

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

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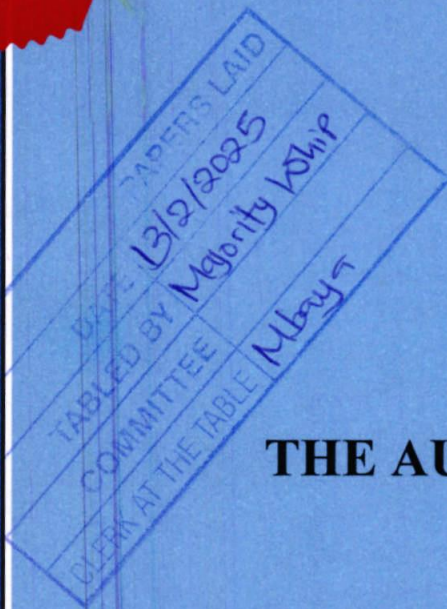
THE AUDITOR-GENERAL

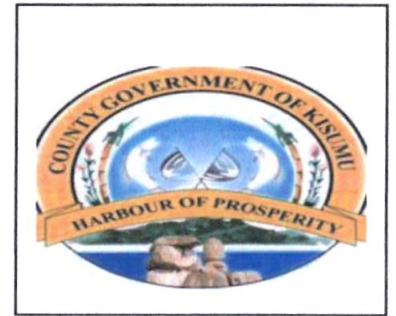
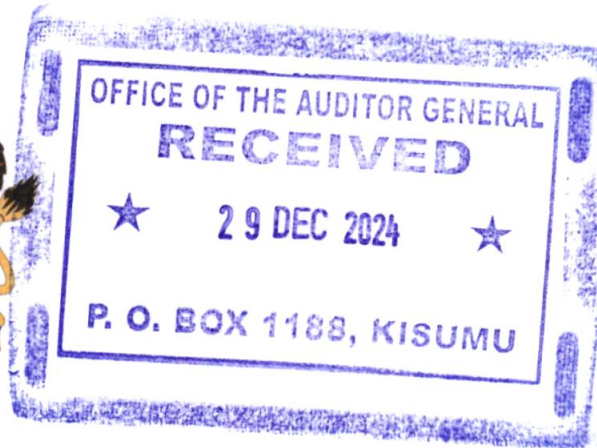
ON

**NYAKACH COUNTY LEVEL 4
HOSPITAL**

**FOR THE YEAR ENDED
30 JUNE, 2024**

COUNTY GOVERNMENT OF KISUMU





Nyakach County Level 4 Hospital (Kisumu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30TH JUNE 2024
(REVISED)**

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

2. Key Entity Information and Management

(a) Background information

Nyakach County Hospital is a level 4 hospital established under gazette notice number 11041 and is domiciled in Kisumu County under the Department of Medical Services, Public Health & Sanitation. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide quality, accessible and affordable universal healthcare to the catchment population.

Vision : To be centre of excellence in quality health care services

Mission: To participate, provide, and promote quality preventive, curative and rehabilitative services that are accessible, equitable and affordable to community.

(c) Key Management

The management of NCH 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 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. Edon Nyagudi
2.	Health Administrative officer	Mr Abraham Abuto
3.	Nursing Officer In charge	Miss Lilian Kayesi
4.	Laboratory In Charge	Mr Julius Okuku
5.	Pharmacist In charge	Dr. Andrew Odingo
6.	Medical Officer	Dr Odero Michael
7	Health Record and Information in charge	Miss Sarah Akinyi Ajwang'

(e) Fiduciary Oversight Arrangements

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

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 79 40111
Pap Onditi
Nyakach Sub County
Kisumu County
KENYA

(g) Entity Contacts

Telephone: (+254) 776388594
E-mail: paponditihospital@gmail.com

(h) Entity Bankers

Cooperative Bank Kisumu East Branch
Nyakach Sub County Hospital Recurrent Kisumu County
01141495253900

Kenya Commercial Bank Sondu Branch
Nyando Districh Hospital
1104032481

(i) Independent Auditors

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

(j) Principal Legal Adviser

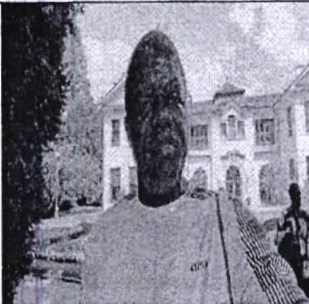
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

(k) County Attorney

P.O. Box. 2738-40100
Kisumu, Kenya

3. The Board of Management

Ref	Directors	Details
1.	 Mr. Charles W. Abondo Age 75 years	Chairperson of the Hospital management Board. MA marketing/Economics WORK EXPERIENCE Managing consultant of Milliwan management consultants for 13 years National programme manager DANIDA for 3 years Team leader SWAP Malawi for 2 years General manager MEDS for 2 years
2.	 Mrs Perez Auma Okut Age 49 years	Vice Chairperson of the Board Diploma in hotel management WORK EXPERIENCE Supervisor at Sarova and Panafric Hotels for 2 years Management of sole business for 20 years
3.	 Ms. Prisca Catherine Kokumu Age 30 years	Board member-independent Member audit committee Master of science in finance WORK EXPERIENCE Marketing manager diamond trust bank for 1 year General manager credit at Ested credit ltd for 3 years Operations and human resource manager at Uaso Ngiro Contractors ltd for 2 years

4.	 Mr Josephat Odhiambo Opiyo Age 44 years	Board member-independent Member audit committee Higher diploma in anaesthesiology WORK EXPERIENCE Clinical officer for 8 years Anaesthetist for 7 years
5.	 Mr Phillip Nyaswa Age 51 years	Board member-independent Member resource mobilization committee PhD Research and Evaluation WORK EXPERIENCE Lecturer catholic university for 5 years Dean of students catholic university 4 years Deputy principal our lady of Lourdes secondary 1 year
6	 Dr. Edon Nyagudi Age 37 years	Medical Superintendent & Secretary to the Board Member all committees Bachelor of dental surgery WORK EXPERIENCE Dental officer for 8 years Medical superintendent for 2 years

4. Key Management Team

Ref	Management	Details
1.	 Dr Edon Nyagudi Age 37 years	Medical Superintendent Degree in Dental Surgery
2.	 Mr Abraham Abuto Age 53 years	Health Administrative Officer Diploma in Health Records and Information Technology Senior Management Course from KSG
3.	 Mrs Lilian Kayesi Age 54 years	Nursing Officer In charge Diploma in Nursing
4.	 Mr Julius Okuku Age 46 years	Laboratory Manager Diploma in Laboratory science

5.	 Dr Andrew Odingo Age 34 years	Pharmacist in charge Bachelor's degree in Pharmacy
6.	 Dr Odero Michael Age 43 years	Medical Officer Bachelor of medicine and surgery Overseeing the clinical and surgical managements of patients
7.	 Miss Sara Ajwang Age: 32 years	Health Records and Information officer Diploma in Health Record and information technology

5. Chairman's Statement

Nyakach County Hospital is a level 4 hospital located in Nyakach Sub-county, Kisumu County. It has a catchment of 36,265 patients

The hospital has a total workforce of 94, of which 67 are County Government employees, 27 are CIHEB-supported employees, and 12 are casual employees.

PROJECTS

The hospital has the following projects ongoing/stalled

1. Maternity Theatre complex, not yet completed
2. Mortuary building, condemned
3. Kitchen and Laundry complex, condemned
4. Administration block, proposed but not yet started
5. Hospital drug store, proposed but not yet started.

CHALLENGES

During the financial year under review, the hospital experienced a myriad of challenges:

- Understaffing
- Erratic power supply by Kenya Power that has led to destruction of electrical and electronic equipment, due to the power surge.
- Old and dilapidated structures with asbestos roofing that poses health hazard to healthcare workers.
- Condemned buildings and stalled projects.



.....
Name **CHARLES W. ABONDO**

Chairman to the Board

6. Report of The Medical Superintendent

Nyakach County Hospital is a level 4 hospital located in Nyakach Sub-county, Kisumu County. It has a catchment of 36,265 patients

It has a bed capacity of 37, covering female ward, male ward and maternity ward, and pediatric ward.

It offers varied healthcare services, including:

1. General Outpatient services
2. Inpatient services
3. Laboratory services
4. Dental services
5. Pharmacy services
6. Maternity services
7. Rehabilitative services

The hospital has a total workforce of 94, of which 67 are County Government employees, 27 are CIHEB-supported employees, and 12 are casual employees.

PROJECTS

The hospital has the following projects ongoing/stalled

- 1 Maternity Theatre complex, not yet completed
- 2 Mortuary building, condemned
- 3 Kitchen and Laundry complex, condemned
- 4 Administration block, proposed but not yet started
- 5 Hospital drug store, proposed but not yet started.

CHALLENGES

During the financial year under review, the hospital experienced a myriad of challenges:

- Understaffing
- Lack of consolidated title deed. Making it difficult to carry out projects within the facility causing conflicts with the surrounding community
- Erratic power supply by Kenya Power that has led to destruction of electrical and electronic equipment, due to the power surge.
- Old and dilapidated structures with asbestos roofing that poses health hazard to healthcare workers.
- No mortuary services
- Condemned buildings and stalled projects.

.....
Name *Ensi Ngani*
Secretary to the Board

MEDICAL SUPERINTENDANT
NYAKACH COUNTY HOSPITAL
P.O. BOX 79 - 40111. PAP. ONDIT.

MEDICAL SUPERINTENDANT
NYAKACH COUNTY HOSPITAL
11

7. 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.

The Mandate of Nyakach County Hospital as an entity are to ensure provision of the following services geared towards universal healthcare coverage:

- i) Curative and Rehabilitative Health Services
- ii) Preventive and Promote Health Services
- iii) General Administration, Planning, Management Support and Coordination

It is the responsibility of the Board and Hospital management team to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio- economic development.

Nyakach County Hospital has 3 Annual Program Based Service Delivery Work plan and objectives within the current FY 2023/2024.

These 3 Annual Program Based Service Delivery are;

Program 1: Curative and Rehabilitative Health Services; Program Outcome: Effective and efficient curative and rehabilitative health care services to the county citizens

Program Objective: To provide effective and efficient curative and rehabilitative at all health service delivery units

Program 2: Preventive and Promotive Health Services; Program Outcome: Effective and efficient preventive and promotive health interventions within the county

Program Objective: To provide effective and efficient preventive and promotive health interventions across the county

Program 3: General Administration, Planning, Management Support and Coordination; Program Outcome: Effective and efficient preventive and promotive health interventions within the county

Program Objective: To provide effective and efficient preventive and promotive health interventions across the county

Nyakach County Hospital develops its annual work plan based on the above 3 programs and 12 sub programs.

Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

Nyakach County Hospital achieved its performance targets set for the FY 2023/2024 period for its 12 sub programs under the 3 main program-based areas.

8. Corporate Governance Statement

The Board of Management of the Hospital were appointed via gazette notice No. 9607 dated 11th October 2019 to govern the entity. The Hospital Board of Management recognizes the importance of corporate governance and as such it carries out its mandate with honesty, openness, and integrity.

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

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

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

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

9. Management Discussion and Analysis

Board of Management

The Board of Management is composed of non-executive appointed members via The Kenya Gazette Notices after every 3 years.

The Board members are appointed by considering the various categories

- Chairperson of the Hospital management Board.
- Board member in charge of financial management
- Board member representing faith-based organisation
- Board member representing H.C.S. D
- Board member representing Professionals
- Board member representing Youths
- Medical Superintendent & secretary to the Board.

The Board is held accountable and responsible for the effective governance of the institution.

Members of the Board have a broad range of skills and experience, and each brings independent judgment and unique expertise and advisory perspectives to the Board's deliberations.

Summarized below are the key roles and responsibilities of the Board:

- Approve and adopt strategic plans and annual budgets, set objectives, and review key risk and performance areas.
- Determine overall policies and procedures to ensure integrity of the Hospital's management of risk and internal controls.
- Review, at regular meetings, Management's performance against approved deliverables.

The full Board meets at least five times a year and the Chairperson holds weekly meetings with the Chief Executive Officer.

The Board members are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational and compliance matters.

Except for direction and guidance on general policy, the Board has delegated authority for conduct Of day-to-day business to the Chief Executive Officer. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

Board Meetings

The Board meets quarterly as per its annual work plan or additionally when necessary to consider matters of business oversight. The Board's agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within the stipulated timeline.

During the FY 2023/2024, The Board had 4 sittings; 4 being the quarterly planned board meetings.

Board Remuneration

Non-Executive directors provide services to the company to which they are entitled to a remuneration as provided for by the SRC guidelines and circulars on Remuneration of board members for level IV hospitals. They are paid sitting allowances for attending Board meetings, board committee meetings and any other entity's business that they may be called to undertake.

Clinical/operational performance

Data from the Health records and information department shows the following details as to clinical/operational performance of Nyakach County Hospital in the financial years of 2023/2024 and 2022/2023:

- Bed capacity of the hospital.
- Overall patient attendance during the year for both inpatient and outpatient.
- Accident and Emergency attendance
- Specialised clinic attendance
- Average length of stay for in patient
- Bed occupancy rate
- Mortality rate
- Surgical theatre utilisation (number of operations over a period of time)
- Sponsorships and partnerships

Performance Item/ Activity	Unit of count/ measure	Financial year	
		2023 – 2024	2022 -2023
Bed capacity of the hospital	No. of beds	37	37
Overall patient attendance during the	No. of patients	15,375	19,461

Nyakach County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

year; both inpatient & outpatient			
Accident and emergency attendance	No. of attendances	100	175
Specialised clinic attendance	No. of attendances	7,904	8037
Average length of stay for inpatient	No. of days	2	3
Bed occupancy rate	Percentage	27%	41%
Mortality rate	Percentage	5%	4.2%
Surgical theatre utilisation	No. of procedures	0	0

Nyakach County Hospital lacks accidents and emergency department. The data shows number of first aid procedures done before onward referrals to either Kisumu County Referral Hospital or Jaramogi Oginga Odinga Teaching and Referral Hospital

Financial performance that includes: -

During the period financial year 2023/2024 Nyakach County Hospital generated its revenue from on source revenue collections, NHIF And MARWA as Well as recurrent funds from the County Government of Kisumu

The funds for the financial year 2023-2024 were spent as per the details of this report

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

During the FY 2023-2024, the hospital strived to favourably achieve its objectives and mandate of providing universal healthcare to all citizens who visited the hospital. The recent high cost of commodities and supplies did put pressure on the hospitals capacity to deliver services. The hospital throughout the year ensures compliance with the various rules and regulations governing the management of a public hospital within Kenya.

ii) Environmental performance

During the FY 2023-2024, the hospital was committed to ensuring safe disposal of all medical and non-medical wastes as may be appropriate. The Septic tanks were regularly disinfected and the hazardous medical wastes were being transported to other hospital incinerators like JOOTRH and Lumumba Sub County Hospital but toward the last Quarter of the year, the hospital started incinerating its waste in the newly installed incinerator.

iii) Employee welfare

The Hospital staffs comprise of staffs employed by the County Government of Kisumu, Partner and health Volunteers who are engaged directly by the hospital.

The management strives to ensure that all employees are sufficiently engaged towards service delivery whilst observing employee rights in line with the Employment Act.

Being that hospital setups are hazardous, the management ensured adequate provision of PPEs to all staffs during the FY 2023/2024 to date in line with the Occupational Safety and Health Act of 2007, (OSHA).

The Health Volunteers are timely compensated for the services delivered and made it possible for the hospital to run smoothly during the period.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Core mandate of Nyakach county Hospital is to provide universal healthcare coverage to citizens. As such the hospital charge-list was in compliance with the Kisumu County Finance Bill 2023 and in our view it was made with a view of not making profits but rather to recover costs of service delivery.

In the spirit of universal healthcare coverage, the hospital assisted all the indigents who visited the hospital to access services through waivers and exemptions as per the presidential directive. As such no patient was turned away or detained for lack of hospital bill during year under review.

b) Responsible Supply chain and supplier relations

Nyakach County Hospital sources its goods and services from prequalified suppliers who are centrally prequalified by the Department of Health, Kisumu County hospital. The Suppliers are engaged on a competitive basis majorly through request for quotation method if exceeds threshold of 50,000.

The management strived to pay the suppliers every quarter when money was availed from County Treasury through recurrent and FIF. Keen to note was that the transfers from County Treasury was not enough to adequately settle all invoices due to pending bills accrued. The management seeks increase of disbursements from County Treasury and NHIF collections.

c) Responsible marketing and advertisement

Nyakach County Hospital is a Public hospital that is open to all citizens within Nyakach Sub-county and beyond

d) Product stewardship

Health care sector is a highly regulated sector due to its essential nature. During the year under review, the hospital management has always ensured to only procure authorised pharmaceutical and non-pharmaceutical items from licenced suppliers. The hospital also ensures that all food and ration items and other items are inspected by the hospital inspection teams who ensure that only goods and services that meet the required standards and threshold are accepted for use at the hospital.

v) Corporate Social Responsibility / Community Engagements

During the year, the hospital was engaged in community engagements using the Health promoters attached to the facilities. The health Promoters who directly engage the community gives feedback to the hospital on the health matter for necessary action/intervention.

Similarly, the hospital also offered amenities and grounds for medical camps supported by various partners during the year. The hospital only contributed in kind but not monetary.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2024, which show the state of Nyakach County Hospital's affairs.

Principal activities

The primary activities of NCH are to provide quality, accessible and affordable Promotive, preventive and curative healthcare services to the public.

Results

The results of the entity for the year ended 30th June 2024 are set out in this report.

Board of Management

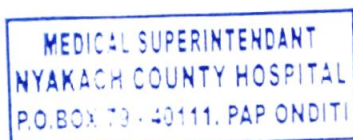
The members of the Board who served during the year are shown in this report. During the year, 6 directors were appointed with effect from 28/11/2023 following their gazettelement.

Auditors

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

By Order of the Board

.....
Name **ESN Ngundi**
Secretary to the Board



12. Statement of Board of Management's Responsibilities

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

The Board of Management is 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 June 30, 2024. 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, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts 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 Kisumu County Facility Improvement Fund Act 2021. The Board members 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 June 30, 20xx, and of the hospital's financial position as at that date. The Board members further confirm 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.

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

Approval of the financial statements

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

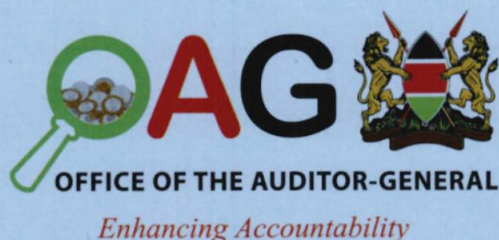
.....
Name: CHARLES W. ABUKO
Chairperson
Board of Management

.....
Name: EDSON NYANDI
Accounting Officer



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NYAKACH COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF KISUMU

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Nyakach County Level 4 Hospital set out on pages 1 to 55, which comprise the statement of assets and liabilities

Report of the Auditor-General on Nyakach County Level 4 Hospital for the year ended 30 June, 2024 – County Government of Kisumu

as at 30 June, 2024 and the statement of receipts and payments, statement of changes in net asset, statement of cash flows and the summary statement of appropriation 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 Nyakach County Level 4 Hospital as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012, the Kisumu County Health Services Act, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Employee Costs

The statement of financial performance reflects an amount of Kshs.1,397,490 in respect of expenditure on employee cost as disclosed in Note 16 to the financial statement. However, the expenditure was not supported with payrolls. In addition, the Management did not provide casual staff bio data containing details of National Identification card numbers, KRA PINs, NHIF & NSSF numbers. Further, there was no documentary evidence of how casual workers were identified and recruited and no evidence that a needs assessment and staff rationalization was carried out to identify departments' staff shortage to justify the need to hire casual employees.

In the circumstances, the accuracy and completeness of employee cost amount of Kshs.1,397,490 as at 30 June, 2024 could not be confirmed.

2. Property, Plant and Equipment

The statement of financial position reflects nil property, plant and equipment balance. However, review of Hospital records and physical inspection carried out in the Month of December, 2024 revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land, vehicles and Hospital equipment were not provided for audit.

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

3. Trade and Other Payables

The statement of financial position reflects a balance of Kshs.8,380,391 in respect of trade payables as disclosed in Note 34 to the financial statement. However, account payables ledger or schedules showing names of suppliers, LPO/LSO numbers, invoice numbers, date, amounts and nature of good or services supplied were not provided for audit review.

In the circumstance, the accuracy of trade and other payables balance of Kshs.8,380,391 could not be confirmed.

4. Unsupported Inventory Balance

The statement of financial position and as disclosed in Note 30 to the financial statements reflects inventories balance of Kshs.5,684,453. However, there no supporting documents were provided to confirm that annual stock take was conducted to confirm the closing balances of inventories as at 30 June, 2024.

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

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, issues were raised under Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Although Management has indicated that some of the issues have been resolved under progress on follow-up of the auditor's recommendation section of the financial statements, no evidence of how the issues were resolved was provided for audit review.

Other Information

The Management is responsible for the other information set out on page iii to xxi which comprises of Key Entity Information and Management, Board of Management, Key Management Team, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Report of the Board of Management. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospitals' financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Unsupported Procurement for Goods and Services

The statement of financial performance reflects an amount of Kshs.51,166,908 in respect of medical/clinical cost as shown in Note 15 to the financial statements. Review of the payment vouchers and supporting documents submitted for audit revealed that the payments were not supported with requisitions from the user department, delivery notes, invoices, inspection and acceptance committee report for the procured goods and services. Further, there were no procurement files submitted for audit to enable determination of the methods used by the entity to procure various goods and services. In addition, a list of pre-qualified suppliers was not submitted for audit and so it was not possible to confirm if the suppliers for goods and services were identified from the Hospital's pre-qualified suppliers.

This was contrary to Section 68 (6) of the Public Procurement and Asset Disposal Act, 2015 states that an accounting officer of a procuring entity shall maintain a proper filing system with clear links between procurement and expenditure files that facilitates an audit trail.

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

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 76 staff requirements or 75% of the authorized establishment. Details are in the tables below:

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical officers	16	1	15	94
Anesthesiologists	2	1	1	50
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	23	52	69
Total	101	25	76	75

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	0	150	100
Resuscitaire (2 in Labor & 1 in Theatre)	2	0	2	100
New Born Unit Incubators	5	0	5	100
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Unit (HOU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres-Maternity & General	2	0	2	100

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

The audit was conducted in accordance with ISSAIs 3000 and ISSAI 4000. The standards require 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Maintain Fixed Asset Register

During the year under review, it was noted that the Nyakach County Level 4 Hospital did not maintain an asset register to record its fixed and movable assets. As required by Regulation 136(1) of the Public Finance Management (County Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In addition, there was no evidence to show that the fund has ever evaluated its assets to ascertain the correct market values.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be confirmed and management was in breach of the regulations.

The audit was conducted in accordance with 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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund'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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Nyakach County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

14. Statement of Financial Performance for The Year Ended 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,824,556	2,654,852
In- kind contributions from the County Government	7	44,349,787	7,222,368
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	0	0
		46,174,343	9,877,220
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	9,664,139	7,345,215
Revenue from rent of facilities	12	0	0
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	0
Revenue from exchange transactions		9,664,139	7,345,215
Total revenue		55,838,482	17,222,435
Expenses			
Medical/Clinical costs	15	51,166,908	3,595,314
Employee costs	16	1,397,490	1,051,320
Board of Management Expenses	17	177,000	194,500
Depreciation and amortization expense	18	0	0
Repairs and maintenance	19	1,389,127	558,547
Grants and subsidies	20	0	0
General expenses	21	2,591,194	1,598,748
Finance costs	22	0	0
Total expenses		56,721,719	6,396,527
Other gains/(losses)			3,603,540
Gain/Loss on disposal of non-Current assets	23	0	0

Nyakach County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	0	0
Impairment loss	26	0	0
Gain on foreign exchange transactions		0	0
Total other gains/(losses)		0	0
Net Surplus / (Deficit) for the year		(883,237)	3,603,540

(The notes set out on pages 26 to 34 form an integral part of the Annual Financial Statements.)

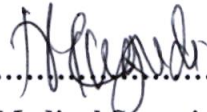
The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:



CHARLES W. ABOU
Chairman

Board of Management

.....
Head of Finance
ICPAK No:



Medical Superintendent



Nyakach County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

15. Statement of Financial Position As At 30th June 2024

Description	Note	FY 2023/2024 Kshs	FY 2022/2023 Kshs
Assets			
Current assets			
Cash and cash equivalents	27	3,035,299	1,203,619
Receivables from exchange transactions - NHIF	28	2,133,905	2,716,690
Receivables from non-exchange transactions	29	0	1,550,000
Inventories	30	5,684,453	0
Total Current Assets		10,853,657	5,470,309
Non-current assets			
Property, plant, and equipment	31	0	0
Intangible assets	32	300,000	300,000
Investment property	33	0	0
Total Non-current Assets		300,000	300,000
Total assets (A)		11,153,657	5,770,309
Liabilities			
Current liabilities			
Trade and other payables	34	8,380,391	0
Refundable deposits from customers/Patients	35	0	0
Provisions	36	0	0
Finance lease obligation	37	0	0
Current portion of deferred income	38	0	0
Current portion of borrowings	39	0	0
Social Benefits	41	0	0
Total Current Liabilities		8,380,391	0
Non-current liabilities			
Provisions	36	0	0
Non-Current Finance lease obligation	37	0	0
Non-Current portion of deferred income	38	0	0
Non - Current portion of borrowings	39	0	0
Service concession Arrangements	40	0	0

Nyakach County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
Social Benefits	41	0	0
Total non-current liabilities		0	0
Total Liabilities (B)		8,380,391	0
Net assets (A-B)		2,773,266	5,770,309
Represented by:			
Revaluation reserve		0	0
Accumulated surplus/Deficit		(1,313,185)	3,603,540
Capital Fund		0	0
Net Assets		1,460,081	9,373,849

(The notes set out on pages 35 to 46 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:



CHARLES W. ASONDO
 Chairman
 Board of Management

.....
Head of Finance
ICPAK No:



Medical Superintendent



Nyakach County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

16. Statement of Changes in Net Asset for The Year Ended 30 June 2024

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022 (previous year)				
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	3,603,540	0	3,603,540
Capital/Development grants	0	0	0	0
As at June 30, 2023 (previous year)	0	3,603,540		3,603,540
At July 1, 2023 (current year)	0	3,603,540		3,603,540
Revaluation gain	0	-	-	-
Surplus/(deficit) for the year	-	(1,313,185)	-	(1,313,185)
Capital/Development grants	-	-	0	-
At June 30, 2024 (current year)	-	2,290,355	0	2,290,355

Nyakach County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		3,374,556	2,654,852
Grants from donors and development partners		0	0
Transfers from other Government entities		0	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		9,091,434	7,345,215.00
Revenue from rent of facilities		0	0
Finance / interest income		0	0
Miscellaneous receipts(<i>specify</i>)		0	0
Total Receipts		12,465,990	10,000,067
Payments			
Medical/Clinical costs		6,104,662	3,595,314
Employee costs		1,311,481	1,051,320
Board of Management Expenses		172,500	194,500
Repairs and maintenance		1,141,729	558,547
Grants and subsidies		0	0
General expenses		1,943,780	996,846
Finance costs		0	0
Refunds paid out		0	0
Total Payments		10,674,152	6,396,527
Net cash flows from operating activities	42	1,791,838	3,603,540
Cash flows from investing activities			
Purchase of property, plant, equipment		(0)	0
Purchase of intangible assets		(0)	0
Proceeds from the sale of PPE		0	0
Acquisition of investments		(0)	0
Net cash flows used in investing activities		(0)	(0)
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		(0)	0
Capital grants received		0	0

Nyakach County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Net cash flows used in financing activities		(0)	(0)
Net increase/(decrease) in cash and cash equivalents		1,243,461	2,399,921
Cash and cash equivalents as at 1 July	27	3,035,299	1,203,619
Cash and cash equivalents as at 30 June	27	3,035,299	1,203,619

Nyakach County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	1,824,556	0	1,824,556	1,824,556	0	100%
In Kind donations from county Government	40,700,922	0	40,700,922	39,546,096	1,154,826	97%
Transfers from other Government entities	0	0	0	-	0	-
Public contributions and donations	0	0	0	-	0	-
Rendering of services- Medical Service Income	9,500,000	0	9,500,000	9,269,564	230,436	98%
Revenue from rent of facilities	0	0	0	-	0	-
Finance / interest income	0	0	0	-	0	-
Miscellaneous receipts (<i>specify</i>)	0	0	0	-	0	-
Total income	52,025,478	0	52,025,478	50,640,216	1,385,262	97%
Expenses					0	-
Medical/Clinical costs	46,812,617	0	46,812,617	46,812,617	0	100%
Employee costs	1,432,861	0	1,432,861	1,432,861	0	100%
Remuneration of directors	180,000	0	180,000	177,000	3,000	98%
Repairs and maintenance	1,400,000	0	1,400,000	1,389,127	10,873	99%

Nyakach County Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Grants and subsidies	0	0	0	-	0	-
General expenses	2,200,000	0	2,200,000	2,141,794	58,206	97%
Finance costs	0	0	0	-	0	-
Refunds	0	0	0	0	0	-
Surplus for the period	-	-	-	1,313,813	-	%
Capital expenditure						%

19. Notes to the Financial Statements

1. General Information

Nyakach County Hospital is established by gazette notice No. 11041 and derives its authority and accountability from Health Act, PFM Act and the Kisumu County Facility Improvement Fund Act 2021. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide universal healthcare to the citizens

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 this report. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and Kisumu County Facility Improvement Fund Act 2021, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the

Standard	Effective date and impact:
	criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard

Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the hospital and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2023/2024 was approved by Board on 25/8/2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 5 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2023/2024 KShs	FY 2022/2023 KShs
Unconditional grants		
Operational grant	1,824,556	2,654,852
Level 4/5 grants	0	
Unconditional development grants	0	0
Other grants (<i>specify</i>)	0	0
	0	0
Conditional grants		
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Total government grants and subsidies	1,824,556	2,654,852

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized in Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund KShs	Total grant income during the year FY 2023/2024 KShs	Comparative Period FY 2022/2023 KShs
Kisumu County Government	0	0		1,824,556	2,654,852
Total	0	0	0	1,824,556	2,654,852

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	0	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	44,349,787	7,222,368
Utility bills	0	0
Total grants in kind	44,349,787	2,222,368

8. Grants From Donors and Development Partners

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants	0	0
Total grants from development partners	0	0

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognized in capital fund	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from National Hospital	0	0
Transfer from Institute	0	0
Total Transfers	0	0

10. Public Contributions and Donations

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	0	0

10 (a) Reconciliations of amortised grants

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Pharmaceuticals	928,879	743,966.00
Laboratory	1,123,420	1,301,295.00
Radiology	120,400	179,450.00
Inpatient	297,040	159,910.00
Outpatient	36,800	19,110.00
Ear Nose and Throat Service	800	500.00
Theatre	6,500	12,380.00
Dental Service	4,650	38,150.00
Paediatrics services	800	830.00
Female Ward	777,990	354,490.00
Records Dept	421,140	485,930.00
Mortuary	677,400	182,000.00
Male ward	145,340	148,178.00
Paediatric Ward	129,490	140,010.00
Labour Ward	1,600	80.00
Orthopaedic	16,900	11,640.00
Maternity	75,100	170,770.00
Physiotherapy	32,760	63,045.00
Amenity	900	1,500.00
Medical Examination	3,500	9,500.00
Occupational Therapy	18,800	16,250.00
MCH/FP Services	1,650	100.00
NHIF	4,842,280	3,126,000.00
MARWA	0	180,131.00
Total revenue from the rendering of services	9,664,139	7,345,215.00

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

13. Finance /Interest Income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

14. Miscellaneous Income

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
	0	0
Total Miscellaneous income	0	0

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Dental costs/ materials		0
Laboratory chemicals and reagents	1,147,890	520,352
Food and Ration	1,526,520	523,880
Dressing and Non-Pharmaceuticals	2,112,240	516,200
Pharmaceutical supplies	1,415,682	1,352,834
Health information stationery	686,573	240,799
Sanitary and cleansing Materials	265,610	63,101
Purchase of Medical gases	82,400	0
X-Ray/Radiology supplies	0	0
Purchase of medical equipment	0	0
Dispensed In-Kind medical donations	43,929,993	0
Total medical/ clinical costs	51,166,908	3,217,166

16. Employee Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries, wages, and allowances	1,255,907	863,874
Staff medical expenses and Insurance cover	64,300	46,800
Social contribution NSSF	77,283	58,062
Accrued Salaries, wages, and allowances		82,584
Employee costs	1,397,490	1,051,320

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	177,000	194,500
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0

Travel and accommodation allowance	0	0
Airtime allowances	0	0
Total	177,000	0

18. Depreciation and Amortization Expense

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	0	0

19. Repairs And Maintenance

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Property- Buildings	1,098,327	54,052
Medical equipment	0	85,310
Office equipment	0	0
Furniture and fittings	0	0
Computers and accessories	0	161,586
Motor vehicle expenses	290,800	257,599
Maintenance of civil works	0	0
Total repairs and maintenance	1,389,127	558,547

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies(<i>specify</i>)	0	0
Total grants and subsidies	0	0

21. General Expenses

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses		
Waste management expenses		
Insecticides and rodenticides		
General Office supplies	88,000	19,655
Bank charges		
Contracted security services	290,000	406,241
Conferences and delegations		
Other fuels	81,000	
Contracted cleaning services	23,800	
Electricity expenses	994,776	
Fuel and Lubricants		400,500
Insurance		
Research and development expenses		
Travel and accommodation allowance	379,800	61,000
Legal expenses		
Licenses and permits		
Courier and postal services		
Printing and stationery	9,600	
Hire charges		
Purchase of office equipment	115,278	
Water and sewerage costs	94,540	20,000

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Skills development levies		
Telephone and mobile phone services	65,000	29,450
Computer Accessories		60,000
Staff training and development		
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Fuel & Lubricants for Ambulance	449,400	310,148
Other Fuels (Charcoal, LPG Gas)	0	68,000
Other general expenses	0	601,902
Total General Expenses	2,591,194	1,976,896

22. Finance Costs

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

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

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
Total Gain/Loss	0	0

26. Impairment Loss

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalents

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Current accounts	3,035,299	1,203,619
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others(<i>specify</i>)- Mobile money	0	0
Total cash and cash equivalents	3,035,299	1,203,619

Notes to the Financial Statements (Continued)

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

Description		FY 2023/2024	FY 2022/2023
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1104032481	2,689,273	876,737
Cooperative Bank,	0114149525 3900	346,026	335,882
Sub- total		3,035,299	1,203,619
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
Sub- total		0	0
c) Fixed deposits account			
Bank Name		0	0
Sub- total		0	0
d) Others(specify)			
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
Grand total		3,035,299	1,203,619

28. Receivables From Exchange Transactions

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Medical services receivables NHIF	2,133,905	2,716,690
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	(0)
Total receivables	2,133,905	2,716,690

Analysis of Receivables From Exchange Transactions

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	2,133,905	%	2,716,690	100%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	2,133,905	%	2,716,690	100%

29. Receivables From Non-Exchange Transactions

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
Transfers from the County Government	0		1,550,000	
Undisbursed donor funds	0		0	
Other debtors	0		0	
Less: impairment allowance	(0)		(0)	
Total	0		1,550,000	

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	1,550,000	100%
Between 1- 2 years	0	%	0	0%
Between 2-3 years	0	%	0	0%
Over 3 years	0	%	0	0%
Total (a+b)	0	%	1,550,000	100%

30. Inventories

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
Pharmaceutical supplies	1,141,208		8,649,797	
Non pharmaceuticals supplies	3,275,931		224,089	

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Food supplies	241,200	76,390
Laboratory supplies	404,830	506,753
Cleaning materials supplies	170,090	0
General supplies	18,250	0
Stationery	13,150	0
TB drugs	404,045	0
Contraceptives	15,749	0
Less: provision for impairment of stocks	0	0
Total	5,684,453	9,457,029

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture fittings and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2022(previous year)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0
At 30th Jun 2023	0	0	0	0	0	0	0	0
At 1 July 2023(current year)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0
At 30th Jun 2024	0	0	0	0	0	0	0	0
Depreciation and impairment								
At 1 July 2023 (previous year)	0	0	0	0	0	0	0	0
Depreciation for the year	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
At 30 June 2024	0	0	0	0	0	0	0	0
At July 2024 (current year)	0	0	0	0	0	0	0	0

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Depreciation	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0
At 30th June 2024	0	0	0	0	0	0	0	0
Net book values	0	0	0	0	0	0	0	0
At 30 th Jun 2023 (previous)	0	0	0	0	0	0	0	0
At 30 th Jun 2024 (current)	0	0	0	0	0	0	0	0

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Cost		
At beginning of the year	300,000	300,000
Additions	0	0
Additions-Internal development	0	0
Disposal	0	0
At end of the year	300,000	300,000
Amortization and impairment		
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	300,000	300,000

33. Investment Property

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation	0	0
Impairment	0	0
At end of the year	0	0

Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
Trade payables	8,380,391		4,267,722	
Employee dues	-		-	
Third-party payments	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	8,380,391		4,267,722	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	5,679,537	68%	4,267,722	100%
1-2 years	1,424,354	17%		%
2-3 years	494,200	6%		%
Over 3 years	782,300	9%		%
Total	8,380,391	100%	4,267,722	100%

35. Refundable Deposits from Customers/Patients

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (<i>specify</i>)	0		0	
Total deposits	0		0	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

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Notes to the Financial Statements (Continued)

36. Provisions

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

37. Finance Lease Obligation

Description	FY 2023/2024 Kshs	FY 2022/2023 Kshs
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	0	0

38. Deferred Income

Description	FY 2023/2024 KShs	FY 2022/2023 KShs
	KShs	KShs
Current Portion	-	0
Non-Current Portion	-	0
Total	0	-

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Notes to the Financial Statements (Continued)

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

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to statement of financial performance	0	0	0	0
Other transfers (<i>Specify</i>)	0	0	0	0
Balance C/F	0	0	0	0

39. Borrowings

Description	FY 2023/2024 KShs	FY 2022/2023 KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the period	-	-

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

Description	FY 2023/2024 KShs	FY 2022/2023 KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	FY 2023/2024	FY 2022/2023
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	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	=	=

41. Social Benefits

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	=	=
People Living with Disabilities benefit Scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	=	=
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:	-	-
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-

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Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	-	-

43. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital'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 hospital 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 hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Notes to the Financial Statements (Continued)

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 hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from. The board of management sets the hospital'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 hospital 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)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2024			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2023(previous year)			
Euro	10%	-	-
USD	10%	-	-
2024 (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

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Notes to the Financial Statements (Continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

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

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Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services	0	0
Sales of services	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
	-	-
c) Expenses incurred on behalf of related party	-	-
Payments of salaries and wages for - employees	-	-
Payments for goods and services for -	-	-
Total	-	-
	-	-
d) Key management compensation	-	-

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Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	--
	-	-
Total	-	-

45. Segment Information

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

46. Contingent Liabilities

Contingent liabilities	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Court case against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

47. Capital Commitments

Capital Commitments	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	0	0

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

The entity is a Public Hospital under the Department of Medical Services, Public Health & Sanitation .Its ultimate parent is the County Government of Kisumu.

50. Currency

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

Nyakach County Hospital (Kisumu County Government)
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20. Appendices

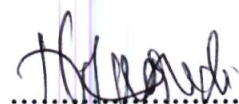
Appendix 1: Progress on Follow Up of Auditor Recommendations

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

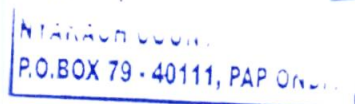
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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



Accounting Officer



Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

Appendix IV Reporting of Climate Relevant Expenditures

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Appendix V: Disaster Expenditure Reporting Template

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