensified.

Masogo Sub County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

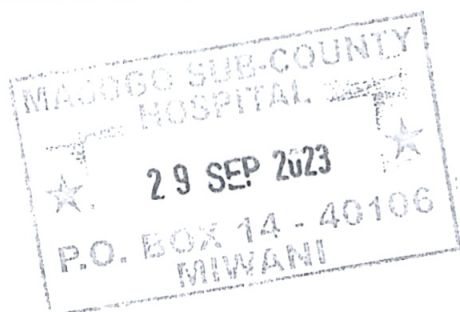
The Hospital remains resilient in delivering quality health services as per the hospital vision and mission to the catchment population and beyond the borders in spite of the challenging and hard economic times.

The Board of management remains ambitious in its pursuit of excellence in the healthcare space as reflected in the implementation of the annual work plan and the annual budget



.....
Name: Vitalis Okuta

Chairman to the Board



6. Report of The Medical Superintendent

I am pleased to present to you the key highlights of the Annual Report and Financial Statements for the year 2022 for Masogo Sub County Hospital. The hospital management received a total of Kshs 3,180,249, Ksh 3,180,249 paid out on different expenses during the period and by end of the financial audit 30th June 2023.

Management prioritized the strengthening of governance frameworks, progressing infrastructure projects as well as playing an active role in managing the financial performance of the Hospital.

To achieve this, the hospital engaged the right people into a revamped organizational structure. We believe that the right transformational initiatives will continue yielding results, even in a highly dynamic operating environment.

Patient satisfaction is at the centre of what we do. We compliment this with competent and experienced and courteous admitting staff, cutting across different health disciplines.

We pride ourselves for a seamless integration of all these medical services to deliver the highest standard of healthcare. We have reviewed our existing processes, policies, and procedures to respond better to our clients' preferences. This report contains some of the highlights in various functions

EXPENDITURE

The hospital's direct costs increased by 45% in 2022, while overheads rose by 15%. While the increase in the expense lines was generally in line with the covid-19 pandemic and radical measures to combat the virus as a public health concern. More than commensurate adverse increases were driven by disruptions in supply chains (increased demurrage and shipping costs) and the depreciation of the Kenya Shilling against major currencies, particularly the United States Dollar (USD). By December 2022, the shilling exchanged at 140 against the USD, up from 93 at the same time in 2020.

In 2022, we reviewed our supply chain extensively to extract efficiencies, enabling us to continuously maintain our cost base at optimum levels.

NURSING SERVICES

Quality nursing care remains the pillar of differential healthcare for The Masogo Sub County Hospital patient. The division employs various approaches to enhance care and improve quality. The nursing team has focused on training in quality and patient safety goals

To further enhance quality, Nurses were trained in various hospital sponsored specializations including Critical Care Nursing, Perioperative Nursing, Kenya Registered Midwifery Training, Accident and Emergency Nursing.

In 2022, the Average length of stay sustained at 5 days, similar to 2021. This was however in line with WHO data that indicates the length of stay in Africa during the post covid era to be 5 to 7 days.

The patient loyalty score remained above 80% for most part of the year with patient concerns being addressed promptly.

The department remains seriously understaffed.

LABORATORY SERVICES

Revenue from laboratory tests increased by 28% in 2022 over 2021, attributed largely to increased efficiencies in running of tests and greater public awareness on testing, prevention, and treatment of COVID-19.

We adopted the Rapid Antigen Test as the main test for COVID-19, driving down costs for our clients and reaching out to so many clients in the screening phase.

The laboratory continued its path of digital transformation, some expanded test panels include STD panel and ANC panels. Some of the new tests include HPV and stool for H pylori antigen test

In 2022 the laboratory TAT improved from 50% to 70%, attributed to the KAIZEN improvement project which the lab has been able to sustain. •

The Laboratory acquired new space which is much bigger compared to the previous room they used to operate in and has also introduced new tests despite being seriously understaffed.

PHARMACY SERVICES

The departmental quality objective on monitoring turnaround time (TAT) is on track. All outpatient pharmacies met the target of serving over 80% of patients within 20 minutes. The overall outpatient average was at 83%. The hospital's turnover increased by 53% primarily driven by increase in patient numbers in of 2022, the hospital completely separated the dispensing area from the stores further complementing its service delivery efficiency.

HUMAN RESOURCES

The Human Resources (HR) Division continued to ensure that the institution attracted employees with the required skills and experiences and to further retain, motivate and develop them. Investing in employees remained paramount, a key pillar in realizing the hospital's strategic objectives. The first step

to this was carrying out a reorganization program to allow the hospital to have the right organization design to effectively carry out the objectives contained in the Strategic Plan.

Central to this was attracting the right talent in key positions; some support staff positions still remain unfilled even as the hospital struggles to ensure compliance with the minimum wage bill as gazetted by the republic of Kenya.

A new organizational design was rolled out in line with the strategic plan Management sought to further develop the culture of the institution with the ethos that makes our hospital a premier facility providing distinguished services.

We aim to uphold the values that the institution stands for and promote these within our human capital. This process involves culture surveys aimed at getting feedback from staff as to their wellbeing and working conditions.

INFRASTRUCUTRE PROJECTS

Key projects undertaken/restarted within the year include: the fencing of the hospital, the ongoing renovation of the Marternal Child Health Department and ongoing construction of Female Ward ,the project however remains and the management in the process of resource mobilization towards the same

LOOKING FORWARD

We recognize that our leadership position as the Mini Hub in the hub and spoke model primary health care being modelled towards UHC realization in Masogo Sub County Hospital, Kisumu County that requires us to provide clear standards in the way health services are provided. Fortunately, our strategic plan grants a clear roadmap on enhancing service delivery. Crucial to this is the implementation of the key operational systems, the Hospital Information Management System (HMIS) strengthening the revenue collection, efficient data collection and reducing the patient's turnaround time in different departments thus efficient service delivery to our patients as well as the implementation of infrastructure projects and continuous replacement of obsolete medical equipment.

Looking into the future, we foresee strong growth and expanding returns stemming from operations, expanded service delivery points and greater collaboration with respective providers.

Facility moved on despite serious challenges as follows;

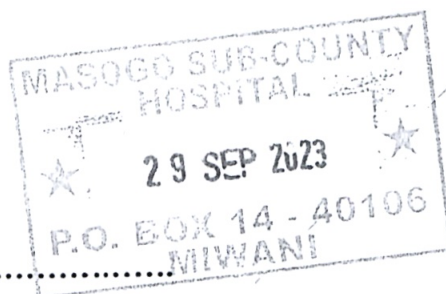
1. Poor infrastructure
2. Inadequate funding
3. Under staffing

4. Insecurity

N/B: during the financial year, we are able to stock our medical supplies, renovation of some few buildings, install water supply, maintain our ambulance and achieved our annual targets

APPRECIATION

I take this opportunity to express my appreciation to the Chairperson and Members of the Board of Management for their guidance and support throughout our transformation journey. I acknowledge the contribution of our entire Staff and Management towards the performance of the hospital. They worked tirelessly through the challenges of 2021 and demonstrated an enduring commitment to provide excellent services to our clients. Thanks also to members of the Admitting Staff for their continued collegial support



Name: Geoffrey Otieno Ocheche

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives.

Masogo Sub County Hospital has 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: Provision of essential medical services

Pillar/theme/issue 2: Improved access to medical services

Masogo Sub County Hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The 2 pillars were achieved its performance targets set for the FY 2022/2023 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Provision of essential medical services	Restocking of medical supplies Improving staff knowledge and skills through continuous mentor ship and training	Improved service delivery	OJTs Procurement of medical commodities Trainings	Reduced cases of communicable diseases Increased number of hospital deliveries Reduced number of neonatal and maternal motarlities
Pillar/ theme/ issue 2: Improved access to medical services	Improve referral services	Improved inter community-facility referrals Facility-facility referrals	Training of CHVs Provision of ambulance	Reduced number of illness and timely referral of patients

8. Corporate Governance Statement

The County Government of Kisumu has instituted systems to ensure that high standards of governance are maintained at all levels of the Hospital.

The Hospital Board of Management recognizes the importance of corporate governance and as such it carries out its mandate with honesty, openness, and integrity.

The Board of Management is responsible for the provision of oversight to the operational activities of the Hospital on behalf of the members of the public and citizen of Kenya in line with the manifesto of the Governor and Ministry of Health regulations and guidelines.

They are also entrusted with the responsibility of ensuring strong corporate governance and ethical practices within the Hospital. Their role extends to ensuring that the Hospital complies with the relevant laws.

The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate best practices.

Below are the key features of corporate governance structures and internal control systems put in place and that were in operation during the year.

9. Management Discussion and Analysis

As a facility we were able to achieve the following based on our strategic plans above;

1. Reduced cases of communicable diseases
2. Increased number of hospital deliveries
3. Reduced number of neonatal and maternal mortalities
4. Reduced number of illness and timely referral of patients

Facility moved on despite serious challenges as follows;

1. Poor infrastructure
2. Inadequate funding
3. Under staffing
4. Insecurity
5. Incomplete adult female ward

N/B: during the financial year, we are able to stock our medical supplies, renovation of some few buildings, install water supply, maintain our ambulance and achieved our annual targets.

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


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

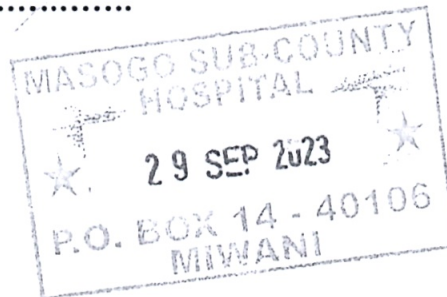
Clinical/operational performance

- 15 Bed capacity of the hospital.
- 6,148 patients Overall patient attendance during the year for both inpatient and outpatient.
- 56patients Accident and Emergency attendance
- 1,914 patients Specialised clinic attendance
- 3 days Average length of stay for in patient.
- 80% Bed occupancy rate
- 0.1% Mortality rate
- Surgical theatre utilisation (number of operations over a period of time)
- Available Sponsorships and partnerships

Financial performance that includes: -

- Revenue sources,
- Utilisation of funds etc


.....
Name: Geoffrey Ocheche
Secretary to the Board



10. Environmental And Sustainability Reporting

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

The Board of Management of Masogo Sub County Hospital is committed to both the protection of the environment and evaluating the impact that the organisation's services can have.

Compliance with legislation is the minimum standard to which the hospital shall adhere.

The hospital shall also endeavour to follow best practice with due regard for its business needs, in line with the requirements of NEMA and the expectations of all interested parties.

The objectives for the Hospital under this policy are to:

- Reduce the carbon footprint of the Hospital,
- Reduce energy consumption,
- Minimise the production of all types of waste, especially paper. Encourage reuse, recycling and the disposal of other waste that cannot be avoided, in a responsible manner.

All board members and Hospital management team are responsible for communicating and implementing this Policy and ensure that;

- a) Employees and contractors are encouraged to be receptive to the personal impact they can have on this policy and to report areas of concern.
- b) Training is provided as part of staff development taking into account responsibilities.
- c) Efforts are made to minimize travel by maximising IT systems.
- d) Favour the use of suppliers who are committed to environmental good practice.
- e) Carbon offsetting is implemented, that as a minimum, is commensurate to the level of the business travel.
- f) Pollution is prevented in all forms, especially from redundant electrical equipment.
- g) All incidents detrimental to the environment are reported, investigated and action taken to prevent reoccurrence.

The hospital management is committed to continually improving its performance by regularly reviewing its environmental impacts, and on an annual basis, update its policy in line with the review

The Hospital management follows the EU Taxonomy Regulation establishing six key environmental objectives towards sustainability;

- i) Climate change mitigation
- ii) Climate change adaptation
- iii) The sustainable use and protection of water and marine resources
- iv) The transition to a circular economy
- v) Pollution prevention and control
- vi) The protection and restoration of biodiversity and ecosystems

The Hospital management notes that different means may be required for an activity to make a substantial contribution to each objective and as leaders we must find ways to ensure impact measures continue to grow and evolve with changing needs.

For sustainability reporting to contribute to better decision-making, reporting needs to transition from voluntary practices to mandatory requirements; this effort is much appreciated.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of the hospital's affairs.

The Board of Management has the pleasure of submitting its annual report and the audited financial statements for Masogo Sub County Hospital for the year ended 31 December 2022,

Principal activities

Masogo Sub County Hospital provides not-for-profit public health care services towards realization of universal healthcare in Kenya.

Financial Performance

The hospital management received a total of Kshs 3,180,249, which was paid out on different expenses during the period and by end of the financial audit 30th June 2023.

Management prioritized the strengthening of governance frameworks, progressing infrastructure projects as well as playing an active role in managing the financial performance of the Hospital.

To achieve this, the hospital engaged the right people into a revamped organizational structure.

Patient satisfaction is at the centre of what we do. We compliment this with competent and experienced and courteous staff, cutting across different health disciplines.

We pride ourselves for a seamless integration of all these medical services to deliver the highest standard of healthcare. We have reviewed our existing processes, policies, and procedures to respond better to our clients' preferences.

Principal risks and uncertainties

The Board of management is constantly reviewing whether the policies and risk management programs in place are appropriate and effective to manage and minimize the exposure in the long term.

The risks that the Hospital is exposed to include:

- Financial Risks, these include the market risks, credit risk, foreign exchange fluctuations exposure and other regulatory risks that affect the market and financial sector operations which could have a ripple effect on the hospital
- Operational risk mainly includes both internal and external factors that affect the hospital processes, personnel, technology, and infrastructure
- The legal and regulatory requirements can have a significant impact on the operations of the Hospital

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 Health Act 2017 requires the Board of Management to prepare financial statements in respect of that Masogo Sub County Hospital which give a true and fair view of the state of affairs of the MSCH at the end of the financial year/period and the operating results of the MSCH for that year/period. The Board of Management is also required to ensure that the MSCH keeps proper accounting records which disclose with reasonable accuracy the financial position of the MSCH. The council members are also responsible for safeguarding the assets of the MSCH.

The Board of Management is responsible for the preparation and presentation of the MSCH'S financial statements, which give a true and fair view of the state of affairs of the MSCH 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 MSCH; (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 MSCH's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that MSCH financial statements give a true and fair view of the state of MSCH transactions during the financial year ended June 30, 2023, and of the MSCH financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the MSCH, which have been relied upon in the preparation of the MSCH's financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

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

.....
Name: Vitalis Okuta
Chairperson
Board of Management

MASOGO SUB-COUNTY HOSPITAL
29 SEP 2023
P.O. BOX 14 - 40180
MIWANI
.....
Name: Geoffrey Ocheche
Accounting Officer

Corporate Social Responsibility

Social sustainability requires development of policies and practices that promote the co-existence of the association with both the internal and external stakeholders.

The hospital continues to be actively involved in corporate social responsibilities within various Communities.

Outlook

The Hospital's focus continues to be on quality patient care, which is the pillar of the Hospital, and it is with this culture of service excellence that continues to strengthen our patient-focus, service delivery and processes to deliver healthcare with a difference.

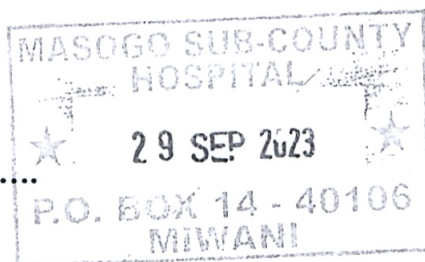
This is outlined in our strategic plan and the initiatives to deliver quality to all our stakeholders.

While the operating environment still poses challenges, we have taken deliberate strategies to ensure that the delivery of these initiatives remains on track.



.....
Name: Geoffrey Otieno Ocheche

Secretary to the Board



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 MASOGO SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF KISUMU

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 Masogo Sub-County Level 4 Hospital - County Government of Kisumu as set out on pages 22 to 75, which comprises of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of

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

In my opinion, 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, the financial position of Masogo Sub-County Level 4 Hospital as at June 30, 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 submitted for audit revealed the following inaccuracies:

- i. The statement of financial performance reflects transfer from County Government of Kshs.2,294,106 while the Note 6 to the financial statements reflects Kshs.3,180,249 resulting to unexplained variance of Kshs.886,143.
- ii. The statement of financial position reflects total net assets and liabilities of Kshs.1,003,459 and Kshs.3,193,761 for the years 2022/2023 and 2021/2022 respectively. However, the total net assets balance is not indicated which means that the statement of financial position is not balanced. In addition, the total net assets is indicated as Kshs.1,003,459 while the revaluation reserves, accumulated deficit and capital fund have no balances indicated. Further, a casting of the statement of changes in net assets gives KshS.1,524,958 which ought to be reflected when arriving at the total net assets and liabilities in the statement of financial position.
- iii. The statement of changes in net assets reflects current year's surplus and prior year's deficit as a revaluation reserve instead of in accumulated surplus/deficit column.
- iv. Further, the statement reflects accumulated surplus of Kshs.1,741,184 as at 30 June, 2023. However, a re-computation gives an amount of Kshs.1,524,958 resulting to a variance of Kshs.216,226. In addition, the resultant net assets balance of Kshs.1,524,958 has not been reflected in statement of financial position.
- v. The statement of cash flows reflects nil net cash flow from operating activities for both financial years 2021/2022 and 2022/2023 respectively while recasting resulted to cash-out flow of Kshs.222,354 and cash-inflow of Kshs.1,741,184 for the prior year and the year under review respectively.
- vi. The statement of comparison of budget and actual amounts reflects actual transfer from the County Government amount of Kshs.1,447,958 while the statement of financial performance reflects Kshs.2,294,106 resulting to unexplained variance of Kshs.846,148.

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

2. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.395,406 as disclosed in Note 27 to the financial statements. However, Management did not maintain a cashbook and monthly bank reconciliation statements.

Further, the statement of cash flows reflects cash and cash equivalent as at 30 June, 2023 of Kshs.395,406.85 while recasting of the same resulted to Kshs.2,179,764 hence an unreconciled variance of Kshs.1,784,357. In addition, no adjustment has been made for changes in working capital in the statement of cashflows.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.395,406 could not be confirmed.

3. Variances Between Financial Statements and Ledgers

Review of the financial statement revealed variances between the financial statements as detailed below:

Item	Financial Statement Amounts (Kshs)	Ledgers Amount (Kshs)	Variance (Kshs)
Repairs and maintenance	330,993	286,470	44,523
Receivables from Exchange Transaction	1,320,050	1,610,350	290,300
Medical/Clinical Costs	1,724,343	1,725,948	1,605
General Expenses	350,306	656,704	306,398

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

4. Non-Disclosure of Employee Costs Paid by the County Government

The statement of financial performance reflects employee costs amounting to Kshs.493,000 in respect of casuals and contractual staff as disclosed in Note 16 to the financial statements. However, the amount excludes contribution in kind in respect of salaries, wages and allowances paid to hospital staff by the County Government. In addition, the supporting schedule provided reflects Kshs.610,000 resulting to unreconciled variance of Kshs.117,000

In the circumstances, the accuracy and completeness of employee costs of Kshs.493,000 could not be confirmed.

5. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payable balance of Kshs.1,558,145 as disclosed in Note 34 to the financial statements. However, Management did not provide documents such as ageing analysis, local purchase orders, invoices and delivery notes to support the balance.

In the circumstances, the accuracy of the trade and other payable balance of Kshs.1,558,145 could not be confirmed.

6. Non-Disclosure of Donated Drugs

The statement of financial performance reflects Nil amount on grants from donors and development partners as reported in the financial statements. However, distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations and program commodities drugs amounting to Kshs. 9,665,781 and Universal Health Coverage of Kshs.519,274 but were not disclosed in the financial statements.

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

7. Un-Disclosed Property, Plant and Equipment

The statement of financial position reflects Nil property, plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit. In addition, review of the asset register provided for audit revealed the register was incomplete, as some assets were missing from the register and the asset register did not include cost of assets, depreciation charge, net book values, dates of purchase and unique identification of the assets.

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

8. Unconfirmed for Inventory Balances

The statement of financial position reflects Nil balances of inventories as disclosed in Note 30. However, physical verification and review of stock control cards revealed balances of various pharmaceutical and non-pharmaceuticals inventory of undetermined values at 30 June, 2023. In addition, there was no evidence that annual stock take was carried out.

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

9. Unsupported Procurement of Clinical/ Medical Goods and Services

The statement of financial performance reflects medical or clinical costs and as disclosed in

Note 15 of Kshs.1,724,343 whose supporting procurement documents such as invoices, quotations, tenders, orders were not provided for audit.

In the circumstances, the accuracy and completeness of the Clinical/ Medical costs of Kshs.1,724,343 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section 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-Conformity with the Prescribed Reporting Format

Review of the financial statements submitted for audit for the period ended 30 June, 2023 revealed the following omissions in presentation and disclosures contrary to the requirements of the reporting guidelines and template prescribed by Public Sector Accounting Standards Board (PSASB):

- i. The passport size photo, key profession qualification and academic qualification, work experience for Board members and Management team were not included. The information on the Board of Management and information on key Management Team were also missing.
- ii. Financial performance in terms of revenue resources and utilization of funds was not included in the Management Discussion and Analysis.
- iii. The key entity information and Management has not disclosed details of legislation under which the Hospital was established and the head of supply chain is missing under key Management Personnel.

- iv. Details of the year, directors appointed are missing from the report of the Board of Management.

In the circumstances, the presentation and disclosure in financial statements is erroneous and do not comply with the prescribed template.

2. Lack of an Approved Budget

The statement of comparison of budget and actual amounts reflects total budgeted revenue and total budgeted expenditure of Kshs.3,828,678 and Kshs.2,933,642 respectively. However, the Hospital's approved budget was not provided for audit.

In the circumstances, the regularity of the expenditure incurred by the Hospital could not be confirmed.

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 Kenya Quality Model for Health Policy Guidelines due to staff deficits by ninety-one (91) staff requirements or 91% of the authorized establishment.

Staff Requirements	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage (%)
Medical officers	16	0	16	100
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	9	66	88
Total	101	9	92	91

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

Service	Level Hospital Standard	Actuals in the Hospital	Variance	Percentage (%)
Beds	150			
Resuscitaire (2 in Labour Ward and 1 in Theatre)	2	0	2	100

Service	Level Hospital Standard	Actuals in the Hospital	Variance	Percentage (%)
New Born Unit Incubators	5	2	3	60
New Born Unit Cots	5	1	4	80
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres-Maternity and General	2	0	2	100

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

In the circumstances, the 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 overall governance were not effective.

Basis for Conclusion

1. Lack of Operational Policies

During the audit review it was observed that Management did not have an approved risk

management policy. This would have provided a framework for the management of risk and also increased overall awareness of risk throughout the institution.

In addition, the Hospital does not have an approved finance policy to guide in its financial and administrative functions.

In the circumstances, effectiveness of the Hospitals risk management and governance systems could not be confirmed.

2. Lack of Audit Committee and Internal Audit Unit

During the year under review, Management of the Hospital had not established an internal audit department and there was no audit committee. Further, no evidence was provided to confirm that internal audit reviews were carried out during the year under review. This was in contravention to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to establish an Audit Committee.

In the circumstances, the Hospital Management did not benefit from reviews on the effectiveness of the Financial and Non-financial Performance Management Systems

3. Internal Control Weaknesses in Transaction Processing

Review of the Hospital's operations and records revealed that some receipts were in cash and there was no reconciliation between the Mpesa collections the cashier doubles as the billing clerk. In addition, payment vouchers were not pre-numbered, the cash book did not include payment voucher numbers and the Hospital has no systematic filing system for both financial and procurement records.

In the circumstances, the existence of effective internal controls over revenue collection and expenditure could not be confirmed.

4. Failure to Automate Hospital Process

Review of the Hospital processes and physical inspection revealed that the Hospital had not automated its operations and records were manually stored making them susceptible to damage and loss. In addition, billing, drugs receipt and issuance including the accounting processes and financial records were manual.

In the circumstances, non-automation of records and process exposes their financial information to risk of inaccuracies, inefficiencies, manipulations and loss.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards requires 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 Board of Management

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

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

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

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

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

- 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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gatundu, CBS
AUDITOR-GENERAL

Nairobi

11 July, 2024

*Masogo Sub County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023*

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	2,294,106	3,187,335
In-kind contributions from the County Government	7	0	0
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	540,220
Public contributions and donations	10	0	0
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	2,380,720	383,500
Revenue from rent of facilities	12	0	0
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	0
Revenue from exchange transactions			
Total revenue		4,674,826	4,111,055
Expenses			
Medical/Clinical costs	15	1,724,343	2,490,184
Employee costs	16	493,000	502,000
Board of Management Expenses	17	35,000	105,000
Depreciation and amortization expense	18	0	0
Repairs and maintenance	19	330,993	712,097
Grants and subsidies	20	0	0
General expenses	21	350,306	518,000
Finance costs	22	0	0
Total expenses		2,933,642	4,327,281
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	0	0

- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

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

Notes to Financial Statements

6. In Kind Contributions from The County Government

Description	2022/23	2021/22
Salaries and wages	2,844,104	3,445,176
Pharmaceutical and Non-Pharmaceutical Supplies	0	-
Medical supplies-Drawings Rights (KEMSA)	0	0
Utility bills	0	0
Total grants in kind	2,844,104	3,445,176

7. Rendering of Services-Medical Service Income

Description	2022/23	2021/22
	KShs	KShs
Pharmaceuticals	989,360.00	908,143
Non-Pharmaceuticals	-	-
Laboratory	1,272,680.00	1,193,445
Records	409,755.00	417,336
Inpatient	983,285.00	1,006,199
Eye	14,100.00	21,688
Xray	20,050.00	-
OPD	130,145.00	76,828
Physio	111,580.00	144,270
Nutrition service	9,000.00	9,286
Ultra Sound	71,400.00	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Morgue	1,615,305.00	1,447,000
Other medical services income (NHIF & LINDA MAMA)	15,792,055.00	8,553,396
Total revenue from the rendering of services	21,418,715.00	13,777,591

Notes to the Financial Statements (Continued)

8. Medical/ Clinical Costs

Description	2022/23	2021/22
	KShs	KShs
Laboratory chemicals and reagents	234,400	146,000
Food and Ration	5,067,816	1,593,107
Dressing and Non-Pharmaceuticals	994,410	242,400
Pharmaceutical supplies	1,418,020	984,190
Sanitary and cleansing Materials	48,000	32,400
Purchase of Medical gases	151,000	218,100
Total medical/ clinical costs	7,913,646	3,216,197

9. Employee Costs

Description	2022/23	2021/22
	KShs	KShs
Salaries, wages, and allowances	3,774,060	3,813,278
Employee costs	3,774,060	3,813,278

10. Repairs and Maintenance

Description	2022/23	2021/22
	KShs	KShs
Property- Buildings	520,714	579,364
Medical equipment	35,000	0
Office equipment	232,000	150,000
Furniture and fittings	55,000	0
Computers and accessories	104,250	0
Motor vehicle expenses	0	0
Maintenance of civil works	0	0
Total repairs and maintenance	946,964	729,364

Notes to the Financial Statements (Continued)

11. Grants and Subsidies

Description	2022/23	2021/22
	KShs	KShs
Other grants and subsidies (Transfer 25%)	1,204,818	1,898,430
Total grants and subsidies	1,204,818	1,898,430

12. General Expenses

Description	2022/23	2021/22
	KShs	KShs
Advertising and publicity expenses	230,000	0
Bank charges	31,284	22,594
Conferences and delegations	100,000	0
Electricity expenses	796,566	894,180
Refined fuel	560,100	321,610
Research and development expenses	0	0
Travel and accommodation allowance	405,200	697,300
Other fuel (charcoal & firewood)	642,850	0
Courier and postal services	0	28,350
Printing and stationery	678,755	435,900
Hire charges	0	0
Purchase of household appliances	-	470,000
Water and sewerage costs	187,700	191,150
Skills development levies	0	0
Telephone and mobile phone services	64,000	220,400
General office supplies	326,800	0
Staff training and development	250,000	100,000
Total General Expenses	4,273,255	3,381,484

Notes to the Financial Statements (Continued)

13. Cash and Cash Equivalents

Description	2022/23	2021/22
	KShs	KShs
Current accounts	1,375,006	2,722,059
Total cash and cash equivalents	1,375,006	2,722,059

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

Description		2022/23	2021/22
Financial institution	Account number	KShs	KShs
a) Current account			
Cooperative Bank	114162336100	1,373,627	2,719,817
Cooperative Bank	114123361102	1,379	2,242
Sub- total		1,375,006	2,722,059
Grand total		1,375,006	2,722,059

14. Receivables from Exchange Transactions

Description	2022/23	2021/22
	KShs	KShs
Medical services receivables	11,711,329	1,461,955
Total receivables	11,711,329	1,461,955

Analysis of Receivables From Exchange Transactions

Description	2022/23	2021/22
	KShs	KShs
Other debtors (<i>non-exchange transactions</i>)	11,711,329	1,461,955
Less: impairment allowance	0	
Total	11,711,329	1,461,955

15. Inventories

Description	2022/23	2021/22
	KShs	KShs
Pharmaceutical supplies	1,461,955	5,546,337
Total	1,461,955	5,546,337

*Madiany Subcounty Level 4 Hospital (County Government of Siaya)
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16. Trade and other Payables

Description	2022/23		2021/22	
	KShs		KShs	
Trade payables	4,214,200		5,546,337	
Total trade and other payables	4,214,200		5,546,337	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year		%		%
1-2 years		%		%
2-3 years	4,214,200	100%	5,546,337	100%
		%		%
Over 3 years				
Total	4,214,200	100%	5,546,337	100%

17. Cash Generated from Operations

Description	2022/23	2021/22
	KShs	KShs
Increase in payments received in advance		
Net cash flow from operating activities	1,347,053	2,722,059

Notes to the Financial Statements (Continued)

i) 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:

ii) 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:

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 no significant concentration of credit risk. 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.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	0	0	5,546,337	5,546,337
Total	0	0	5,546,337	5,546,337
At 30 June 2023				
Trade payables	0	0	4,214,200	4,214,200
Total	0	0	4,214,200	4,214,200

(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:

The entity did not have any transactions in foreign currency during the period under review.

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.

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.

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.

iii) 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:

iii) 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.

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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

iv) Segment Information

The Hospital does not operate in different geographical regions

v) Contingent Liabilities

The Hospital does not have contingent liabilities

vi) Capital Commitments

The Hospital does not have capital commitments

vii) Events after the Reporting Period

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

viii) 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.

ix) Currency

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

Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

There was no previous year's auditor recommendation as this is the first audit.


..... 2024.....
Accounting Officer

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 MSCH 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 2023 was approved by Board 01/02/2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the MSCH recorded additional appropriations of **2.5M** on the FY 2022- 2023 budget following the Board's approval. The MSCH's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

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 in *Note xx*.

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 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 in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2022/2023	2021/2022
	KShs	KShs
Unconditional grants		
Operational grant	3,180,249	3,187,335
Level 5 grants	0	0
Unconditional development grants	0	0
Other grants	0	0
Conditional grants		
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Total government grants and subsidies	3,180,249	3,187,335

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred of under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Total 2022
			KShs	KShs	
Kisumu County Government	3,180,249	0	0	0	3,187,335
Total	3,180,249	0	0	0	3,187,335

Masogo Sub County Level 4 Hospital (Kisumu County Government)
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7. In Kind Contributions from The County Government

Description	2022/2023	2021/2022
	3	2
	KShs	KShs
Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	0	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	0
Utility bills	0	0
Total grants in kind	0	0

8. Grants From Donors and Development Partners

Description	2022/2023	2021/2022
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (<i>specify</i>)	0	0
Total grants from development partners	0	0

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	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2022/2023	2021/2022
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	199,990
Transfer from xxx National Hospital	0	340,230
Transfer from xxx Institute	0	0
Total Transfers	0	540,220

10. Public Contributions and Donations

Description	2022/2023	2021/2022
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations(<i>specify</i>)	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	0	0

10 (a) Reconciliations of amortised grants

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

Masogo Sub County Level 4 Hospital (Kisumu County Government)
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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Pharmaceuticals	514,780	383,500
Non-Pharmaceuticals	0	0
Laboratory	214,640	0
In Patient	111,420	0
Out Patient	23,830	0
Theatre	0	0
Accident and Emergency Service	0	0
Anesthesia Service	0	0
Ear Nose and Throat service	0	0
Nutrition service	0	0
Cancer centre service	0	0
Dental services	0	0
Reproductive health	0	0
Paediatrics services	0	0
Farewell home services	0	0
NHIF	1,516,050	0
Total revenue from the rendering of services	2,380,720	383,500

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

13. Finance /Interest Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2022/2023	2021/2022
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
Total Miscellaneous income	0	0

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Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Dental costs/ materials	0	0
Laboratory chemicals and reagents	198,900	190,000
Public health activities	0	0
Food and Ration	270,958	919,408
Uniform, clothing, and linen	0	50,000
Dressing and Non-Pharmaceuticals	341,555	195,000
Pharmaceutical supplies	703,985	978,776
Health information stationery	149,776	90,000
Reproductive Health publications	0	0
Sanitary and cleansing Materials	59,169	50,000
Purchase of Medical gases	0	17,000
X-Ray/Radiology supplies	0	0
Other medical related clinical costs (<i>specify</i>)	0	0
Total medical/ clinical costs	1,724,343	2,490,184

16. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries, wages, and allowances	493,000	502,000
Contributions to pension schemes	0	0
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs (<i>specify</i>)	0	0
Employee costs	493,000	502,000

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman's Honoraria	35,000	105,000
Sitting allowance	0	0
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
Total	35,000	105,000

18. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	0	0

19. Repairs And Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property- Buildings	103,793	335,000
Plant Machinery & equipment	19,200	80,097
Office equipment	0	0
Furniture and fittings	0	0
Computers and accessories	0	0
Motor vehicle expenses	208,000	297,000
Maintenance of civil works	0	0
Total repairs and maintenance	330,993	712,097

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Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2022/2023	2021/2022
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies(<i>specify</i>)	0	0
Total grants and subsidies	0	0

21. General Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Advertising and publicity expenses	0	0
Catering expenses	0	0
Waste management expenses	0	0
Insecticides and rodenticides	0	0
Audit fees	0	0
Bank charges	7000	2000
Conferences and delegations	0	0
Consultancy fees	0	0
Contracted services	0	0
Electricity expenses	97,000	150,000
Fuel and Lubricants	45,000	45,000
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	42,000	51,000
Other Fuels	51,860	160,000
Licenses and permits	0	0
Courier and postal services	0	10,000
General office supplies	48,446	0
Hire charges	0	0
Rent expenses	0	0
Water and sewerage costs	0	0
Skills development levies	0	0

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Description	2022/2023	2021/2022
	Kshs	Kshs
Telephone and mobile phone services	59,000	62,500
Internet expenses	0	0
Staff training and development	0	0
Subscriptions to professional bodies	0	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Library books/Materials	0	0
Parking charges	0	0
Total General Expenses	350,306	518,000

22. Finance Costs

Description	2022/2023	2021/2022
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

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

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	2022/2023	2021/2022
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2022/2023	2021/2022
	KShs	KShs
Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
Total Gain/Loss	0	0

26. Impairment Loss

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalents

Description	2022/2023	2021/2022
	KShs	KShs
Current accounts	395,406.85	438,580
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others(<i>specify</i>)- Mobile money	0	0
Total cash and cash equivalents	395,406.85	438,580

Notes to the Financial Statements (Continued)

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

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1148796614	395,406.85	438,580
Sub- total			
b) On - call deposits			
Kenya Commercial bank		0	
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(specify)			
cash in hand			
Mobile money- Mpesa, Airtel money			
Sub- total		395,406.85	438,580
Grand total		395,406.85	438,580

28. Receivables From Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Medical services receivables	1,320,050	0
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total receivables	1,320,050	0

Analysis of Receivables From Exchange Transactions

Masogo Sub County Level 4 Hospital (Kisumu County Government)
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Description	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

29. Receivables From Non-Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Transfers from the County Government	846,148	0
Undisbursed donor funds	0	0
Other debtors (<i>non-exchange transactions</i>)	0	0
Less: impairment allowance	0	0
Total	846,148	0

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

Analysis of Receivables From Non-Exchange Transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

30. Inventories

Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies	0	0
Maintenance supplies	0	0
Food supplies	0	0
Linen and clothing supplies	0	0
Cleaning materials supplies	0	0
General supplies	0	0
Less: provision for impairment of stocks	0	0
Total	0	0

Masogo Sub County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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
Cost								
At 1 July 2023	0	0	0	0	0	0	0	
Additions	0	0	0	0	0	0	0	
Disposals	0	0	0	0	0	0	0	
Transfers/adjustments	0	0	0	0	0	0	0	
At 30th Jun 2023	0	0	0	0	0	0	0	
At 1 July 2023 (current year)								
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0
At 30th Jun 2023	0	0	0	0	0	0	0	
Depreciation and impairment								
At 1 July 2023 (previous year)		0	0	0	0	0		
Depreciation for the year	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
At 30 June 2023	0	0	0	0	0	0	0	0

Masogo Sub County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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
At July 2023 (current year)	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0
At 30th June 20XX		0	0	0	0	0	0	
Net book values								
At 30 th Jun 2023 (previous)	0	0	0	0	0	0	0	0
At 30 th Jun 2023 (current)	0	0	0	0	0	0	0	0

Masogo Sub County Level 4 Hospital (Kisumu County Government)
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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2022/2023	2021/2022
	KShs	KShs
Cost		
At beginning of the year	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

33. Investment Property

Description	2022/2023	2021/2022
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation (<i>where investment property is at cost</i>)	0	0
Impairment	0	0
At end of the year	0	0

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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2022/2023		2021/2022	
	KShs		KShs	
Maintainance of motor vehicle	491,960		0	
Employee dues	288,000		0	
Food & Ration	100,860		0	
Publishing & Printing	291,900		0	
Drugs & Non pharms	140,000		0	
Laboratory Reagents	185,425		0	
Electricity Bills	45,000		0	
Repair of Machines	15,000		0	
Total trade and other payables	1,558,145		0	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

35. Refundable Deposits from Customers/Patients

Description	2022/2023		2021/2022	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (<i>specify</i>)	0		0	
Total deposits	0		0	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

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Notes to the Financial Statements (Continued)

36. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

37. Finance Lease Obligation

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

38. Deferred Income

Description	2022/2023	2021/2022
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

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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	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to statement of financial performance	0	0	0	0
Other transfers (<i>Specify</i>)	0	0	0	0
Balance C/F	0	0	0	0

39. Borrowings

Description	2022/2023	2021/2022
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	0	0

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

Description	2022/2023	2021/2022
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

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Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	2022/2023	2021/2022
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	<u>0</u>	<u>0</u>

41. Social Benefit Liabilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	<u>0</u>	<u>0</u>
People Living with Disabilities benefit Scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	<u>0</u>	<u>0</u>
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

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Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	2022/2023	2021/2022
	KShs	KShs
Surplus for the year before tax	0	0
Adjusted for:		
Depreciation	0	0
Non-cash grants received	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Working Capital adjustments		
Increase in inventory	0	0
Increase in receivables	0	0
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
Net cash flow from operating activities	0	0

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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	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2023 (current year)				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

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. 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
At 30 June 2022				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2023				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

Masogo Sub County Level 4 Hospital (Kisumu County Government)
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Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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
At 30 June 2022			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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.

Masogo Sub County Level 4 Hospital (Kisumu County Government)
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Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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
2022 (previous year)			
Euro	10%	0	0
USD	10%	0	0
2023(current year)			
Euro	10%	0	0
USD	10%	0	0

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.

Masogo Sub County Level 4 Hospital (Kisumu County Government)
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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.

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	2022/2023	2021/2022
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/ (<i>excess cash and cash equivalents</i>)	0	0
Gearing	0%	0%

Masogo Sub County Level 4 Hospital (Kisumu County Government)
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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.

xxx 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	2022/2023	2021/2022
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0	0
Sales of services to xxx	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total	0	0
d) Key management compensation		

Masogo Sub County Level 4 Hospital (Kisumu County Government)
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Description	2022/2023	2021/2022
	Kshs	Kshs
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	0	0

45. Contingent Liabilities

Contingent liabilities	2022/2023	2021/2022
	Kshs	Kshs
Court case xxx against the company	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

46. Capital Commitments

Capital Commitments	2022/2023	2021/2022
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	0	0

47. Events after the Reporting Period

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

48. 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 Kisumu.

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

.....
 Accounting Officer



Masogo Sub County Level 4 Hospital (Kisumu County Government)
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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

Masogo Sub County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Appendix III: Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]


[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 20XX 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 <i>[Insert name of beneficiary entity]</i> as at 30 th June 20XX							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 20XX				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 20XX (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accounts Department of the beneficiary entity:

Name *Joshua Chindon* Sign  Date *29/6/2023*

ACCOUNTANT
 DEPARTMENT OF HEALTH & SANITATION
 KISUMU

*Masogo Sub County Level 4 Hospital (Kisumu County Government)
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Appendix IV Reporting of Climate Relevant Expenditures

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

*Masogo Subcounty Level 4 Hospital (Kisumu County Government)
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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

