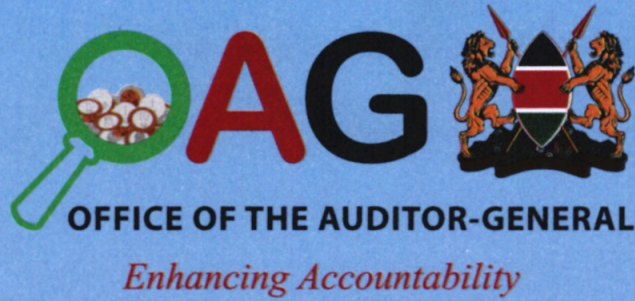


REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

MIRANGA SUB-COUNTY LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF KISUMU



05 JUL 2024

MIRANGA SUB COUNTY LEVEL 4 HOSPITAL (Kisumu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

DATE	PAPERS LAD
18/09/2024	Mikender
—	Angela

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1. Acronyms & Glossary of Terms

PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Miranga hospital is a level 4 hospital established under Gazette Notice Number- Vol. CXXII- No. 24 and is domiciled in Kisumu County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

Vision

An Efficient and Qualitative Healthcare System that is Accessible and Affordable to all.

(a) Key Management

Mission

To promote and participate in the provision of integrated and high-quality Preventive, Curative and Rehabilitative Healthcare to all Kenyans.

(b) Key Management

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

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

(c) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Samwel Ongwech
2.	Administrator	Sharon Amondi
3.	Nursing Officer in Charge	Lucy Aloo

(d) Fiduciary Oversight Arrangements

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

Key Entity Information and Management (continued)

(a) Entity Headquarters

P.O. Box 38-40131
PAW AKUCHE, KENYA

(b) Entity Contacts

Telephone: +254723156485

E-mail: mirangasubcountyhospital@gmail.com

(c) Entity Bankers

Co-operative Bank of Kenya
Kondele Branch

A/C NO 01141495253400

(d) Independent Auditors

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





(e) Principal Legal Adviser




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

(f) County Attorney





P.O. Box.721-40100
Kisumu County Headquarters
Kisumu, Kenya



3. The Board of Management

Ref	Directors	Details
1.	 Stella Atieno Rateng BOM Chairperson	Holds a Bachelors Education in Special Needs Education (Visual Impairment) from Moi University. Head Teacher Mbeka Primary School Chaplaincy Bishop Abiero Girls Sec School
2.	 Joseph Francis Oriwa BOM Member	Retired Primary School Teacher
3.	 John Calleb Oyoko Diploma in Liberal Studies BOM Member	Holds a Diploma in Liberal Studies (Sign Language Interpretation) Has vast experience in NGO and currently works for Kisumu County Government
4.	 George Otieno Anam BOM Member	Retired High School Teacher Holds a Master's Degree in Commerce from Ms University of Baroda- India

<p>5.</p>	 <p>Risper Atieno BOM Member</p>	<p>Primary School Teacher</p>
<p>6.</p>	 <p>Samwel O Ong'wech Facility In Charge</p>	<p>Holds Master's Degree in Health Systems and Services Management from Maseno University. Has served in various hospitals as facility in charge and also the Secretary General in Kenya Clinical Officers Association</p>
<p>7.</p>	 <p>Sharon Amondi Odhiambo Health Administrative Officer</p>	<p>Holds a Bachelor's degree in Statistics from the University of Nairobi. Serves in the capacity of Hospital Secretary.</p>

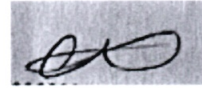
4. Key Management Team

Ref	Management	Details
1.	 Samwel Otieno Ongwech MPH-Health Systems and Services Management	The clinical Officer in-charge of the facility and chair of the Management team. Duties include: <ul style="list-style-type: none"> • Seeing patients for treatment • Overall supervision of the hospital's daily operations • Representing the hospital in higher administrative levels
2.	 Lucy Aloo, Nursing Officer In charge Diploma in Nursing	Nursing Officer In charge Duties include: <ul style="list-style-type: none"> • Prepare duty roster for nurses • Supervising the nursing staff • Monthly nursing reports
3.	 Collince Ogaya Diploma in Pharmaceutical Technology	Pharmaceutical Technologist In charge Duties include: <ul style="list-style-type: none"> • Raise pharmaceutical requisitions • Reception of pharmacy supplies • Manage pharmacy inventories and other daily operations
4.	 Simon Okungu Diploma Laboratory Science	Laboratory Technologist In charge Duties include: <ul style="list-style-type: none"> • Raise requisitions and reception of lab supplies • Managing laboratory operations • Perform laboratory procedures for patients

<p>5.</p>	 <p>Sharon Amondi Odhiambo Bsc. Statistics</p>	<p>Health Administrative Officer Duties include:</p> <ul style="list-style-type: none"> • Secretary of the Management Team • Staff and patients' welfare • Ensuring efficiency in daily activities of the hospital • Oversee revenue collection • Prepare payment vouchers • Maintain books of accounts and bank reconciliations
<p>6.</p>	 <p>Dorothy Atieno Bolle Diploma- Health Records</p>	<p>Health Records and Information Officer Duties include:</p> <ul style="list-style-type: none"> • Maintaining medical records • Inter-departmental performance reporting • Routine archival of patients' data

5. Chairman’s Statement

The F/Y 2022-2023 was a year where a number of activities were undertaken including having board meetings to deliberate on both development and recurrent issues. A lot of progress has been witnessed more so in the area of infrastructure development, increase in staff capacity and even in collection due to introduction of Facility Improvement Fund Act.



Name: STELLA RATENG

Sign.....

6. Report of The Medical Superintendent

Miranga Sub County Hospital has been in existence for more than a century, having been established in early 1980s to cater for the health needs of the workers under the then port town of Kisumu. Since then, it has grown to become the Sub County Hospital serving various population within its locality. The hospital’s revenue is derived from Facility Improvement Fund (FIF) and monies appropriated from the county treasury.

The total expenditures during the period amounted to Ksh 1,569,975 representing 96% total approved budget. Top drivers of the budget were medical drugs, support staff remuneration, non-pharmaceuticals, patient’s food and laboratory among others. A high utilization rate was realized.

Revenue

The HMB and HMT realized a great improvement in revenue collection in comparison to the previous financial year 2022/2023.

Challenges

Based on the population that Miranga Hospital serves, it is faced with a lot of challenges ranging from Global issues, financial constraints, inadequate human resource, environmental challenges, infrastructure i.e. dilapidated buildings, poor road networks and technological growth that the hospital has to adopt in order to succeed in the delivery of healthcare services.

Looking forward

Modern technological transformation is one of the pillars in the strategic plan. The hospital has embarked on this journey to increase operational efficiencies, enhance customer experience through consistent and patient-focused service delivery and informed decision-making aided by business intelligence. Crucial to this will be the implementation of key operational systems, the Hospital Information Management System (HMIS).

Appreciation

I take this opportunity to express my utmost gratitude to the ministry of health, county government of Kisumu, development partners, management and staff for their continued support which made us achieve these results. I look forward to your continued support in the year 2022/2023.

Samwel Ongwech
Medical superintendent



Sign

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 Miranga Sub County Hospital’s performance against predetermined objectives.

Miranga Sub County Hospital has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022- FY 2023. These strategic pillars/ themes/ issues are as follows;

1. Clinical services and products
2. Healthcare financing and sustainability
3. Quality improvement
4. Human resource development
5. Infrastructure development

Miranga Sub County Hospital develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Miranga Sub County Hospital achieved its performance targets set for the FY 2022/2023 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical Services Delivery and Infrastructural Development	To establish and enhance good clinical governance	Hospital drug formulary in place <ul style="list-style-type: none"> • No of stock-out tracer drug • No of prescription reviewed • Updated SOPs 	Rational use of medications <ul style="list-style-type: none"> • Rational use of blood and blood products • Provisions of health products • Monthly Clinical Audits and Mortality Meetings 	Hospital Drug formulary in place <ul style="list-style-type: none"> • %reduction morbidity & mortality
Healthcare Financing and Sustainability	To increase revenue generation	Revenue Reports <ul style="list-style-type: none"> • % increase in revenue 	Diversify Revenue Streams	Revenue improved compared to previous year

			<ul style="list-style-type: none"> • Review user free charges • Increase customer base • Develop concept papers and proposals to development partners 	<ul style="list-style-type: none"> • Review of fees  continuous in progress
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8. Corporate Governance Statement

Miranga Board of Management is responsible for the corporate governance of the Hospital and is accountable to the Ministry of Health, County Government of Kisumu for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics. 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 practise and endorse the internationally developed principles of good corporate governance.

a) Board of Management

The Board of Management is composed of non-executive members elected by the Governor of Kisumu County. The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the Hospital. Members of the Board have a wide range of skills and experiences, each one of them brings an independent judgement and considerable knowledge to the Board's discussions. The board term is two years renewable subject to performance contract.

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

- Approve and adopt strategic plan and annual budgets, set objectives and review key risk and performance areas
- Resource mobilization
- Determine overall policies and processes to ensure integrity of the Hospital's management of risk and internal contracts; and
- Review at regular meetings Management's performance against approved budget

The full board meets at least four times a year and the chairperson have bi-weekly meetings/consultations with the Medical Superintendent. The Board members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-day business to the Med Supt. The board nonetheless retains responsibility for establishing and maintaining the Hospitals overall internal control, financial, operational and compliance framework.

b) Board meetings

The Board as per the annual workplan meets quarterly or additionally when necessary to consider matters of overall control of the hospital. The board's agenda and work plan are prepared early in the year and with adequate notice, agenda and Board agenda are circulated within stipulated timelines. The main Board held 6 meetings attended by selected members.

9. Management Discussion and Analysis

It is my pleasure to present Miranga Sub County Hospital financial statements for the year ended 30th June 2023. The financial statements present the financial performance of Miranga Sub County Hospital over the past year.

Clinical/operational performance

- Bed capacity of the hospital.
The hospital bed capacity stood at 11 though the inpatient capacity remained unutilized due to staff shortage.
- Overall patient attendance during the year for both inpatient and outpatient.
The overall patient attendance stood at 5428 and 124 for outpatient and inpatient respectively.
- Accident and Emergency attendance
The attendance for accidents and emergencies was 165 for the FY 2022/2023 which signifies a reduction from the comparative year.
- Specialised clinic attendance
Special clinic attendance was majorly the medical outpatient clinic
- Average length of stay for in patient
The average length of hospital stay was evaluated and documented to be 3 days.
- Mortality rate
The mortality rate stood at 8/100000 population.
- Surgical theatre utilisation (number of operations over a period of time)
The facility did not have an operational theatre during the period under review.
- Sponsorships and partnerships
Major partner was the HJF/MRI.

The entity’s operational and financial performance

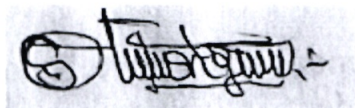
The Hospital has seen a growth in revenue trends over the past periods. During the quarter, the facility raised a total of **Kshs. 1,721,348** as revenues. A total of **Kshs. 1,569,975** as incurred as expenditures.

Entity’s compliance with statutory requirements

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

Major risks facing the entity

The major risk factor facing the Hospital is the lack of liquidity to finance most of its operations.



.....

Name

Secretary to the Board

10. Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

Miranga Sub County Hospital has identified the following sustainable priorities; consultative planning and budgeting process, the county has ensured all stakeholders are brought on board in project identification, implementation to completion and this has ensured project ownership by the intended beneficiaries and ultimately creating the desired impact. The county has developed own source revenue collection strategy as a deliberate effort of laying down strategies of improving own source revenue collected within the county. These efforts are aimed at boosting the fiscal resource basket of the county that is largely supported by the exchequer from the National Government. Ultimately the county also promotes sourcing of services from local providers in a bid to grow its own citizens.

However, in the course of implementing these strategies, there are challenges experiences across departments like effects of Covid-19, funding and delays in disbursement of funds, inadequate staff and resources among other factors.

ii) Environmental performance

Miranga is using the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization and we have a copy of the policy.

Successes

- We have colour-coded bins (receptables) at all generation points in the various departments
- There are segregation posters alongside the receptables to guide in the segregation of waste.
- We have waste treatment equipment within the organization that helps us treat our waste and we only dispose off non-contaminated waste to the dumping site.

iii) Employee welfare

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission Human Resource Manual and procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers.

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions.

iv) Market place practices-

In 2019, the County Government was declared a corruption free zone after engagements with Ethics and Anti-Corruption Commission. The county government advocates for fairness in service provision, resource allocation, open bidding, evaluation and awarding of tenders to suppliers. To successful suppliers, the county makes timely payment of goods and services delivered and made efforts of settling pending bills owed to creditors.

v) Corporate Social Responsibility / Community Engagements

Miranga Sub County Hospital is fostering interaction with businesses, NGOs, public schools and other key stakeholders to address social problems through Corporate Social Responsibility (CSR) agenda. In the health sector, the county has partnered with NGOs to provide polio vaccine to new born babies in the communities, training of expectant mothers, providing mosquito nets and providing food supplements.

11. Report of The Board of Management

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

Principal activities

The principal activities of Miranga Sub County Hospital are to provide quality and affordable preventive, promotive, rehabilitative and curative health services to the residence and its locality.

Results

The results of Miranga Sub County Hospital for the year ended June 30 are set out on page 1 to 6

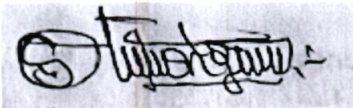
Board of Management

The members of the Board who served during the year are shown on page vi.

Auditors

The Auditor General is responsible for the statutory audit of Miranga Sub County Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



SAMWEL ONGWECH
SECRETARY OF THE BOARD

12. Statement of Board of Management’s Responsibilities

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

The Board of Management is responsible for the preparation and presentation of Miranga Sub County Hospital’s financial statements, which give a true and fair view of the state of affairs of Miranga Sub County Hospital for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Miranga Sub County 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 Miranga Sub County 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 Miranga Sub County 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 (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that Miranga Sub County Hospital’s financial statements give a true and fair view of the state of *Miranga Sub County Hospital’s* transactions during the financial year ended June 30, 2023, and of Miranga Sub County Hospital’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Miranga Sub County Hospital, which have been relied upon in the preparation of Miranga Sub County Hospital’s financial statements as well as the adequacy of the systems of internal financial control.

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

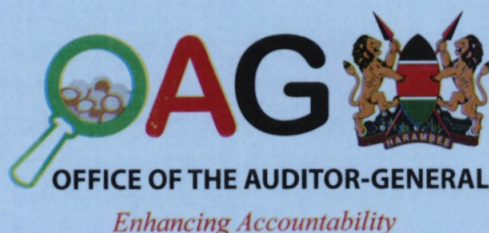
Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 29/09/2023 and signed on its behalf by:

.....
Name: STELLA RATENG’
Chairperson
Board of Management

.....
Name: SAMWEL ONGWECH
Accounting Officer

REPUBLIC OF KENYA



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

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Miranga Sub-County Level 4 Hospital - County Government of Kisumu set out on pages 1 to 38, which comprise of the

Report of the Auditor-General on Miranga Sub-County Level 4 Hospital for the year ended 30 June, 2023 - County Government of Kisumu

statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement comparison of budget actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Miranga Sub-County Level 4 Hospital - County Government of Kisumu as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, the County Governments Act, 2012 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Undisclosed Receivables from Exchange Transactions

The statement of financial position reflects Nil balance for receivables from exchange transactions and as disclosed in Note 16 to the financial statements. However, review of medical services receivables data from the hospital's Health Insurance Claim System (HICS) revealed that National Health Insurance Fund (NHIF) claims amounting to Kshs.2,071,980 had not been settled as at the time of audit, and were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the Nil receivables, from exchange transactions balance could not be confirmed.

2. Undisclosed Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.57,313 and as disclosed in Note 17 to the financial statements in respect to plant and medical equipment. However, the Hospital owns other assets which include buildings, specialized and non-specialized medical equipment's, furniture and fittings which were not disclosed in the financial statements.

Further, property, plant and equipment balance excludes land of unknown value where the Hospital is built and whose ownership documents were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.57,313 could not be confirmed.

3. Undisclosed Inventory Balance

The statement of financial position did not include the inventories as at 30 June, 2023. However, review of stock control cards revealed that there were pharmaceutical and non-pharmaceutical stocks of undetermined value as at 30 June, 2023 which were not disclosed in the financial statements.

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

4. Non-Disclosure of Donated Drugs

The statement of financial performance reflects a Nil amount on grants from donors and development partners as reported in the financial statements. However, distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations and program commodities drugs amounting to Kshs.5,005,643.25 and Universal Health Coverage of Kshs.445,433.81 but were not disclosed in the financial statements.

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

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Public Sector Accounting Standards Board Reporting Template

Review of the annual reports and financial statements submitted for audit revealed that the statement of financial performance and the statement of financial position were not signed by the Head of Finance and the ICPAK number was not indicated. Further, the other signatories attached digital signatures. In addition, appendix III Inter-Miranga Sub County Hospital Confirmation Letter was not signed.

In the circumstances, the financial statements do not conform to the format prescribed by the Public Sector Accounting Standards Board (PSASB)

2. Non-Compliance with Law on Budget Preparation

Review of the budget revealed that the Management did not prepare budget estimates for both revenue and non-revenue transactions. This is contrary to Regulations 29(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the draft estimates relating to his or her department are prepared in conformity with the Constitution, the Act and the Regulations.

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

3. Failure to Prepare a Procurement Plan

The Management did not prepare a procurement plan during the year under review despite having procured items including medical or clinical items, computers, printing and stationery and fuel and lubricants. This is contrary to the requirements of Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires a procuring entity to prepare a procurement plan for each financial year as part of annual budget process.

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

4. Failure to Deduct and Remit Statutory Deductions for Temporary Staff

The statement of financial performance reflects employee costs amounting to Kshs.346,000 and as disclosed in Note 10 to the financial statements. However, the Hospital did not deduct and remit statutory deductions from temporary workers. This was contrary to Section 27(1) of the National Social Security Fund Act, 2013 and Section 16 of the NHIF Act, 2012 which requires the deductions to be remitted to both Funds within the due dates.

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

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by ninety-three (93) staff requirements or 92% of the authorized establishment.

Staffing Requirement	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	2	14	88
Anesthesiologists	2	-	2	100
General Surgeons	2	-	2	100
Gynecologists	2	-	2	100

Staffing Requirement	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage %
Pediatrics	2	-	2	100
Radiologists	2	-	2	100
Registered Community Health Nurses	75	6	69	92
Total	101	8	93	92

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

Service	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage %
Bed	150	12	138	92
Resuscitaire (2 in labor & 1 in Theatre)	5	1	4	80
New Born Unit Incubators	5	1	4	80
New Born Unit Cots	1	-	1	100
Resuscitative In Theatre	2	1	1	50
Functional ICU Beds	6	-	6	100
High Dependency Unit (HDU) Beds	6	-	6	100
Renal Unit with at least 5 Dialysis Machines	5	-	5	100
Two Functional Operating Theaters - Maternity and General	2	1	1	50

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Failure to Dispose Unserviceable Assets

The statement of financial position reflects balances of Kshs.57,313 in respect to property, plant and equipment as disclosed in Note to the financial statements. Physical verification at the facility in the month of April 2024 revealed numerous assets, which were either grounded, unserviceable and abandoned. The disposal plan for these assets had not been approved as at the time of audit and the Management did not provide clear explanation why the assets had not been disposed.

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

2.0 Poor Inventory Management

Review of stores records revealed that the Management did not conduct stock take for inventories and the hospital did not have proper inventory management system and stores were not properly maintained contrary to Section 162 of the Public Procurement and Asset Disposal Act, 2015 which requires that all procured items be properly accounted for and the head of procurement function to arrange for quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer.

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

3.0 Failure to Issue Drugs on First Expiry – First Out Basis

Review of the drugs stock control cards revealed that the drugs were not recorded in the cards with their batch numbers and expiry dates. This anomaly led to drugs amounting to Kshs.6,597,905 expiring in the stores as a result of issuance of drugs without following the principle of First Expiry First Out (FEFO).

In the circumstances, effectiveness of internal controls on issuance and storage of medical supplies could not be confirmed.

4.0 Commingling of Funds

The entity operates only one bank account that is used for revenue collection, exchequer receipts, payments and all other financial transactions.

In the circumstances, it may be difficult to evaluate the financial performance of the hospital.

5.0 Stock-Outs of Essential Medical Supplies

Review of the Hospital stock cards for controlling stores indicated that the Hospital experienced stock out of medical supplies ranging from fifteen (15) to sixty (60) days.

In the circumstances, the effectiveness of internal controls on the management of pharmaceutical and non-pharmaceutical inventory to achieve the Hospital mandate could not be confirmed.

6.0 Expiry of Medical Supplies

Review of the store records on pharmaceuticals and non-pharmaceuticals revealed that ninety-two (92) units of various drugs of undetermined value had expired.

In the circumstances, the effectiveness of internal controls on the management of pharmaceutical and non-pharmaceutical could not be confirmed.

7.0 Failure to Maintain Fixed Asset Register

The statement of financial position reflects balances of Kshs.57,313 in respect to property, plant and equipment as disclosed in Note to the financial statements. However, it was noted that the Hospital does not maintain fixed asset register to control its assets. 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 ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal controls, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

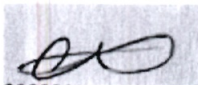
Nairobi

10 July, 2024

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

Description	Notes	Period ended	Comparative
		30th June 2023	Period prior year
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	640,870	2,489,00
In- kind contributions from the County Government	7	-	
		640,870	2,489,00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	1,080,478	486,85
Revenue from exchange transactions		1,080,478	486,85
Total Revenue		1,721,348	2,975,85
Expenses			
Medical/Clinical costs	9	664,247	1,423,01
Employee costs	10	346,000	561,00
Depreciation and amortization expense	11	8,188	
Repairs and maintenance	12	255,000	471,20
General Expenses	13	284,560	512,50
Finance costs	14	11,980	1,44
Total expenses		1,569,975	2,969,15
Net Surplus for the year		151,374	6,70
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

The Hospital's financial statements were approved by the Board on 29/09/2023 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No:

.....
Medical Superintendent

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

Description	Notes	Period ended 30th	Audited
		June 2023	Prior year
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	15	224,616	130,555
Receivables from exchange transactions	16	-	-
Total Current Assets		224,616	130,555
Non-Current Assets			
Property, plant, and equipment	17	57,313	-
Intangible assets		-	-
Investment property		-	-
Total Non-current Assets		-	-
Total Assets		281,928	130,555
Liabilities			
Current Liabilities			
Trade and other payables	18	-	-
Total Current Liabilities		-	-
Non-Current Liabilities			
Provisions		-	-
Total Non-current liabilities		-	-
Total Liabilities		-	-
Net assets			
Revaluation reserve	20	123,854	123,854
Accumulated surplus/Deficit		158,075	6,701
Capital Fund		-	-
Total Net Asset		281,929	130,555
Total Net Assets and Liabilities		281,929	130,555

The Hospital's financial statements were approved by the Board on and signed on its behalf by: 29/09/2023



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No:

.....
Medical Superintendent

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

	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
			Fund	
As at July 1, 2021	123,854	-	-	123,854
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	6,701	-	6,701
Capital/Development grants	-	-	-	-
As at June 30, 2022	123,854	6,701	-	130,555
At July 1, 2022	123,854	6,701	-	130,555
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	151,374	-	151,374
Capital/Development grants	-	-	-	-
At June 30, 2023	123,854	158,075	-	281,929

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

Description	Note	Period ended 30th June 2023	Comparative Period prior year
		Kshs	Kshs
Cash Flows from Operating Activities			-
Receipts			-
Transfers from the County Government	6	640,870	2,489,001
Rendering of services- Medical Service Income	8	1,080,478	486,858
Total Receipts		1,721,348	2,975,859
Payments			
Medical/Clinical costs	9	664,247	1,423,018
Employee costs	10	346,000	561,000
Repairs and maintenance	12	255,000	471,200
General expenses	13	284,560	512,500
Finance costs	14	11,980	1,440
Refunds paid out		-	-
Total Payments		1,561,787	2,969,158
Net Cash Flows from/ (used in) Operating Activities	19	159,561	6,701
Cash Flows from Investing Activities			
Purchase of property, plant, equipment, & intangible assets	17	65,500	-
Proceeds from the sale of property, plant, and equipment			
Net Cash Flows from / (used in) Investing Activities		94,061	6,701
Cash Flows from Financing Activities			
Proceeds from borrowings			
Net Cash Flows from / (used in) Financing Activities		-	-
Net Increase/(Decrease)in Cash and Cash Equivalents		94,061	6,701
Cash and cash equivalents at 30th June 2022	15	130,554	123,853
Cash and Cash equivalents at 30 June 2023	15	224,616	130,554

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

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

Description	Original budget	Adjustments	Final budget	Actual Cumulative to date		% of utilization
	a	b	c=(a+b)	d	e=d-c	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue						
Transfers from the County Government	640,870	-	640,870	640,870	-	100%
Rendering of services- Medical Service Income	1,200,000		1,200,000	1,080,478	119,522	90%
Miscellaneous receipts (specify)			-		-	
Total income	1,840,870	-	1,840,870	1,721,348	119,522	94%
Expenses					-	
Medical/Clinical costs	765,870	-	765,870	664,247	101,623	87%
Employee costs	400,000	-	400,000	346,000	54,000	87%
Repairs and maintenance	260,000	-	260,000	255,000	-	98%
General expenses	300,000	-	300,000	284,560	15,440	95%
Finance costs	15,000	-	15,000	11,980	3,020	80%
Acquisition of Assets	100,000	-	100,000	65,500	34,500	
Total expenditure	1,840,870	-	1,840,870	1,627,287	213,583	88%
Surplus for the period				94,061	94,061	

19. Notes to the Financial Statements

1. General Information

Miranga Sub County Hospital is established by and derives its authority and accountability from FIF Act. Miranga Sub County Hospital is wholly owned by the County Government of Kisumu and is domiciled in Kisumu County. Miranga Sub County Hospital's principal activity is providing healthcare services.

2. Statement of Compliance and Basis of Preparation

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

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

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	IPSAS 41: Financial Instruments

Standard	Effective date and impact
IPSAS 42: Social Benefits	IPSAS 42: Social Benefits
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments
Other improvements to IPSAS	Other improvements to IPSAS

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

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires:-</p> <ol style="list-style-type: none"> <i>i.</i> Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: <i>ii.</i> 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.

Notes to the Financial Statements (Continued)

iii) Early adoption of standards

Miranga Sub County Hospital did not early – adopt any new or amended standards in the year 22/23

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 Miranga Sub County Hospital and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Notes to the Financial Statements (Continued)

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.

b. Budget information

The original budget for FY 2022-2023 was approved by Board on quarterly basis. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by Miranga Sub County Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, Miranga Sub County Hospital recorded additional appropriations of *Kisumu* on the FY 2022/2023 budget following the Board's approval. Miranga Sub County 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 under *financial performance section* of these financial statements.

Notes to the Financial Statements (Continued)

c. Taxes

Sales tax/ Value Added Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d. 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 xx 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, Miranga Sub County Hospital 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

Notes to the Financial Statements (Continued)

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.

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to Miranga Sub County Hospital. 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. Miranga Sub County Hospital 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 Miranga Sub County Hospital 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 Miranga Sub County Hospital. 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

Miranga Sub County Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Miranga Sub County Hospital 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

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments

or available-for-sale financial assets, as appropriate. Miranga Sub County Hospital determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Notes to the Financial Statements (Continued)

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.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Notes to the Financial Statements (Continued)

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.

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.

Notes to the Financial Statements (Continued)

Impairment

Miranga Sub County Hospital assesses at each reporting date whether there is objective evidence that a financial asset or an Miranga Sub County Hospital of financial assets is impaired. A financial asset or an Miranga Sub County Hospital of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or Miranga

Sub County Hospital of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an Miranga Sub County Hospital of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. Miranga Sub County Hospital determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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 Miranga Sub County Hospital.

k. Provisions

Provisions are recognized when Miranga Sub County Hospital 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 Miranga Sub County Hospital 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. Miranga Sub County Hospital 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

Miranga Sub County Hospital 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

Miranga Sub County Hospital 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 Miranga Sub County Hospital 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

Miranga Sub County Hospital creates and maintains reserves in terms of specific requirements.

p. Changes in accounting policies and estimates

Miranga Sub County Hospital 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

Miranga Sub County Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Miranga Sub County Hospital pays fixed contributions into a separate Miranga Sub County Hospital (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

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of Miranga Sub County Hospital'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.

Notes to the Financial Statements (Continued)

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. Miranga Sub County Hospital 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 Miranga Sub County Hospital. 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 Miranga Sub County Hospital.
- 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 the Financial Statements (Continued)

6. Transfers from the County Government

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Unconditional grants		
Operational grant	640,870	2,489,001
Level 5 grants	-	-
Unconditional development grants	-	-
Other grants	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	640,870	2,489,001

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Period ended 30th June 2022
			KShs	KShs	KShs
Kisumu County Government	640,870	-	-	-	2,489,001
Total	640,870	-	-	-	2,489,001

Notes to the Financial Statements (Continued)

7. In Kind Contributions from The County Government

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Salaries and wages	-	-
Pharmaceutical and Non-Pharmaceutical Supplies	-	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills	-	-
Total grants in kind	-	-

8. Rendering of Services-Medical Service Income

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Pharmaceuticals	95,000	55,098
Non-Pharmaceuticals	-	-
Laboratory	96,050	48,000
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	5,250	3,800
Ear Nose, Eye and Throat service	-	-
Ophthalmology	-	-
Cancer Centre service	-	-
Dental services	-	-
Reproductive health- Linda Mama	832,170	359,560
Pediatrics services	-	-
Inpatient services	14,838	9,350
Farewell home services	-	-
Other medical services income	-	-
NHIF AND UHC	-	-
Medical Records	13,000	11,050
Attachment fee	-	-
<i>Outpatient Services</i>	7,480	-
<i>Physiotherapy</i>	-	-
<i>Medical Legal Fees</i>	-	-
<i>Occupational Therapy</i>	-	-
Total revenue from the rendering of services	1,080,478	486,858

Notes to the Financial Statements (Continued)

9. Medical/ Clinical Costs

Description	Period ended	Period ended
	30th June 2023	30th June 2022
	Kshs	prior year
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	35,000	25,000
Public health activities	-	-
Food and Ration	135,000	110,000
Uniform, clothing, and linen	-	20,000
Dressing and Non-Pharmaceuticals	166,800	100,600
Pharmaceutical supplies	312,447	1,093,418
Health information stationery	-	-
Reproductive health materials	-	-
Surgical Consumables	-	-
Sanitary and cleansing Materials	15,000	74,000
Purchase of Medical gases		-
Rehabilitation materials		-
X-Ray/Radiology supplies		-
Other medical related clinical costs (Drawing Rights)		-
Total medical/ clinical costs	664,247	1,423,018

10. Employee Costs

Description	Period ended 30th	Period ended 30th
	June 2023	June 2022
	Kshs	Kshs
Salaries, wages, and allowances	346,000	561,000
Contributions to pension schemes	-	-
Service gratuity	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	346,000	561,000

Notes to the Financial Statements (Continued)

11. Depreciation and Amortization Expense

Description	Period ended 30th June 2023	Period ended 30th June 2022
		prior year
	Kshs	Kshs
Property, plant and equipment	8,188	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	8,188	-

12. Repairs And Maintenance

Description	Period ended 30th June 2023	Period ended 30th June 2022
		prior year
	Kshs	Kshs
Property- Buildings	150,000	263,000
Medical equipment	-	-
Office equipment	-	-
Plant and Machinery	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	105,000	208,200
Maintenance of civil works	-	-
Total repairs and maintenance	255,000	471,200

13. General Expenses

Description	Period ended 30th June 2023	Period ended 30th June 2022
		prior year
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	-	-
Contracted services	-	-
Electricity expenses	40,000	88,000
Insurance	-	-
Travel and accommodation allowance	54,000	100,000
Legal expenses	-	-
General Office Supplies	23,860	-

Miranga Sub County- level 4 Hospital (Kisumu County Government)
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Description	-	
	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Prior year Kshs
Courier and postal services	-	-
Printing and stationery	70,000	50,500
Computers, printers & other IT Equipment	40,700	35,000
Water and sewerage costs	-	-
Telephone and mobile phone services	6,000	19,000
Fuel, oil & lubricants	50,000	220,000
Institutional appliances	-	-
Other fuel (Charcoal and firewood)	-	--
Internet expenses	-	-
Total General Expenses	284,560	512,500

14. Finance Costs

Description	-	
	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	prior year Kshs
Bank Charges	11,980	1,440
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Total finance costs	11,980	1,440

15. Cash and Cash Equivalents

Description	-	
	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Current accounts	224,616	130,555
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	224,616	130,555

Notes to the Financial Statements (Continued)

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

Description		Period ended 30th June 2023	Period ended 30th June 2022
Financial institution	Account number	Kshs	Kshs
a) Current account			
Miranga Sub District Hospital Cooperative Bank of Kenya	01141495253400	224,616	130,555
Sub- total		224,616	130,555
b) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		224,616	130,555

16. Receivables from Exchange Transactions

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Medical services receivables	-	-
Rent receivables	-	-
Other exchange debtors/ imprest		-
Less: impairment allowance	-	-
Total receivables	-	-

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

Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical equipment (12.5%)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost								
As at 1 July 2022	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	65,500	-	65,500
Disposals during the year	-	-	-	-	-	-	-	-
As at 30 June 2023	-	-	-	-	-	65,500	-	65,500
Depreciation and impairment								
As at 1 July 2022	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	8,188	-	8,188
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
As at 30 June 2023	-	-	-	-	-	8,188	-	8,188
Accumulated depreciation on disposal								
As at 1 July 2022								-
Depreciation for the year						8,188		8,188

Miranga Sub County- level 4 Hospital (Kisumu County Government)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical equipment (12.5%)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Work in progress	Kshs
Accumulated depreciation on disposal	-	-	-	-	-	-	-	-
Disposals for the period	-	-	-	-	-	-	-	-
Impairment for the period	-	-	-	-	-	-	-	-
Transfer/adjustment during the period	-	-	-	-	-	-	-	-
As at 30 June 2023	-	-	-	-	-	8,188	-	8,188
Net book values								
As at 30 June 2022	-	-	-	-	-	-	-	-
As at 30 June 2023	-	-	-	-	-	57,313	-	57,313

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

Notes to the Financial Statements (Continued)

18. Trade and other Payables

Description	Period ended 30th June 2023	Period ended 30th June 2022
		audited
	Kshs	Kshs
Trade payables	-	-
Employee dues	-	-
Third-party payments (unremitted payroll deductions)	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables		

19. Cash Generated from Operations

Description	Period ended 30th June 2023	Period ended 30th June 2022
	KShs	KShs
Surplus for the year before tax	151,374	6,701
Adjusted for:		
Depreciation	8,188	
Working Capital adjustments		
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	159,562	6,701

20. Revaluation Reserve

Description	Period ended 30th June 2023	Period ended 30th June 2022
	KShs	KShs
Balance at beginning of the period	123,854	-
Cash and cash equivalent balance as at 30 June 2021		123,854
Balance at end of the period	123,854	123,854

21. Financial Risk Management

Miranga Sub County Hospital's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. Miranga Sub County Hospital's financial risk management objectives and policies are detailed below:

(i) Credit risk

Miranga Sub County Hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing Miranga Sub County Hospital'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)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

Miranga Sub County- level 4 Hospital (Kisumu County Government)
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At 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

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

Miranga Sub County- level 4 Hospital (Kisumu County Government)
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Notes to the Financial Statements (Continued)

(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 Miranga Sub County Hospital's short, medium and long-term funding and liquidity management requirements. Miranga Sub County Hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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

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 Miranga Sub County Hospital 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 Miranga Sub County Hospital's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

a) Foreign currency risk

Miranga Sub County Hospital has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of Miranga Sub County Hospital'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 2023			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

Notes to the Financial Statements (Continued)

Miranga Sub County Hospital manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

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

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

Miranga Sub County- level 4 Hospital (Kisumu County Government)
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Notes to the Financial Statements (Continued)

Sensitivity analysis

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

Iv Capital Risk Management

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

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

Notes to the Financial Statements (Continued)

22. Related Party Balances

Nature of related party relationships

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

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

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

23. 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)

24. Contingent Liabilities

Contingent liabilities	FY 2022-2023	FY 2021-2022
	KShs	KShs
Court case xxx against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

Notes to the Financial Statements (Continued)

25. Capital Commitments

Capital Commitments	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

26. Events after the Reporting Period

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

27. Ultimate and Holding Entity

Miranga Sub County Hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

28. Currency

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

20. **Appendices**

Appendix 1: Progress on Follow up of Auditor Recommendations

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

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

Guidance Notes:

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



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Accounting Officer

**Appendix II: Projects Implemented by Miranga Sub County Hospital
Projects**

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Miranga Sub County Hospital Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 2023				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter– Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accounts Department of the beneficiary entity:

Name SignDate

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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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