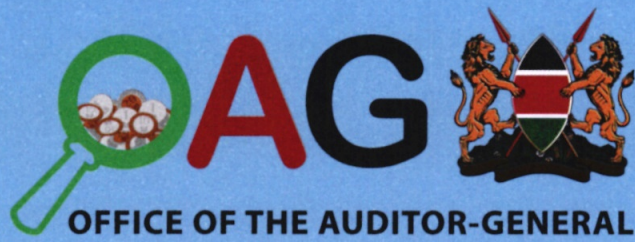
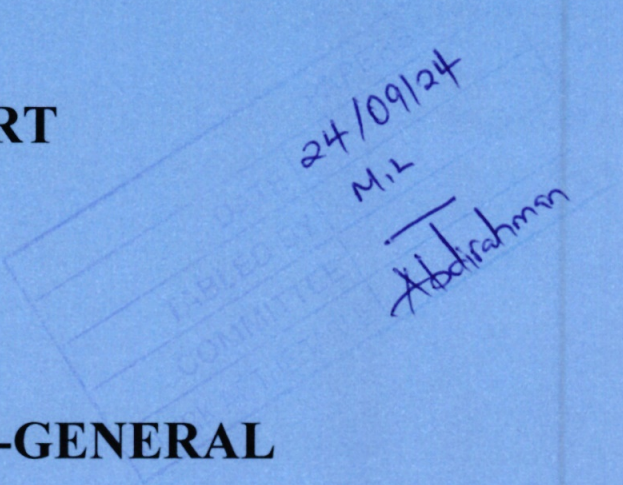


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

OGONGO LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2022

COUNTY GOVERNMENT OF HOMA BAY

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

18 JUL 2024

RECEIVED

Issued 30th June 2022



**OGONGO Level 4/5 HOSPITAL
(HOMABAY County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

*Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022*

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Ogongo Level Four Hospital (Homabay County Government)
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I. Key Entity Information and Management

(a) Background information

Ogongo Sub County Hospital is a level (4) hospital established under gazette notice number 13505 on 4th November 2022 and is domiciled in Homa bay County ,Suba North Subcounty,along Homabay-Mbita road,next to the District Officer’s office .The hospital is governed by a Board of Management and operates under the Ministry of Health.

(b) Principal Activities

The principal activity/mission/ mandate of the *hos*Principal mandate of the *hospital* is to formulate policies, set standards, provide health services, create an enabling environment and regulate provision of health services delivery.

The hospital vision; an efficient and high quality care system that is accessible, equitable and affordable for every Kenyan.

The hospital mission; to promote and participate in the provision of intergraded and high quality promotive, preventive, curative and rehabilitative health care services to all Kenyans.

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	John Kichana-
2.	Head of finance /supply chain	Mercy Auma Ogollah
3.	Health Administrative Officer	Mercy Auma Ogollah
4.	Head of Nursing	Lilian Ogutu-
5.		

- **Medicines and Therapeutic Committee**

The Medicines and Therapeutics Committee (MTC) is a multidisciplinary committee tasked with overseeing policies and procedures governing all areas of drug and other HPT use. Drugs and Therapeutics Committees (MTCs) are formed in hospitals to improve the prescribing and administration of drugs. Its significance is evident in a variety of contexts, including the drug selection process, cost-effectiveness, and drug loss control. Overall, MTCs have played a significant role in promoting, managing, and teaching individuals about sensible drug use. This is especially evident in demonstrating how the presence of MTCs in hospitals would improve patient health outcomes while lowering overall drug costs.

Members are;

- Mr. John Kichana Ochieng (RCO I/C) - Chairperson
- Ms. Roseline Opiyo (Laboratory Manager) – Secretary
- Mr. Ogasa Elijah (Nursing Officer in Charge)
- Ms. Patricia Odhiambo (Pharm in Charge)
- Mr. Derrick Otieno - (Nutritionist)
- Ms. Mercy Ogollah (Health Administrative Officer)

- **Billing and Waiver Committee**

The billing and waiver committee is responsible for tracking patient bills to ensure that correct bills are paid and those unable to pay are waived in line with the government policy.

The members are:

- Mr. Ogasa Elijah (Nursing Officer) – Chairperson
- Mr. George Ndumbu (PHO) - Secretary
- Mrs. Mercy Ogollah (Health Administrative Officer) - Member

- **Maternal and Perinatal Death and Surveillance Response(MPDSR)**

MPDSR is a committee that ensures that deaths of mothers or babies during pregnancy, childbirth and post-natal period are notified, information is collected, causes reviewed and responses identified to prevent unnecessary deaths in future.

The members are:

Mr. John Kichana Ochieng (RCO I/C) – Chairperson

Mr. Ogasa Elijah (Nursing Officer In Charge) – Secretary

Mrs. Millicent Amayo (HRIO)

Ms. Roseline Opiyo (Lab Manager)

Mr. George Ndumbu (PHO)

Ms. Patricia Odhiambo (Pharm in Charge)

- **Hospital Management committee**

Oversight roles and resource mobilization to the facility

- **Hospital Management Team**

Runs the facility by ensuring that all procedures are adhered to through monthly HMT meetings; The committee consists of all hospital departmental heads.

- **Finance Committee**

Goes through departmental budget proposals and ensures the allocations are done in consideration of priorities and on a need basis.

(e) Fiduciary Oversight Arrangements

- **Clinical Research and Standards Committee.**

Key members in this committee include, the head of pharmacy department, the head of laboratory department, the head of nursing department, the head of clinical department, the hospital Admin and the head of Nutrition Department.

These key members play a crucial role in inspection of commodities and receiving the commodities purchased. They make all department requests from infrastructure to commodities that are required in the facility.

- **Quality Improvement Team.**

Quality Improvement Team (QIT) is a team taking the lead to implement quality improvement activities. Group of multi-skilled employees charged with responsibilities of improving processes or services. The team includes top and middle management members to coordinate initial planning and implementation.

The members include;

Mr. John Kichana Ochieng (RCO I/C) - Chairperson

Ms Roseline Opiyo (Laboratory Manager) – Secretary

Mr. Ogasa Elijah (Nursing Officer in Charge)

Ms Patricia Odhiambo (Pharmacy in Charge)

Mr Derrick Otieno - (Nutritionist)

- **Emergency Response Team**

Hospital Emergency Response Teams (HERT) are comprised of multiple disciplines and specialties that activate and respond during emergencies. The team is responsible for the Security of the hospital facility and grounds. Registration, patient tracking, triage, treatment, decontamination, detection & monitoring, and movement of patients into the facility or onto other definitive medical care. The members are;

Mr John Kichana Ochieng (RCO I/C) – Chairperson

Mr. Ogasa Elijah (Nursing Officer in Charge) – Secretary

Ms Mercy Ogollah (Health Administrator Officer)

Ms Patricia Odhiambo (Pharm in Charge)

Mr. Derrick Otieno - (Nutritionist)

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Ref	Name	Details
1	Serpha Mbuya	Representative Youth Group
2	Zacharia Opiyo Otieno	Representative people living with disability
3	Mercy Ogollah	Health Administrative Officer

- **Audit Committee**

The audit is majorly overseen by the internal auditors from the Ministry of Health department. They check our vouching, Revenue administration, and Procurement systems and advise accordingly.

- **County Assembly**

They also play their oversight roles by discussing ward allocations and checking on their usage whether the funds are well utilised under the Health Committee in the County Assembly

(f) Entity Headquarters

P.O. Box 20,40323
Homabay-Mbita Road
MBITA, KENYA

(g) Entity Contacts

Telephone: (+254) 735 605 913
E-mail: ogongolevelfour@gmail.com
Website:

(h) Entity Bankers

Cooperative Bank of Kenya
MBITA BRANCH
P.O. Box
MBITA, Kenya

(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
Homabay Office
P.O. Box 469-40300
Homabay, Kenya

(k) County Attorney

P.O. Box 469
Homa Bay, Kenya

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II. The Board of Management

Ref	Directors	Details
1.	Chairman	Joel Odii Retired head teacher
2.	Secretary	John Kichana
3.	Member	Orwa Penina Alice Women Group Representative
4.	Member	Odhiambo Everline Rep Faith based groups
5.	Member	Mboya Sephas Rep the Youths
6.	Member	Opole Oando David Community Representative
7.	Member	Zachary opiyo Representing. the Disabled
8.	Member	Otiato Salmon Ward Admin
9.	Member	George Ndumbo Public Health Officer
10.	Co-opted Member	Mercy Ogollah Hospital Administrator
11.	Co-opted Member	Lilian Ogutu Nursing Officer in Charge

III. Management Team

Name	Details of qualifications and experience
<p>1. Mr. John Kichana Ochieng</p> 	<p>Facility in charge/head of clinical Diploma in clinical medicine and surgery</p>
<p>2. Mrs Mercy Auma Ogollah</p> 	<p>Administration Bachelor of Business Management (Finance Option)</p>
<p>3. Mrs. Lilian Ogutu</p> 	<p>Head of nursing BSN in Nursing</p>

Chairman's Statement

I am glad to have the Ogongo Level 4 Hospital's Annual Report and Financial Statements for the fiscal year ending on June 30, 2022. The Board of Management is proud of the hospital's achievements over this time in "offering high quality and integrated medical care services that are affordable and accessible". Given the size and complexity of the operational environment in Homa Bay County, I am particularly impressed by the staff's "can-do attitude" and dedication to providing the best possible service to patients.

Regulatory Environment

The hospital's management and operations are guided by existing legal, policy, and institutional frameworks that control the health sector, ensuring efficient and effective service delivery. The Kenyan Constitution of 2010 under the Bill of Rights includes the right to the highest attainable quality of health, including reproductive health care and emergency medical treatment.

Furthermore, the Health Act of 2016 establishes a unified health system that coordinates the interrelationship between the national and county governments' health systems, as well as the regulation of health care services and providers, health products, and health technologies for related purposes. It also covers health funding, research, e-health, human organ and tissue transplantation, traditional and alternative medicine, mental health, environmental and public health, health standards, reproductive health, and emergency treatment. With this in mind and the strategic placement of Ogongo Level 4 Hospital in the health sector, the Board is committed to ensuring ongoing excellent service delivery to citizens.

Sector Alignment

At the National level, universal healthcare (UHC) is one of the big four agenda. The agenda aims to provide affordable healthcare for all households through NHIF scheme. The Kenya Vision 2030 aims at creating a globally competitive and prosperous country by providing a high quality of life for all its citizens. Under the social pillar, the overall goal of the Health Sector is to provide equitable, affordable, and quality healthcare to all citizens.

Acknowledgment

On behalf of the Board, I'd like to thank all of our stakeholders, particularly the Homa Bay County Government, the Ministry of Health, the National Hospital Insurance Fund, and our development partners, for their continued support of the hospital, without which none of our achievements would be possible. As we begin the New Year, I want to thank Ogongo Level 4 Hospital's team leaders, specialists, staff, and board for your dedication and daily exemplification of our hospital's goals and values. Finally, as with prior years, I am certain that our approach and individuals will continue to drive our development.



Mr. Joel Odii

Chairperson – RCH Board of Management



IV. Report of The Facility Incharge

With utmost sincerity, the year 2021/2022 came with a lot of success as we were able to conquer our challenges. The performance review for financial year 2021/2022 provides us another opportunity to reflect on the gains made and opportunities for improvement towards continuous provision of quality, timely and cost effective and patient-centred specialised healthcare services. Ogongo 4 Hospital maintained steady growth throughout the year attributed to increased activity levels with a majority of the areas exceeding the targeted performance.

Ogongo Level 4 Hospital has a robust financial management system that is based on the existing government financial management rules and regulations, Public Finance Management (PFM) act 2012, International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standard (IFRS).

During the period just to mention few achievements, the team at Ogongo Level 4 Hospital managed to accomplish during the period of review

- The Hospital managed to treat and conduct outreaches to schools surrounding Lambwe area
- Public health did their surveillance well and the year ended without outbreak
- The team managed to stock the facility With Human Drugs ,Lab Reagents ,Non- Pharmaceuticals, even though the demand was overwhelming
- Making a master plan for the hospital
- Renovations of the maternity wing

I take this opportunity to acknowledge the support of The Homa bay County Government, and Development partners. Many thanks to the chairman and Members of the Board for their strategic guidance and support. I wish to also register my appreciation to all stakeholders including our suppliers for supplying goods and services required for patient care and the entire staff for their commitment to providing excellent services to our clients and having played different roles and keeping us focused on our mandate.

Signed: _____

John Kichana Ochieng
Facility In-Charge
Ogongo Level 4 Hospital



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V. Statement Of Performance Against Predetermined Objectives

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

Ogongo Level 4 Hospital has Five Objectives within the current CIDP of the Homa Bay County Government for FY 2021/2022 . These strategic pillars/ themes/ issues are as follows;

Ogongo Level 4 Hospital develops its annual work plans based on the above five objectives. Assessment of the Board's performance against its annual work plan is done every year. The Hospital achieved its performance targets set for the year 2021/2022 period for its strategic pillars, as indicated in the table below:

Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:				
Pillar- To Provide Integrated Accessible and Quality Healthcare Services Through Effective and Efficient Infrastructure, Training Research, and Partnership.	1. To offer quality Health Services under one roof in the most effective and efficient to the satisfaction of the customer.	-To reduce referrals to other facilities. -To diversify the range of services offered by OgongoLevel 4 Hospital. -To fast-track efficiency and staff satisfaction with modern facility.	-Establish quality healthcare standards. (accreditation) -Strengthen client follow-upmechanisms and systems (Referral clinics established). -Strengthen partnerships with communities,	-Improved quality of healthcare. -Expanded client base. -Improved facility reputation. -Strengthened partnership with communities, public and private sector.

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			public and private sectors. -Initiate provider-driven insurance.	
	2. Modernise infrastructure, machinery and equipment	-To develop an infrastructure master plan. -Fully equip the facility.	-To develop a master plan. -Obtain equipment and maintain through the MESS program.	-Investor identified by the county government to help with development of master plan. MESS programme under the National Government operation.
	3. To attain financial sustainability	-Cost rationalization. Institutionalize resource mobilization. -Enhance internal control mechanism.	Conduct a market survey for the costing of commodities during the tendering process. -Incorporating various modes of revenue generation cash,	-All our clients are able to receive services irrespective of the mode of healthcare financing.

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	<p>4. To strengthen the human resource capacity.</p>	<p>-Diversification of revenue generation streams.</p> <p>-Staff retention. Full potential and optimal utilization of staff.</p> <p>-To enhance Hospital performance by training and motivation of staff.</p> <p>-Upscale leadership and management for increased performances.</p> <p>-Focus on partnership</p>	<p>N.H.I.F, Edu Afya.</p> <p>-Upgrade health instruction software to improve internal control and hence revenue collection.</p> <p>Keep staff informed of any development in the hospital through circulars and holding regular meetings.</p> <p>Holding weekly continuous medical education.</p> <p>Staff appraisal system in place.</p> <p>-Upgrade ICT systems.</p> <p>-Build staff ICT capacity by training.</p>	<p>Improved service delivery.</p> <p>Improved staff retention.</p>
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	<p>5. To develop facility Health Management Information System.</p>	<p>with other Health Service Providers for technical support.</p> <p>-Up scaling quick and efficient service delivery.</p> <p>-ICT systems in place.</p> <p>-Build staff ICT capacity.</p> <p>-Improve access to ICT materials.</p>	<p>-Improve access to IEC materials.</p>	<p>-Efficient data collection, management and dissemination.</p> <p>-Improved diagnosis and treatment.</p> <p>-Improved access to relevant health infrastructure and data.</p>
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VI. Corporate Governance Statement

The Ogongo Level 4 Hospital Board of Management is responsible for several functions, structures, and ethical conduct. Furthermore, their main priority is to ensure that patients receive excellent medical care.

Appointment and Induction of Board Members

Appointment of Board members is as prescribed under the County Government's Finance Bill, 2012.

Role of the Board

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the board of management. The board through its committees provide strategic direction while the Facility in-charge assisted by the Executive Management Committee is accountable to the Board for implementing the strategy.

Board Meetings Attendance

In the financial year ended 2021/22, Board meetings held were strictly as per the Board Almanac for committees and full Board. There were no special meetings.

Board Committees

- a) Finance and General-Purpose committee
- b) Quality and curative committee

Conflict of interest

Declaration of conflict of interest is a standing agenda in all meetings of the Board and its committees.

VII. Management Discussion and Analysis

Ogongo Level 4 Hospital continues to provide a wide range of highly specialized healthcare services to Kenyans, and patients from Homabay County and across the counties. Specialized services include specialized outpatient clinics and inpatient care among other services. The hospital also provides clinical support services that include laboratory and pharmacy.

Overall patient attendance

The average patient attendance for the year was 8,700 outpatients and 5,200 inpatients. There was a sharp decrease in outpatient attendance of 60% and 40% in the inpatients in the year. This was attributed to the effect of the inconsistent medical supplies.

Average Length of Stay

The average length of stay (ALOS) is an indicator of efficiency in the provision of inpatient health care in the hospital. Generally, the average length of stay in the hospital has been falling (between FY 2020/2021 to 2021/2022).

Bed occupancy rate.

For the financial year ended 2021/22, the bed occupancy rate averaged 92%. This was attributed to the specialized and quality healthcare services offered in the hospital that attract clients from across the region and beyond. The other side of this is the overstretching of the hospital facilities and the congestion of patients in the wards. Notably, there was a decline in the quarter under review due to inconsistent medical supplies in the hospital.

Under reproductive health, a total of 350 Deliveries were conducted during the year under review. This is attributed mainly to increased referrals from health centers and the community around, in need of specialized maternity services, and the support from the Government of Kenya through the Linda Mama Scheme, which has allowed mothers to deliver without having to personally incur any cost. Ogongo sub-County Hospital lauds His. Excellency the President for the transformation of lives through the success of this noble scheme.

Mortality Rate

During the period under review, the death rate averaged 2%. This is attributed to the critically ill patients referred to and managed in the hospital.



Mr. John Kichana Ochieng

Facility In-charge



VIII. Environmental And Sustainability Reporting

Ogongo Level 4 Hospital exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability

i) Sustainability strategy and profile

As a level 4 hospital, we recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure that success and longevity of the business. We are committed to being transparent, candid, and open about our operations.

At Ogongo Level 4 Hospital we have a pragmatic approach to sustainability, we focus on identifying and putting into practice initiatives and programs that deliver real world and lasting benefits to all our stakeholders.

Engaging with our stakeholders informs our decision making, strengthened our relationship and helps us deliver our commitments and success as an entity. In order to achieve these goals, we recognize that we must work in partnership with other interested stakeholders in who share our commitment and have a stake in our entity.

We actively engage with Government, regulators, customers, suppliers, investors and individual citizens to create an environment that is supportive of solutions.

ii) Environmental performance

In our offices and clinical areas, we continue encouraging employees to help reduce energy consumption by switching off their computers and lights at the end of the day.

As part of adopting energy efficient technology,

In packaging of medicine, we use environmentally friendly bags. In medical waste we are using bags which are clearly marked for clinical waste, bottles, leftover food, staffs are also provided with personal protective equipment

iii) Employee welfare

Ogongo Level 4 Hospital staff are employed and remunerated by the Homabay County Government. With a recruitment policy of at least a third is not of more than one gender.

Policy guiding hiring process

Every department prepares Human Resource Plans to support achievement of goals and objectives in their strategic plans. The plans are based on comprehensive job analysis and are reviewed every year to address emerging issues and staffing needs.

On the basis of these Human resource plans, departments develop annual recruitment plans which is forwarded to the County Public Service Board at the beginning of each financial year to enable it plan to fill vacancies.

Departments through the County Public Service Board will advertise all vacant posts in a manner that reaches the widest pool of potential applicants.

Recruitment is undertaken on the basis of fair competition and merit, representation of Kenyans diverse communities, adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

Efforts made in improving skills and managing careers

Training and capacity building in the County's Public Service is key towards improving skills and managing career progression.

Training Needs Assessment is a performance audit that generates and provides information to assess the inadequacy of knowledge and skills which inhibits an organisation from attaining its objectives.

Training in the County's Public Service is based on Training Needs Assessment which are conducted in each department.

Departments are required to prepare training projections based on Training Needs Assessment to guide in the nomination of officers for training.

Selection of trainees for all training programmes are based on identified needs and normally emphasises on training for performance improvement.

Training programmes comprise both short- and long-term courses in specific professions that are intended to impart required knowledge, skills and attitudes to enhance staff performance.

The County continually develops its employee's professional knowledge and skills and encourage them to join relevant professional bodies. The County establishes mechanisms for supporting employees where the career guidelines require them to be members of a professional body.

For new staff who have joined the County, Induction Training is expected to help them familiarise with the work environment and requirements. Departments are expected to conduct induction training within

three (3) months for newly recruited officers and those joining the departments on transfers, promotions and re-designation.

Appraisal and reward system

Staff Performance Appraisal System is predicated upon the principles of work planning, setting of agreed performance targets, feedback and reporting. Appraisal systems is also linked to other human resource systems and processes including staff development, career progression, placement, rewards and sanctions.

Prior to the beginning of the performance appraisal period, departments prepare work plans based on their strategic plans. The departments work plans includes the departmental priorities objectives from which individual performance targets will be derived.

Employee's individual work plans will be derived from the departmental work plans and officers job description.

The appraisals period covers one (1) year starting 1st July to 30th June of the following year. The performance appraisal reflects the summation of the year's performance including quarterly and mid-year reviews.

Reward System

Exemplary performance is rewarded through incentives, promotions, recognition of major improvements, training.

Policy on safety and compliance with occupational safety and health Act of 2007, (OSHA)

Employees are protected from accidents and occupational hazards arising at the work place. Measures to prevent and mitigate against accidents at work place, explosions, fire, floods, earthquakes, both threats. Through provision of First aid kits, fire protection, fire fighting and demonstration, providing fire assembly areas, emergency preparedness in such events.

- Fire protection and protection in buildings
- No hazardous or highly inflammable materials should be stored in buildings
- Fire fighting equipment should be placed in strategic places
- Provision of protective equipment and clothing
- Medical examination
- Compensation of officers in case of injury at work

iv) Market place practices-

Responsible Supply chain and supplier relations

Ogongo level 4 hospital has suppliers that supply goods and services. We manage contracts and engage multiple service providers for our operations. Our own reputation as service providers is always a top priority. For that reason, we are focused on ensuring our suppliers comply with best practices and adhere to our contract agreement for all services and goods offered.

v) Corporate Social Responsibility Statement

As a way of creating awareness on health seeking behaviour and encourage early diagnosis and treatment, Ogongo level 4 Hospital conducts clinical outreaches in the community within its catchment area.

IX. Report of The Board of Management

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

Principal activities

The principal activities of the Hospital Board are:

- i. Provide financial resources for medical supplies, rehabilitation, and medical equipment for health facilities in the Hospital.
- ii. Support capacity building in the management of the Hospital
- iii. To give decision-making autonomy to the Hospital management committees, to plan and manage the resources within their control
- iv. To improve the quality of health care services in the Hospital

Results

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

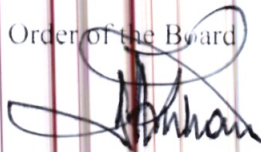
Board Of Management

The members of the Board who served during the year are shown on page x. The members of the board were appointed by the County via Kenya Gazette notice

Auditors

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

By Order of the Board



John Ochieng Kichana
Secretary of the Board



X. Statement of Board of Management's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 19 of the Homabay County Finance Bill 2021 require the Board of Ogongo Sub-County Hospital to prepare financial statements in respect of the Hospital, which give a true and fair view of the state of affairs of the Hospital as at 30 June 2022 and the operating results of the Hospital for the year then ended. The Directors are also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The Board are also responsible for safeguarding the assets of the Hospital.

The Board are responsible for the preparation and presentation of the Hospital's financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year (period) ended on 30 June, 2022. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Hospital
- (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 Hospital
- (v) Selecting and applying appropriate accounting policies
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board accept responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Homa bay County Finance Bill, 2012. The Directors are of the opinion that the Hospital's financial statements give a true and fair view of the state of Hospital's transactions during the financial year ended 30 June, 2022, and of the Hospital's financial position as at that date.

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The Board further confirms the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board to indicate that the Hospital 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 8/05/2024 and signed on its behalf by:



Name: Joel Odii
Chairperson
Board of Management



Name: John Ochieng Kichana
Accounting Officer



REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON OGONGO LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF HOMA BAY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ogongo Level 4 Hospital - County Government of Homa Bay set out on pages 1 to 31, which comprise of the

statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ogongo Level 4 Hospital - County Government of Homa Bay as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the Health Act, 2017 and the County Governments Act, 2012.

Basis for Qualified Opinion

1. Variances in Other Income

The statement of financial performance and Note 8 to the financial statements reflects other income of Kshs.2,168,700 which represents a National Health Insurance Fund reimbursement. However, a review of the National Health Insurance Fund corroborative records revealed an amount of Kshs.1,950,000 was paid to the Hospital during the year resulting to an unexplained variance of Kshs.218,700.

In the circumstances, the accuracy and completeness of revenue from rendering services of Kshs.2,168,700 could not be confirmed.

2. Unsupported Employee Costs

The statement of financial performance and Note 10 to the financial statements reflects employee costs of Kshs.323,630. However, despite the Hospital receiving services of eight (8) medical and non-medical staff employed and paid by the County Government of Homa Bay during the year, no disclosure was made in the financial statements. Further, the Hospital did not submit its payroll for audit.

In the circumstances, the accuracy and completeness of employee costs of Kshs.323,630 could not be confirmed.

3. Non-Disclosure and Doubtful Ownership of Non-Current Assets of Property, Plant and Equipment

The statement of financial position reflects Nil property, plant and equipment balance. However, review of records and physical inspection revealed that the Hospital has both movable and immovable assets of undetermined value which were not disclosed in the financial statements. Additionally, ownership documents such as logbooks and title deeds were not availed for audit

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

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

Key Audit Matters

Key audit matters are those matters that, in my professional 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 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Quarterly Revenue Reports

The statement of financial performance and Note 7 to the financial statements reflects other income under revenue from exchange transactions of Kshs.220,485. However, no evidence was provided to show that the Hospital prepared quarterly revenue reports and submitted the same to the County Treasury with a copy to the Auditor-General as specified by Regulation 64. (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

2. Deficiencies in Implementation of Universal Health Coverage

Review of records revealed that the Hospital had staff shortages recommended to implement Universal Health Coverage as per the check list designed for Level 4 hospitals as detailed in the table below:

Staff Requirement	Recommended Number	Available Staff	Variance	%
Medical Officers	16	0	16	100
Anesthesiologist	2	0	2	100
Staff Requirement	Recommended Number	Available Staff	Variance	
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Clinical Officers	30	0	30	100
Kenya Registered Community Health Nurses	75	8	67	89.3
KECN Nurses	6	0	6	100
BSN Nurses		6	(6)	100

Further, the Hospital lacked the equipment as listed in the table below:

Requirement	Recommended Number	Available Number	Variance	Percentage
Beds	150	30	120	80
Resuscitaire (2 in Labour Ward, 1 in Theatre)	3	0	3	100
New Born Unit Incubators	5	2	3	60
New Born Unit Cots	5	0	5	10
Functional Intensive Care Unit Beds	6	0	6	100
Functional High Dependency Unit Beds	6	0	6	100
Dialysis Machines	5	0	5	100
Operational Theatres, Maternity and General	2	0	2	100

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

In the circumstances, the understaffing and inadequate equipment may have negatively affected service delivery to the public.

3. Revenue Safeguards and Controls

During audit, it was noted that there was no segregation of duties in revenue collection. The same personnel receiving revenue, issue receipts and banks the revenue contrary to Regulation 63(1(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that an accounting Officer and A Receiver of Revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all county government revenue and other public moneys relating to their county departments or agencies.

In the circumstances, Management was in breach of Law.

The audit was conducted in accordance with the 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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Disposal and Storage of Drugs and Pharmaceutical Waste

During the audit, it was noted that the Hospital had expired drugs which had been marked for disposal. Management disclosed claim that disposal is done at the county level which could not be confirmed as there was no correspondence provided to show that they had contacted the Sub-County Pharmacist to collect the expired drugs for disposal. Records provided showed that there were expired drugs stored at the facility dating back to 2017.

In addition, the store used to keep the expired drugs does not meet the standards set out in the Pharmacy and Poisons Pharmaceutical Waste Management Rules of 2022. The store is not well labelled with the words 'Pharmaceuticals Waste Area' and neither did it have a hazard signage nor a register indicating the people entering and exiting the store.

In the circumstances, Management did not comply with the set standards and rules on waste management.

2. Lack of Internal Audit and Audit Committee

During the year under review, it was observed that the Hospital did not have an internal audit function to perform risk assessment processes and evaluation of operational effectiveness through reviews of the internal controls. In addition, there was no audit committee.

In the circumstances, the Board of Management lacked a means of obtaining reasonable assurance on the state of risk management, control and governance within the Hospital.

3. Lack of a Strategic Plan and Key Policy and Procedure Manuals

The Hospital did not have in place a strategic plan and key policy and procedure manuals to guide operations during the year under review. In the absence, the Hospital may not be able to prepare for the volatility in its environment, manage change or successfully achieve its core mandate.

In the circumstances, the effectiveness and direction of the Hospital strategy could not be confirmed.

4. Lack of Board Work Plan and Charter

The Hospital's Board of Management operated without an approved work plan and charter contrary to Mwongozo code of governance which requires board members to have an annual work plan and charter to guide their activities.

In the circumstance, Management was in breach of the Mwongozo code of governance.

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

Responsibilities of Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 Hospital's activities, financial transactions and information reflected in the financial statements comply 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital's to cease to continue 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's to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 June, 2024

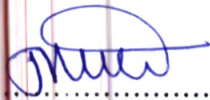
Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

Description	Notes	2021/22 Kshs
Revenue from non-exchange transactions		
In-kind contributions from the County Government	6	2,699,504.00
Public contributions and donations	6a	93,000.00
		2,792,504.00
Revenue from exchange transactions		
Rendering of services- Medical Service Income	7	220,485.00
Other Income	8	2,168,700.00
		2,389,185.00
Total revenue		5,181,689.00
Expenses		
Medical/Clinical costs	9	3,616,287.00
Employee costs	10	323,630.00
Board of Management Expenses	11	90,000.00
Repairs and maintenance	12	392,370.00
General expenses	13	1,183,154.00
		5,605,441.00
Total expenses		5,605,441.00
Net Surplus for the year		(423,752.00)

(The notes set out on pages 6 to 30 form an integral part of the Annual Financial Statements.)

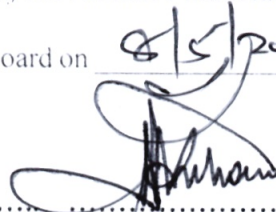
The Hospital's financial statements were approved by the Board on 8/5/2024 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent



Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

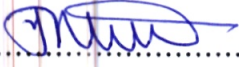
XIII. Statement of Financial Position as of 30th June 2022

Description	Notes	2021/22 Kshs
Assets		
Current assets		
Cash and cash equivalents	14	447,644.00
Receivables from exchange transactions	15	68,300.00
Inventories	16	80,006.00
Total Current Assets		595,950.00
Non-current assets		
Total Non-current Assets		0.00
Total assets		595,950.00
Liabilities		
Current liabilities		
Trade and other payables	17	937,203.00
Total Current Liabilities		937,203.00
Total Liabilities		937,203.00
Net assets		
Accumulated surplus/Deficit		(423,752.00)
Capital Fund		82,699.15
		(341,252.85)
Total Net Assets and Liabilities		595,950.00


(The notes set out on pages 6 to 30 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 8/5/24 and signed on its behalf by:


Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022



Chairman
Board of Management



Head of Finance
 ICPAK No:



Medical Superintendent

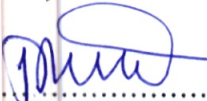


XIV. Statement of Changes in Net Asset for The Year Ended 30 June 2022


	Capital Fund	Accumulated surplus/Deficit	Total
At July 1, 2021			
Surplus/(deficit) for the year		(423,752.00)	(423,752.00)
Capital Fund	82,699.15		82,699.15
At June 30, 2022	82,699.15	(423,752.00)	(341,252.85)

(The notes set out on pages 6 to 30 form an integral part of the Annual Financial Statements.)


The Hospital's financial statements were approved by the Board on 8/5/2024 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
 ICPAK No:



Medical Superintendent



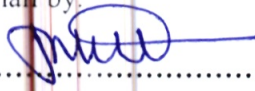
Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

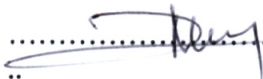
Description	Note	2021/22 Kshs
Cash flows from operating activities		
Receipts		
Public contributions and donations	6a	93,000.00
Rendering of services- Medical Service Income	7	220,485.00
Other Incomes	8	2,100,400.00
Total Receipts		2,413,885.00
Payments		
Medical/Clinical costs	9	752,070.00
Employee costs	10	289,130.00
Board of Management Expenses	11	90,000.00
Repairs and maintenance	12	180,380.00
General expenses	13	657,154.00
Total Payments		1,968,734.00
Net cash flows from operating activities		445,151.15
Cash flows from investing activities		
Purchase of property, plant, equipment, & intangible assets		(0.00)
Net cash flows used in investing activities		(0.00)
Cash flows from financing activities		
Net cash flows used in financing activities		(0.00)
Net increase/(decrease) in cash and cash equivalents		445,151.00
Cash and cash equivalents at 1 July	14a	2,493.15
Cash and cash equivalents at 30 July	14a	445,644.15

(The cashflow statement has been presented using the direct method as recommended by IPSAS 2).

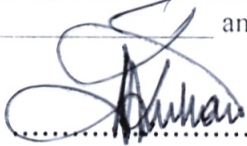
The notes set out on pages 6 to 30 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent




Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
InKind Contributions	2,800,000		2,800,000	2,699,504	100,496	96% _o
Rendering of Services	300,000	-	300,000	220,485	79,515	73% _o
Other Income	2,300,000		2,300,000	2,168,700	131,300	94% _o
Total income	5,400,000	-	5,400,000	5,088,689	311,311	94%_o
					-	
Expenses						
Medical/Clinical costs	3,600,000	-	3,600,000	3,616,287	(16,287)	100% _o
Employee costs	850,000		850,000	323,630	526,370	38% _o
Remuneration of director	90,000		90,000	90,000	-	100% _o
Repairs and maintenance	325,000		325,000	392,370	(67,370)	121% _o
General expenses	810,000		810,000	1,183,154	(373,154)	146% _o
Development Expenditure	-		-	-	-	
Total expenditure	5,675,000	-	5,675,000	5,605,441	69,559	99%_o
Surplus for the period				(516,752)		


The notes set out on pages 6 to 31 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 8/5/2024 and signed on its behalf by:



 Chairman
 Board of Management



 Head of Finance
 ICPAK No:



 Medical Superintendent



XVII. Notes To the Financial Statements

1. General Information

Ogongo Level Four Hospital is established by and derives its authority and accountability from Public Finance Management Act 2012 . The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide public healthcare services.

2. Statement Of Compliance And Basis Of Preparation

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

The financial statements have been prepared in accordance with the PFM Act, and *Homabay County Finance Act*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

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

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

Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	<p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires.</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in the year 2021/2022

Notes to the Financial Statements (Continued)

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

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.

Ogongo Level Four Hospital (Homabay County Government)
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Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021/2022 was approved by Hospital Board depending on availability of funds.. No additional appropriations were added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. 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. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section ~~xxx~~ of these financial statements.

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) 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. However, the assets for this financial year are not disclosed pending valuation process.

e) 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)

f) 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.

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

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.

g) 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)

h) 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.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at the 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year. For these financial statements, cash, and cash equivalents also include short-term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

j) Comparative figures

There are no comparative figures for the previous year as the hospital is preparing its first financial statements

k) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Notes to the Financial Statements (Continued)

Useful lives and residual values

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

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

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Notes to the Financial Statements (Continued)

6 In Kind Contributions from The County Government

Description	2021/22
	KShs
Pharmaceutical and Non-Pharmaceutical Supplies	53,790.00
Medical supplies (KEMSA)	2,645,714.00
Total grants in kind	<u>2,699,504.00</u>

6. (a) Public Contributions and Donations

Description	2021/22
	KShs
Public donations	93,000.00
Total donations and sponsorships	93,000.00

(Revenue from a fundraiser)

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Notes to the Financial Statements (Continued)

7. **Rendering of Services-Medical Service Income**

Description	2021/22
	KShs
Pharmaceuticals	68,065.00
Non-Pharmaceuticals	
Laboratory	49,710.00
Outpatient services	60,510.00
Inpatient services	42,400.00
Total revenue from the rendering of services	220,485.00

8. **Other Income**

Description	2021/22
	KShs
Insurance recoveries-NHIF	2,100,000.00
Receivables-NHIF	68,300.00
Total other income	2,168,700.00

Ogongo Level Four Hospital (Homabay County Government)
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Notes to the Financial Statements (Continued)

9. Medical/ Clinical Costs

Description	2021/22
	KShs
Laboratory chemicals and reagents	162,493.00
Food and Ration	367,290.00
Dressing and Non-Pharmaceuticals	241,790.00
Pharmaceutical supplies	2,702,714.00
Health information stationery	123,000.00
Sanitary and cleansing Materials	19,000.00
Total medical/ clinical costs	3,616,287.00
Less: Accrued medical Costs	164,713.00
Less : Inkind Contributions	2,699,504.00
Total medical/ clinical costs to Cashflow statement	<u>752,070.00</u>

10. Employee Costs

Description	2021/22
	KShs
Salaries, wages, and allowances	323,630.00
Total Employee Costs	323,630.00
Less Accrued Expenses	34,500.00
Total Employee costs to statement of cash flows	<u>289,130.00</u>

11. Board of Management Expenses

Description	2021/22
	KShs
Sitting allowance	90,000.00
Total	90,000.00

Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

12. Repairs And Maintenance

Description	2021/22
	KShs
Property- Buildings	42,640.00
Furniture and fittings	11,500.00
Computers and accessories	49,580.00
Motor vehicle expenses	120,650.00
Maintenance of software	168,000.00
Total repairs and maintenance costs	392,370.00
Less: Accrued Expenses	211,990.00
Total repairs and maintenance costs to statement of cashflows	180,380.00

13. General Expenses

Description	2021/22
	KShs
Bank charges	3,185.00
Contracted services	505,000.00
Electricity expenses	153,500.00
Travel and accommodation allowance	176,500.00
General Office supplies	94,700.00
Telephone and mobile phone services	126,000.00
Refined Fuels for Transport	124,269.00
Total General Expenses	1,183,154.00
Less: Accrued Expenses	526,000.00
Total General Expenses to statement of cashflows	657,154.00

Ogongo Level Four Hospital (Homabay County Government)
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Notes to the Financial Statements (Continued)

14. Cash And Cash Equivalents

Description	2021/22
	KShs
Cooperative Bank	447,644.15
Cash in hand	0.00
Total cash and cash equivalents	447,644.15

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

Description		2021/22	2020/2021
Financial institution	Account number	KShs	KShs
a) Current account			
Cooperative bank	01141331281300	447,644.15	2,493.15
Sub- total		447,644.15	2,493.15
Grand total		447,644.15	2,493.15

15. Receivables From Exchange Transactions

Description	2021/22
	KShs
Medical services receivables	68,300.00
Total receivables	68,300.00

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Notes to the Financial Statements (Continued)

16. Inventories

Description	2021/22
	KShs
Pharmaceutical supplies	33,000.00
Food supplies	12,000.00
Non Pharmaceuticals	12,500.00
Laboratory Supplies	20,006.00
Cleaning materials supplies	2,500.00
Less: provision for impairment of stocks	
Total	80,006.00

17. Trade And Other Payables

Description	2021/22
	KShs
Trade payables	985,202.15
Employee dues	34,500.00
Total trade and other payables	1,019,702.15

18. Cash Generated from Operations

Description	2021/22
	KShs
Surplus for the year before tax	(423,752.00)
Adjusted for:	
Depreciation	0
Impairment	0
Working Capital adjustments	
Increase in inventory	
Increase in receivables	
Increase in payables	
Net cash flow from operating activities	

Notes to the Financial Statements (Continued)

19. 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:

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Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions	68,300.00			
Receivables from –non-exchange transactions				
Bank balances	447,644.15			
Total	515,944.15			

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

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

(ii) Liquidity risk management

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

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

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Notes to the Financial Statements (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables			902,203.00	902,203.00
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation			34,500.00	34,500.00
Total			937,203.00	937,203.00

(iii) Market risk

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

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Notes to the Financial Statements (Continued)

The County'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.

payments.

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Notes to the Financial Statements (Continued)

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.

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 the following funds:

	2021/22
	Kshs
Revaluation reserve	0
Retained earnings	(423,752)
Capital reserve	0
Total funds	(423,752)
Total borrowings	0
Less: cash and bank balances	(447,644.15)
Net debt (<i>excess cash and cash equivalents</i>)	(871,396.15)
Gearing	%

Notes to the Financial Statements (Continued)

20. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions.

Related parties include management personnel, their associates, and close family members.

Government of Kenya

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

- i) The County Government of Homabay
- ii) The Ministry of Health
- iii) Hospital Management Team;
- iv) Board of Management;

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Notes to the Financial Statements (Continued)

Description	2021/22
	Kshs
Transactions with related parties	
a) Services offered to related parties	
Services to xxx	
Sales of services to xxx	
Total	
b) Grants from the Government	
Grants from County Government	
Grants from the National Government Entities	
Donations in kind	2,699,504.00
Total	
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for xxx employees	
Payments for goods and services for xxx	
Total	
d) Key management compensation	
Directors' emoluments	
Compensation to the medical Sup	
Compensation to key management	
Total	2,699,504.00

Notes to the Financial Statements (Continued)

21. Events After The Reporting Period

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

22. Ultimate And Holding Entity

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

23. Currency

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

Ogongo Level Four Hospital (Homabay County Government)
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XVIII. Appendices

Appendix 1: Progress on Follow Up Of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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

.....
 Accounting Officer



MSUS (AM) P. 6