

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**BONDENI SUB-COUNTY HOSPITAL**

**FOR THE YEAR ENDED**

**30 JUNE, 2023**

**COUNTY GOVERNMENT OF NAKURU**

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## **BONDENI SUB COUNTY HOSPITAL Level 4 HOSPITAL (NAKURU COUNTY GOVERNMENT)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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## 1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
MOPC	Medical Outpatient Unit
MCH	Mother and Child Clinic
HTC	HIV Testing and Counselling
BFCI	Baby Friendly Community Initiative
ICT	Information Community Technology
FIF	Financial Intermediary Fund
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

## 2. Key Entity Information and Management

### (a) Background information

Bondeni Sub County Hospital is a level (4) hospital established under gazette notice number CXXIII NO.157 and is domiciled in Nakuru County under the Health Department. The hospital is governed by a Board of Management.

### (b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide quality integrated health care services.

(Under this section you may also include the entity's vision, mission and core objectives)

### (c) Key Management

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

- Board of Management
- Medical Superintendent
- Head of Departments
- 

### (d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr.Lilian Muriithi-
2.	Hospital Accountant	-Ms Caroline Lang'at
3.	Head of supply chain	-Ms Hellen Gitau-
4.	Health Administrator Officer	-Ms Christine Barasa
5.	Nursing Officer Incharge	-Ms Rose Mboya

### (e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee.

- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committees

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

**(f) Entity Headquarters**

P.O. Box 2060  
Government Building/House/Plaza  
Avenue/Road/Highway  
Nakuru, KENYA

**(g) Entity Contacts**

Telephone: (+254) 0789192033

**(h) Entity Bankers**

1. Co-operative Bank of Kenya  
P.O Box  
Nakuru




**(i) Independent Auditors**

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





**(j) Principal Legal Adviser**

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




**3. The Board of Management**

Ref	Directors	Details
1.	 <p>MR. BONIFACE ONTUNGO MOUTI – CHAIRMAN OF BOARD</p>	<p>Mr. Boniface Ontungo Mouti is the Chairman of the Hospital Board. He also Chairs the Finance Sub Committee. He is 49 years old. Mr. Boniface is a PHD Student, he holds BA in Development studies, MA in international Relations, BA in philosophy with over 12 years’ job experience. He chairs the Board meetings</p>
2.	 <p>MADAM GRACE KARUGA – VICE CHAIR OF THE BOARD</p>	<p>. Madam Grace Karuga is the Vice Chair of the Hospital Board. She is 45 years Old and has Diploma in sales and marketing. She is also a director of her ow company with over 15 years’ experience.</p>
3.	 <p>MR. HILTON ABIOLA OWUOR – A MEMBER OF BOARD</p>	<p>Mr. Hilton Abiola Owuor is a Board member and Chair of the infrastructure committee. He is 44 years old. He holds a Diploma in Conflict Resolution. He is also a director of his own company with over 5 years’ experience.</p>



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Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

4.	 <p>MR. ARNOLD OKERE MARTIN: A MEMBER OF BOARD</p>	<p>Mr. Arnold Okere Martin is Hospital Board Member. He is 32 years old. He holds Masters in Criminology with over 5 years job experience.</p>
5.	 <p>DR. MURIITHI LILIAN: SECRETARY TO THE BOARD</p>	<p>Dr. Lillian Muriithi is a Medical Superintendent. He is 37 years old and holds a degree in Medicine &amp; Surgery. She has 12 years working experience.</p>
6	 <p>MRS. GRACE MUIKIA – BOARD MEMBER</p>	<p>Mrs Grace Muikia is a member of hospital Board. She is 68 years old. She is in business and a leader of Women peace organisation in Nakur.</p>
7	 <p>MRS SELINA WACEKE NGIGE: SHE IS A BOARD MEMBER</p>	<p>Mrs Selina Ngigi is 54 years old. She is a Women advocacy through Maendeleo Ya Wanawake.</p>

**4. Key Management Team**

Ref	Management	Details
1.	 <p data-bbox="268 846 730 880">DR. MURIITHI LILIAN: CHAIRPERSON</p>	<p data-bbox="1066 589 1466 790">Dr. Lilian Muriithi- Medical Superintendent. Holds a Degree in Medicine &amp; Surgery. She chairs the meetings</p>
2.	 <p data-bbox="260 1227 898 1261">MS. CAROLINE LANGAT: HOSPITAL ACCOUNTANT</p>	<p data-bbox="1058 925 1466 1238">-Ms Caroline Lang'at – Holds a Bcom Degree (Finance option) ,CPA (K) She has 12 years experience in accounting and finance.She prepares books of accounts for the Hospital</p>
3.	 <p data-bbox="260 1697 834 1731">MS HELLEN GITAU: PROCUREMENT OFFICER:</p>	<p data-bbox="1058 1406 1466 1608">Ms Hellen Gitau- Procurement Officer. Holds a Diploma in Procurement. She is incharge of procurement</p>

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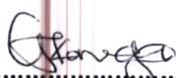
4.	 <p>MS CHRISINE BARASA: HEALTH ADMINISTRATOR OFFICER</p>	<p>Ms Christine Barasa Administrator- Holds a Degree in Business Management. She is the Hospital administrator in charge of administration,</p>
5.	 <p>MS ROSE MBOYA: NURSING OFFICER</p>	<p>Ms Rose Mboya – nursing Officer in charge. Holds a Degree in Nursing. She is the matron of the hospital</p>

## **5 Chairman's statement**

It is to my best knowledge to present the Hospital's 2022/2023 annual report and Financial Statements. Bondeni Sub County Hospital Board of Management is proud of the achievements achieved by the hospital in the financial period 2022-2023. I am pleased by the big hearts of staff coupled with their commitment to delivering the best possible service to patients. These services include, Medical Consultations, Mother Child Health, BFCI, MOPC, Maternity services Physiotherapy among others. Regulatory environment Management and operations of the hospital is guided by the existing legal policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital. The Kenyan Constitution 2010 under the Bill of Rights provides the right to the highest attainable standard of health including reproductive health care and emergency medical treatment as stipulated by the County government health systems, provides for regulation of health care services and health care service providers, health products and health technologies. The hospital has continued to experience challenges and changing business environment which calls for continuous improvement of quality of services to patients. In response to this, the Board remains focused on providing resources and supporting initiatives that will sustain Bondeni Sub County Hospital in a leadership position in the healthcare sector.

On behalf of the Board, I would like to thank all our stakeholders especially County Government of Nakuru and development partners for the support they continue to accord the hospital without which our achievements would not have been realized. As we move into a new year, I would like to express my gratitude to Bondeni Subcounty Hospital staff, specialists, team leaders and the Board, who take such pride in their work, and who exemplify our hospital's mission and values each day.

Finally, I strongly believe that our strategy and the staff in place will consistently drive our growth in the future as has been the case over the years.



.....  
Name GRACE KARUGA

**Chairman to the Board**

## **6. Report of The Medical Superintendent**

I am pleased to present the Hospital's annual report and financial statements for the year 2022/2023. The report highlights the hospitals operational and financial performance as well as our strategic direction. The hospital provides specialized healthcare services. To meet our patients' needs, we have specialists in all disciplines of medical practice who ensure our patients receive quality, timely, equitable, efficient, effective and patient-centred services. In 2022/2023 the hospital attended to both inpatients and outpatients' cases. This is an achievement since the Hospital offered maternity services only. Despite the Hospital utilizing the CHVS to sensitize the community around and conducting outreaches as well as open days there was a slight decrease in Fif collection from kshs17, 991,093 in the F/Y 2021/2022 to **Ksh 10,676,087** in the current year 2022/2023

### **Embracing Technology to Advance Patient Care**

Bondeni Sub County hospital is fully automated at all service delivery points. Towards this, the hospital carried out a business reengineering with the view of aligning all hospital processes in readiness for automation. This process culminated in the development of specifications for robust hospital information management system and corresponding enterprise resource planning (ERP) systems. In view of the above

### **Effective Communication**

Bondeni Sub County Hospital has emphasised on improved communication with our patients, their families and other stakeholders in an effective and timely manner. To date, we have continued to train our employees and technical staff on customer care and effective communication while upholding the highest standards of care. We have strengthened customer care services and process by engaging partners who enhance feedback on improvement with a view to enhance patients-care giver engagement.

### **Financial Review.**

In order to meet the cost of operations and maintenance, the hospital relies on internally generated revenue, the largest component being NHIF reimbursement. During the year under review, the hospital generated Ksh. 10, 676, 087 against a target of Kshs.15 million.

**Acknowledgment**

A patient coming back to say thank you after being served has kept us motivated. Thousands of patients served are a living testimony to the care, love and support offered every day by the outstanding commitment of our staff. We are grateful to our staff and the surrounding community at large for their kindness, compassion, support, dedication and contributions to Bondeni Sub County Hospital.



.....  
Name: DR. JOYCE TATOR

SECRETARY TO THE BOARD  
BONDENI SUB COUNTY HOSPITAL

## 7. Statement of Performance Against Predetermined Objectives

Bondeni 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. The hospital achieved its performance targets set for the FY 2021/2022 period for its 5 strategic pillars, as indicated in the diagram below: Bondeni Sub County Hospital has five strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021- FY 2022. These strategic pillars/ themes/ issues are as follows:

1. Clinical services
2. Health care financing
3. Infrastructure development
4. Leadership and governance
5. Health information

Bondeni Sub County Hospital develops its annual work plans based on the above five pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Hospital achieved its performance targets set for the FY 2021/2022 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical services	To enhance quality of clinical services	No stock outs of HPT Increase uptake of maternity services	Timely procurement of commodities. Reduce referrals	Efficient services High number of delivers conducted at the facility
Pillar/ theme/ issue 1: health care financing	To increase revenue generation Empower staffs on prudent financial management	Revenue reports % Increase in revenue Empower departmental in charges on financial management Strengthen use financial and procurement policies	Expand service menu Review user fee charges Regular training and capacity building Support supervision and audit reports	Increased revenue generation User fee committee for continuous review Available procurement and financial

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				management SOPs and guidelines. Sealed revenue leakages.
<b>Leadership and governance</b>	Enhance leadership and governance capacity	Constitute service delivery committees Hold quarterly management meetings Manage HRM	Service delivery committee minutes. Quarterly HMT and board meeting minutes. Monthly HRM returns to county.	Effective service delivery. Good governance of the facility. Human resource reports.
<b>Health information</b>	Strengthen and manage health information	ICT system maintenance register	Regular maintenance of ICT to ensure functionality	Routine maintenance and upgrading of the system.
<b>Infrastructure development</b>	To expand service menu by construction and equipping of theatre To open ultrasound department	Completion certificates Project committee evaluation report ultrasound machine	To complete minor fittings in the theatre Expand scope of services at ANC	95% completion. Fully functional ultra sound department.

## **8. Corporate governance statement**

### **Introduction**

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our structures, procedures and processes are anchored on accountability, transparency, responsibility and fairness which are the tenets of good corporate governance. Through the Board of Management, Bondeni Sub County Hospital remains steadfast complying with statutory requirements and the Code of Governance for State Corporations (Mongos Code 2015) among others.

### **The roles and responsibilities of the Board as set out in the Board Charter include:**

- i.) Establishing the Hospital's strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives
- ii) Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- iii) Providing oversight in financial reporting to the Government and communication to stakeholders.
- iv) Ensuring availability of adequate resources for the achievement of the Hospital's objectives.
- vii) Overseeing business affairs of the Hospital in light of emerging risks and opportunities.
- ix) Approving annual budgets.

The Board provides oversight to Management and ensures that staff operates within the Code of Conduct and Ethics, Leadership Integrity Act, and the "Mwongozo" Code of Governance for State Corporations.

## **9. Management Discussion and Analysis**

The considerations in restructuring an organization are effective coordination of roles and responsibilities to avoid overlap and duplication of roles and effort; clear accountability for results; enhanced teamwork and effective communication; and career development for staff. Appropriate structures also allow the organization to resource and sustain essential skills and expertise in the organization.

The overall leadership and governance of Bondeni Sub County Hospital will be vested in the Hospital Management Board. The Board members are appointed in accordance with the policies of the County Government of Nakuru. The day-to-day management of the hospital is vested on the Accounting Officer.

The Accounting Officer will be assisted in performing the functions of his or her position by the Health Management Committee (HMC), and the Hospital Management Team (HMT). The HMT is made up of the divisional heads and heads of departments.

### **Clinical/operational performance**

Bondeni Sub County Hospital continues to provide a wide range of highly specialized healthcare services to Kenyans, especially in Nakuru East Sub County. Services include X-ray, MOPC, MCH, Maternity Services, and Physio Therapy among other services. The hospital also provides clinical support services that include laboratory, pharmacy and HIV testing and counselling.

The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges i.e. financial constraints

### **Key Hospital Projects**

#### **1. Digital x ray Machine**

The hospital undertook the installation of Digital X ray machine to improve patient's investigations.

**2. Automation**

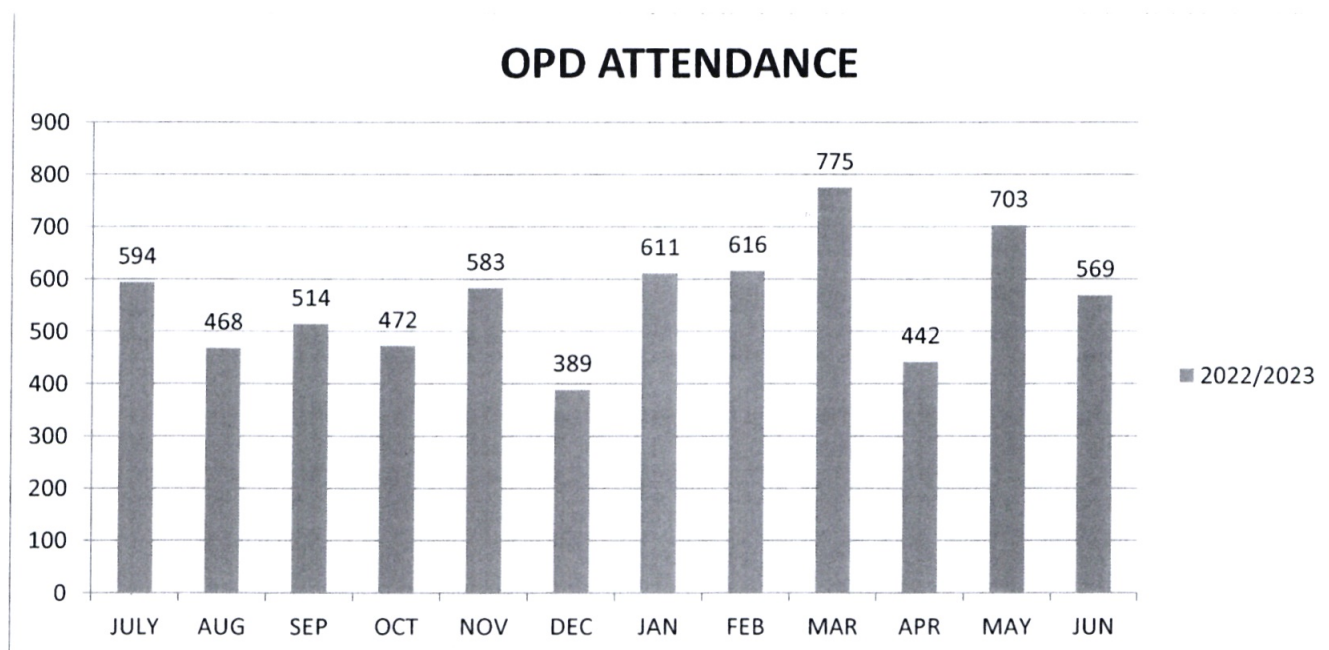
In a bid to ensure that Bondeni Sub County Hospital provides efficient and effective services as well as provide the desired platform for clinical linkages with other hospital departments, a business process re-engineering should be carried out so that development of specifications aimed at delivering a robust ICT platform for ease of patient flow.

**Challenges**

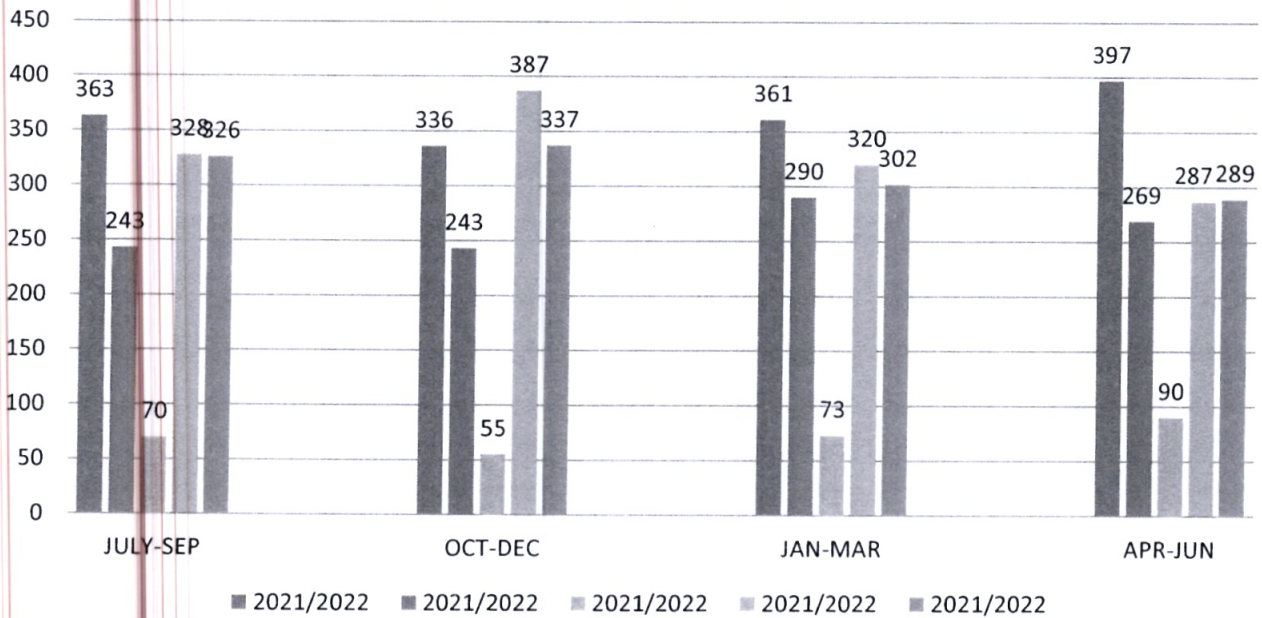
the hospital is faced with numerous challenges in fulfilling its mandate;

**1. Underprivileged and Indigents medical bills**

Most of the patients treated at Bondeni Sub County Hospital are either from the informal sector or unemployed. Upon clinical discharge, some are unable to settle medical bills. They are released from the hospital on a commitment to settle their bills in future on unsecured credit. The political class play a very big role in ensuring that these bills are paid.



### ANC, FP, MCH ,NORMAL DELIVERIES




**Financial performance that includes: -**

o Revenue sources

Department	Amount
o Pharmacy	o 799,,965
o Laboratory	o 365,,550
o Consultation	o 547,820
o Public Health	o 1,072,750
o X-ray	o 1,000,000
o Anc Booklet	o 0
o Anc Revisit	o 55,000
o Covid	o 0
o Ward	o 0
o Family Planning	o 160,050
o Maternity Files	o 177,150
o Search	o 38,000
o Nutrition	o 54,200
o Attachment fee	o 144,000
o University students fee	o 79,000
o Ambulance	o 27,000
o Anc Clinic	o 123,900
o Physio therapy	o 73,600
o Disposal of Containers	o 10,000
o Nhif	o 5,468,902
o Total	o <b>10,197,087</b>

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

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.....  
Name DR. J. O. OCHIENG  
S.C.C

**Secretary to the Board**

## **10. Environmental and sustainability report**

Bondeni 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**

Bondeni Sub County Hospital and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that Bondeni Sub County going concern is secured. The hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options, which include:

- Introduction of new specialized services such as Dental, Physiotherapy, theatre services among others.
- Upgrading the hospital from Maternity to a Sub County hospital
- Enhancing Client satisfaction through quality service care

### **ii) Environmental performance**

Bondeni Sub County Hospital 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.

#### **Successes**

- We are having colour-coded bins [receptacles] at all generation points in the departments.
- The general cleanliness of the organization is well maintained both indoors and grounds.

#### **Challenges**

- High-cost electricity bill.
- Shortage of staffs. ☒ Delay of funds disbursement.

**iii). Efforts to Reduce Environmental Impact of Waste Products**

The waste passes are kept in well coded bags, which renders it harmless before they are taken to the dumpsite.

The incinerator burns the waste at a very high temperature and the products is harmless.

**iv) 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 their careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions.
- Training programs are based on the identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.
- Performance management system is a process conducted by the employer to identify areas of weakness and support the individuals in order to get better results. It's an annual exercise intended to provide employees with clear understanding of job expectations, regular feedback on performance, advice and steps for improving performance, rewards for good performance and actions for poor performance. It helps to measure performance and ultimately the achievement of intended results for the organization.
- The Human Resource Manual procedures also provide for guidelines and standards for the prevention and protection of officer against accidents and occupational hazards arising at the work place. It provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted while and in the course of employment.

**iv) Market place practices**

**a) Responsible completion practices**

This is effectively done through proper use of the available website for advertisement purposes as well as making good use of the instituted internal committees to help minimize anticorruption.

**b) Responsible supply chain and supplier relations**

Ensures best involvement of suppliers in the tendering process and feedback given to suppliers in good time.

**b) Responsible marketing and advertisement**

Effectively done through the CHV'S and outreaches.

**c) Corporate social responsibility**

Support to adolescent leaving with HIV/Aids being trained on photography supported by partner program to ensure self-reliance.

Organization of free medical camps

**Corporate social responsibility statement/sustainability reporting**

Bondeni Sub County Hospital seeks to impact people's lives through its Corporate Social Responsibility (CSR) initiatives. The initiatives are aimed at improving lives and enhance engagement with the public. Central to this philosophy is the commitment to enhance the quality of life of people from marginalised and vulnerable communities, by empowering them and catalysing change through creating awareness on diseases and available interventions. The services provided are MCH talks, psychiatric trainings in schools and other educational institutions and outreaches.

## **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, 2022, which show the state of the *hospital's* affairs.

### **Principal activities**

The principal activities of the entity are to provide quality and affordable preventive, promotive, rehabilitative and curative health services in both east and central Africa.

### **Results**


The results of the entity for the year ended June 30 are set out on page 1 to 10

### **Board of Management**

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

### **Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 By Order of the Board



.....

**Lilian Muriithi** DR. JOICE YATOR  
**Secretary to the Board**

## **12. Statement of Board of Management's Responsibilities**

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

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

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

**Bondeni Sub County Hospital (Nakuru County Government)**  
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In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern

Nothing has come to the attention of the Board of management to indicate that the 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 \_\_\_\_\_ and signed on its behalf by:

.....*GRACE*.....

**Name:** GRACE KARUGA

**Chairperson**

**Board of Management**

.....*[Signature]*.....  
BONDENI SUB COUNTY HOSPITAL  
ACCOUNTING OFFICER

**Name:** DR. JOYCE JARIR

**Accounting Officer**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
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 BONDENI SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF NAKURU**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Bondeni Sub County Hospital – County Government of Nakuru set out on pages 1 to 54, which comprise of the statement of financial performance for the year ended 30 June, 2023 and the statement

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

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

### **Basis for Qualified Opinion**

#### **1. Unaccounted for Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.1,668,800 as disclosed in Note 31 to the financial statement. However, physical inspection revealed existence of land and buildings of undetermined value which were not disclosed in the financial statements nor ownership documents provided for audit.

In the circumstances, the accuracy, ownership and completeness of property, plant and equipment balance of Kshs.1,668,800 could not be confirmed.

#### **2. Unsupported Inventories**

The statement of financial position reflects inventories of Nil balance as disclosed in Note 30 to the financial statements. However, the balance was not supported by an annual stock take report indicating quantities, values and the eventual closing balance for each of the item held as at 30 June, 2023.

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

#### **3. Variances in Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.17,291,710 as disclosed in Note 28 to the financial statements. The amount relates to dues from the National Health Insurance Fund (NHIF) whose records indicate a balance of Kshs.7,173,651 resulting to an unexplained variance of Kshs.10,118,059. Further, the amount has been outstanding for more than twelve (12) months while the contract between the Hospital and NHIF indicates the period to pay genuine claims is within thirty (30) days of submission.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.17,291,710 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Bondeni 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.

### **Emphasis of Matter**

#### **Long Outstanding Trade and Other Payables**

The statement of financial position and as disclosed in Note 34 to the financial statements reflects trade and other payables balance of Kshs.467,096 which has been outstanding for more than three (3) years. This is contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds meet the obligations of the resulting contract(s) are reflected in approved budget estimates.

Failure to settle bills during the year to which they relate adversely affects the budgetary provisions for the subsequent year as they form a first charge.

My opinion is not modified in respect of this matter.

### **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. Failure to Prepare Budget Estimates**

The statement of financial performance reflects total revenue of Kshs.13,315,087 and total expenses of Kshs.9,994,124. However, Management did not prepare budget estimates for both revenue and expenditure. This was contrary to Regulation 58 of the Public Finance Management (County Governments) Regulations, 2015 which requires submission of an approved budget for audit that conforms to the standard budget estimates format prescribed by the County Treasury.

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

## 2. Lack of Quarterly Revenue Reports

The statement of financial performance reflects an amount of Kshs.10,197,087 in respect to rendering of services-medical income as disclosed in Note 11 to the financial statements. However, the Hospital did not provide evidence to show that the quarterly reports were prepared and submitted to the County Treasury with a copy to the Auditor-General. This was contrary to Regulation 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly not report later than the 15<sup>th</sup> day after the end of the quarter.

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

## 3. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

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 seventy-eight (78) or 77% of the authorized staff.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage%
Medical Officers	16	1	15	94
Anaesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	22	53	71
<b>Total</b>	<b>101</b>	<b>23</b>	<b>78</b>	<b>77</b>

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	60	90	60
Resuscitative (2 in Labour & 1 in Theatre)	2	0	2	100
New Born Unit Incubators	5	0	5	100

<b>Service</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage %</b>
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU)	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres - Maternity & General	2	0	2	100

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

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

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 matter 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 governance were not effective.

### Basis for Conclusion

#### Lack of Key Policy Documents

Review of information, documents and discussions held with Management and staff of departments indicated that the facility did not have a Risk Management Policy, Stores Management Policy, ICT Policy, Procurement Policy, Assets Management and

Safeguard Policy and the relevant manuals for its operations. The Hospital did not also have a Strategic Plan and an Organogram.

In the circumstances, the effectiveness of operational processes and procedures geared towards provision of health services in the facility could not be confirmed.

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

### **Responsibilities of Management and Board of Management**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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

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

I also provide 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**

**28 June, 2024**

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

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

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
In-kind contributions from the County Government	7	3,108,000.00	3,108,000.00
Grants from donors and development partners	8		
Transfers from other Government entities	9		
Public contributions and donations	10		
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	10,197,087.00	17,988,659.00
Revenue from sale of goods(containers)	12	10,000.00	2,940
Finance /Interest Income	13		
Miscellaneous Income	14		
<b>Revenue from exchange transactions</b>			
<b>Total revenue</b>		<b>13,315,087.00</b>	<b>21,099,599.00</b>
<b>Expenses</b>			
Medical/Clinical costs	15	2,239,065.00	2,547,775.78
Employee costs	16	4,548,745.18	4,710,487.41
Board of Management Expenses	17	810,500.00	689,000.00
Repairs and maintenance	19	667,621.61	389,385.00
General expenses	21	1,727,172.00	3,152,794
Finance costs	22	1,020.00	6,547.18
<b>Total expenses</b>		<b>9,994,123.79</b>	<b>11,495,989.37</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	00	00

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

.....  
 Chairman *GRACE KARU GA*  
 Board of Management

.....  
 Head of Finance  
 ICPAK No:

.....  
 Medical Superintendent

*Bondeni Sub County Hospital (Nakuru County Government)*  
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**15. Statement of Financial Position as at 30<sup>th</sup> June 2023**

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	1,758,143.50	4,440,833.20
Receivables from exchange transactions	28	17,291,710	
Receivables from non-exchange transactions	29		
Inventories	30		
<b>Total Current Assets</b>		<b>19,049,853.50</b>	<b>4,440,833.20</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	1,668,800	3,047,405.00
Intangible assets	32		
Investment property	33		
<b>Total Non-current Assets</b>		<b>1,668,800</b>	<b>3,047,405.00</b>
<b>Total assets</b>		<b>20,718,653.50</b>	<b>7,488,238.20</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	467,096.00	681,889.00
Refundable deposits from customers/Patients	35		
Provisions	36		
Finance lease obligation	37		
Current portion of deferred income	38		
Current portion of borrowings	39		
Social Benefits	41		
<b>Total Current Liabilities</b>		<b>467,096.00</b>	<b>681,889.00</b>
<b>Non-current liabilities</b>			
Provisions	36		
Non-Current Finance lease obligation	37		
Non-Current portion of deferred income	38		
Non - Current portion of borrowings	39		
Service concession liability	40		

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Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Social Benefits	41		
<b>Total non-current liabilities</b>			
<b>Total Liabilities</b>		<b>467,096.00</b>	<b>681,889.00</b>
<b>Net assets</b>			
Revaluation reserve		17,397,690.29	(2,115,371.43)
Accumulated surplus/Deficit		3,320,963.21	9,603,609.63
Capital Fund			
		<b>20,251,557.50</b>	<b>6,806,349.20</b>
<b>Total Net Assets and Liabilities</b>		<b>20,718,653.50</b>	<b>7,488,238.20</b>

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

.....  
*Grace Karoga*  
**Chairman**  
**Board of Management**

.....  
*[Signature]*  
**Head of Finance**  
**ICPAK No:**

.....  
*[Signature]*  
**Medical Superintendent**

*Bondeni Sub County Hospital (Nakuru County Government)*  
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**16. Statement of Changes in Net Asset for The Year Ended 30 June 2023**

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2022</b>				
Revaluation gain				
Surplus/(deficit) for the year				
Capital/Development grants				
<b>As at June 30, 2022</b>		<b>3,320,963.21</b>	<b>17,397,690.29</b>	<b>20,718,653.50</b>
<b>At July 1, 2023</b>		<b>3,320,963.21</b>	<b>17,397,690.29</b>	<b>20,718,653.50</b>
Revaluation gain				
Surplus/(deficit) for the year		3,320,963.21	17,397,690.29	20,718,653.50
Capital/Development grants				

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

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		3,108,000	3,108,000
Grants from donors and development partners			
Transfers from other Government entities			
Public contributions and donations			
Rendering of services- Medical Service Income		10,197,087	17,988,659
Revenue from sale of goods		10,000	2,940
Finance / interest income			
Miscellaneous receipts( <i>specify</i> )			
<b>Total Receipts</b>		<b>13,315,087</b>	<b>21,099,599</b>
<b>Payments</b>			
Medical/Clinical costs		2,239,065.00	2,547,775.78
Employee costs		4,548,745.18	4,710,487.41
Board of Management Expenses		810,500	689,000
Repairs and maintenance		667,621.61	389,385
General expenses		1,727,172.00	3,152,794
Finance costs		1,020.00	6,547.18
Refunds paid out			
<b>Total Payments</b>		<b>9,994,123.79</b>	<b>11,495,989.37</b>
<b>Net cash flows from operating activities</b>	42	<b>3,320,963.21</b>	<b>9,603,609.63</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		(1,668,800)	(3,047,405.00)
Decrease in payable			
Proceeds from the sale of property, plant, and equipment			
Acquisition of investments			
<b>Net cash flows used in investing activities</b>		<b>(1,668,800)</b>	<b>(3,047,405.0)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			
Repayment of borrowings			

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Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Capital grants received			
<b>Net cash flows used in financing activities (capital fund)</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents as at 1 July 2022	27	17,697,690.29	(2,115,371.10)
<b>Cash and cash equivalents as at 30 June 22</b>	27	<b>1,758,043.50</b>	<b>4,440,833.20</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
<b>Revenue</b>						
Transfers from the County Government	3,108,000		3,108,000	3,108,000		100%
Grants from donors and development partners						%
Transfers from other Government entities						%
Public contributions and donations						%
Rendering of services- Medical Service Income	10,197,087		10,197,087	10,197,087		100%
Revenue from sale of good	10,000		10,000	10,000		100%
Finance / interest income						%
Miscellaneous receipts cancelled cheque (specify)						%
<b>Total income</b>	<b>13,305,087.00</b>		<b>13,305,087.00</b>	<b>13,305,087.00</b>		100%
<b>Expenses</b>						
Medical/Clinical costs	4,046,284.00		4,046,284.00	4,046,284.00		100%
Employee costs	4,388,034.06		4,388,034.06	4,388,034.06		100%
Remuneration of directors	810,500		810,500	810,500		100%
Repairs and maintenance	677,621.61		677,621.61	677,621.61		100%
Grants and subsidies						%
General expenses	1,727,172.00		1,727,172.00	1,727,172.00		100%
Finance costs	1,020.00		1,020.00	1,020.00		100%
Refunds						%
<b>Surplus for the period</b>	<b>1,754,455.33</b>		<b>1,754,455.33</b>	<b>1,754,455.33</b>		%
<b>Capital expenditure</b>	<b>1,668,800</b>		<b>1,668,800</b>	<b>1,668,800</b>		100%

## **19. Notes to the Financial Statements**

### **1. General Information**

Bondeni Sub County Hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Nakuru County Government and is domiciled in Nakuru County in Kenya. The entity's principal activity is providing quality and affordable preventive, promotive, rehabilitative and curative health services in Kenya and central Africa

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

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

**3. Adoption of New and Revised Standards**

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

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

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

Standard	Effective date and impact

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

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

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

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

##### **Transfers from other Government entities**

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

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

**b. Budget information**

The original budget for FY 2023 was approved by Board on **25/09/23**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of on the FY hospital budget following the Board's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is

recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

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

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

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

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

**h. Research and development costs**

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

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

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

**i. Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

from these financial assets is included in finance income using the effective interest rate method.

#### **Fair value through net assets/ equity**

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

#### **Fair value through surplus or deficit**

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

#### **Trade and other receivables**

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

#### **Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

## **Financial liabilities**

### **Classification**

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

#### **j. Inventories**

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

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

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

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

#### **k. Provisions**

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

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

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

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

**l. Social Benefits**

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

**m. Contingent liabilities**

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

**n. Contingent assets**

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

**o. Nature and purpose of reserves**

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

**p. Changes in accounting policies and estimates**

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

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

**q. Employee benefits**

**Retirement benefit plans**

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

**r. Foreign currency transactions**

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

**s. Borrowing costs**

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

**t. Related parties**

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

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

**u. Service concession arrangements**

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

**v. Cash and cash equivalents**

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

**w. Comparative figures**

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

**x. Subsequent events**

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

## **5. Significant Judgments and Sources of Estimation Uncertainty**

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### Provisions

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

### 6. Transfers from the County Government

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	xxx	xxx
Level 5 grants	xxx	xxx
Unconditional development grants	xxx	xxx
Other grants	xxx	xxx
	<b>xxx</b>	<b>xxx</b>
<b>Conditional grants</b>		
User fee forgone	xxx	xxx
Transforming health services for Universal care project (THUCP)	xxx	xxx
DANIDA	xxx	xxx
Wards Development grant	xxx	xxx
Paediatric block grant	xxx	xxx
Administration block grant	xxx	xxx
Laboratory grant	xxx	xxx
<b>Total government grants and subsidies</b>	<b>xxx</b>	<b>xxx</b>

### 6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
xx County Government	xxx	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

**Notes to Financial Statements Continued**

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

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Salaries and wages		
Medical supplies-Drawings Rights (KEMSA)	3,108,000	3,108,000
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		
Utility bills		
<b>Total grants in kind</b>		

**8.**

**Grants From Donors and Development Partners**

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Cancer Centre grant- DANIDA	xxx	xxx
World Bank grants	xxx	xxx
Paediatric ward grant- JICA	xxx	xxx
Research grants	xxx	xxx
Other grants ( <i>specify</i> )	xxx	xxx
<b>Total grants from development partners</b>	<b>xxx</b>	<b>xxx</b>

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

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

**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

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

**10. Public Contributions and Donations**

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

**10 (a)Reconciliations of amortised grants**

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

*Bondeni Sub County Hospital (Nakuru County Government)*  
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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
PHARMACY	799,965	419,909
LAB	365550	420550
CONSULTATION	587820	583350
P/HEALTH	1072750	833100
XRAY	1000000	1128500
ANC BOOKLET		350600
ANC REVISIT	55000	125300
COVID		196250
WARD		29200
F/P	160050	180950
MAT FILES	177150	183850
SEARCH	38000	51000
NUTRITION	54200	65050
ATTACHMENT	144000	90000
UNIVERSITY	79000	88000
AMBULANCE	27000	68000
ANC CLINIC	123900	5550
PHYSIO THERAPY	73600	9100
MOPC	10200	
NHIF	5,468,902	13,160,400
TOTAL REVENUE FROM RENDERING OF SERVICES	10,197,087	17,988,659

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

**12. Revenue From Rent of Facilities**

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

**13. Finance /Interest Income**

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

**14. Miscellaneous Income**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Insurance recoveries		
Income from sale of tender		
Services concession income		
Sale of goods (water, publications, containers etc)		
Write backs (Deposits, payments in advance etc)		
Bad debts recovered		
<i>Revenue from sale of containers</i>	10,000	2,940
<b>Total Miscellaneous income</b>	<b>10,000</b>	<b>2,940</b>

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

**15. Medical/ Clinical Costs**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Laboratory chemicals and reagents	213,419	690,569.05
Dressing and non-pharmaceuticals	434,776.00	692,590.73
Medical drugs	436,556.00	
Linen	80,000.00	80,000
Sanitary	134,900.00	477,039
Food and Ration	939,414.00	522,616
X-Ray/Radiology supplies		85,000
<b>Total medical/ clinical costs</b>	<b>2,239,065</b>	<b>2,547,775.78</b>

**16. Employee Costs**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Salaries and wages	4,548,745.18	4,710,487.41
Contributions to pension schemes		
Service gratuity		
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution		
Other employee costs ( <i>specify</i> )		
<b>Employee costs</b>	<b>4,548,745.18</b>	<b>4,710,487.41</b>

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

**17. Board of Management Expenses**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	810,500	689,000
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		

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<b>Total</b>	<b>810,500</b>	<b>689,000</b>
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**18. Depreciation and Amortization Expense**

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

**19. Repairs And Maintenance**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property- Buildings	637,621.61	262,885
Medical equipment		
Office equipment		
Furniture and fittings		
Computers	30,000	126,500
Motor vehicle expenses		
Maintenance of civil works		
<b>Total repairs and maintenance</b>	<b>667,621.61</b>	<b>389,385</b>

667,621

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

**20. Grants And Subsidies**

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

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**21. General Expenses**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses		50,000
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges		
Conferences and delegations		
Consultancy fees		
Contracted services	660,000.00	707,328
Electricity expenses	349,367.00	511,589
Fuel and Lubricants for production		
Insurance		
Research and development expenses		
Travel and accommodation allowance	00	67,200
Legal expenses		
Daily subsistence Allowance	83,600.00	156,000
Licenses and permits		
Purchase of furniture		
Purchase of computer accessories		
Courier and postal services		
Printing and stationery	75,000.00	593,378
Hire charges		
Rent expenses		
Water and sewerage costs	68,000.00	449,135
Skills development levies	xxx	xxx
General office supplies	60,000.00	194,488
Telephone and mobile phone services	30,000.00	222,500
Internet expenses	38,900.00	
Staff training and development		
Subscriptions to professional bodies		
Sanitary materials		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Purchase of printer (POS)		
Library books/Materials		
Parking charges		

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Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Outreach	30,000	
Purchase of server		
Workshop tools		
Household appliance		
Fuel for transport	150,000.00	100,000
Other fuels	182,305.00	101,176
<b>Total General Expenses</b>	<b>1,727,172.00</b>	<b>3,152,794</b>

**22. Finance Costs**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Borrowings (amortized cost) *		
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Bank Charges	1,020.00	6,547.18
Interest on loans from commercial banks		
<b>Total finance costs</b>	<b>1,020.00</b>	<b>6,547.18</b>

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

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

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

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Investments at fair value	xxx	xxx
<b>Total gain</b>	<b>xxx</b>	<b>xxx</b>

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

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

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Comprehensive care contracts with NHIF	xxx	xxx
Non- Comprehensive contracts care with NHIF	xxx	xxx
Linda Mama Program	xxx	xxx
Waivers and Exemptions	xxx	xxx
<b>Total Gain/Loss</b>	<b>xxx</b>	<b>xxx</b>

**26. Impairment Loss**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property, plant, and equipment	xxx	xxx
Intangible assets	xxx	xxx
<b>Total impairment loss</b>	<b>xxx</b>	<b>xxx</b>

**27. Cash And Cash Equivalents**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current accounts	<b>1,758,403.50</b>	<b>4,440,833.20</b>
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others( <i>specify</i> )- Mobile money		
<b>Total cash and cash equivalents</b>	<b>1,758,403.50</b>	<b>4,440,833.20</b>

Notes to the Financial Statements (Continued)

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

Description		FY 2022/2023	FY 2021/2022
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Co-operative Bank	01141353114900	1,758,403.50	4,440,833.20
etc			
<b>Sub- total</b>			
<b>b) On - call deposits</b>			
Kenya Commercial bank			
Equity Bank – etc			
<b>Sub- total</b>			
<b>c) Fixed deposits account</b>			
Bank Name			
<b>Sub- total</b>			
<b>d) Others(specify)</b>			
cash in hand			
Mobile money- Mpesa, Airtel money			
<b>Sub- total</b>			
<b>Grand total</b>			

28. Receivables From Exchange Transactions

Description	FY 2022/2023	FY 2022/2023
	KShs	KShs
Medical services receivables	17,291,710	
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
<b>Total receivables</b>	<b>17,291,710</b>	

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**Analysis of Receivables From Exchange Transactions**

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

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

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

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

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

**30. Inventories**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Pharmaceutical supplies	xxx	xxx
Maintenance supplies	xxx	xxx
Food supplies	xxx	xxx
Linen and clothing supplies	xxx	xxx
Cleaning materials supplies	xxx	xxx
General supplies	xxx	xxx
Less: provision for impairment of stocks	(xxx)	(xxx)
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

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*Notes to the Financial Statements (Continued)*

**31. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2021								
Additions				20,000	247,405	2,780,000		3,047,405
Disposals								
Transfers/adjustments								
<b>At 30<sup>th</sup> Jun 2022</b>				<b>20,000</b>	<b>247,405</b>	<b>2,780,000</b>		<b>3,047,405</b>
At 1 July 2022				20,000	247,405	2,780,000		3,047,405
Additions								1,668,800
Disposals								
Transfer/adjustments								-
<b>At 30<sup>th</sup> Jun 2022</b>				<b>20,000</b>	<b>322,405</b>	<b>4,373,800</b>		<b>4,716,205</b>
<b>Depreciation and impairment</b>								
At 1 July 2022								
Depreciation for the year								
Disposals								
Impairment								

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work progress	in	Total
<b>At 30 June 2023</b>									
At July 2023									
Depreciation									
Disposals									
Impairment									
Transfer/adjustment									
<b>At 30<sup>th</sup> June 2023</b>									
<b>Net book values</b>									
At 30 <sup>th</sup> Jun 2021									
At 30 <sup>th</sup> Jun 2022									

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Notes to the Financial Statements (Continued)

**32. Intangible Assets-Software**

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

**33. Investment Property**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>At beginning of the year</b>	<b>xxx</b>	<b>xxx</b>
Additions	xxx	xxx
Disposals during the year	(xxx)	(xxx)
Fair value gain	xxx	xxx
Depreciation	(xxx)	(xxx)
Impairment	(xxx)	(xxx)
<b>At end of the year</b>	<b>xxx</b>	<b>xxx</b>

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

**34. Trade and other Payables**

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Trade payables	467,096		681,889	
Employee dues				
Third-party payments				
Audit fee				
Doctors' fee				
<b>Total trade and other payables</b>	<b>467,096</b>		<b>681,889</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	xxx	%	xxx	%
1-2 years	xxx	%	xxx	%
2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
<b>Total</b>	<b>xxx</b>	<b>%</b>	<b>xxx</b>	<b>%</b>

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

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

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

**36. Provisions**

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

**37. Finance Lease Obligation**

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

**38. Deferred Income**

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

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

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

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

**39. Borrowings**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Balance at beginning of the period</b>	<b>xxx</b>	<b>xxx</b>
External borrowings during the year	xxx	xxx
Domestic borrowings during the year	xxx	xxx
Repayments of external borrowings during the year	(xxx)	(xxx)
Repayments of domestic borrowings during the year	(xxx)	(xxx)
<b>Balance at end of the period</b>	<b>xxx</b>	<b>xxx</b>

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

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current Obligation	xxx	xxx
Non-Current Obligation	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

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

**40. Service Concession Arrangements**

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

**41. Social Benefit Liabilities**

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

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

**42. Cash Generated from Operations**

Description	FY 2022/2023	FY 2022/2023
	KShs	KShs
Deficit for the year before tax(Surplus)	3,320,963.21	9,603,609.63
<b>Adjusted for:</b>		
Depreciation		
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
<b>Working Capital adjustments</b>		
Increase in inventory		
Increase in receivables		
Increase in deferred income		
Increase in payables		
Increase in payments received in advance		
<b>Net cash flow from operating activities</b>	<b>3,320,963.21</b>	<b>9,603,609.63</b>

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

**43. Financial Risk Management**

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

The entity's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 20Xx (previous year)</b>				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
<b>Total</b>				
<b>At 30 June 2022(current year)</b>				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances	1,758,403.50	4,440,833.20		
<b>Total</b>	<b>1,758,403.50</b>	<b>4,440,833.20</b>		

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxx the board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 20xx</b>				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 30 June 20xx</b>				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2023</b>			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	467,096		467,096
Borrowings			
Net foreign currency asset			

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

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables	467,096		467,096
Borrowings			
Net foreign currency asset/(liability)			

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>20XX (previous year)</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
<b>20XX (current year)</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

**iv) Capital Risk Management**

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

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

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

**44. Related Party Balances**

**Nature of related party relationships**

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

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

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

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to xxx	xxx	xxx
Sales of services to xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>b) Grants from the Government</b>		
Grants from County Government	xxx	xxx
Grants from the National Government Entities	xxx	xxx
Donations in kind	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>c) Expenses incurred on behalf of related party</b>		

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Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
<b>Total</b>		
<b>d) Key management compensation</b>		
Directors' emoluments	810,500	689,000
Compensation to the medical Sup		
Compensation to key management		
<b>Total</b>		

**45. Segment Information**

**46. Contingent Liabilities**

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

**47. Capital Commitments**

Capital Commitments	FY 2022/2023	FY 2022/2023
	Kshs	Kshs
Authorised For	xxx	xxx
Authorised And Contracted For	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**48. Events after the Reporting Period**

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

**49. Ultimate and Holding Entity**

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

**50. Currency**

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

**Bondeni Sub County Hospital (Nakuru County Government)**  
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**Appendices**


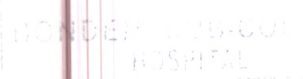
**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

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

**Guidance Notes:**

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

  
 .....  
**Accounting Officer**  


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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 20XX as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 <sup>th</sup> June 20XX							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 20XX				Amount Received by [beneficiary entity] (KShs) as at 30 <sup>th</sup> June 20XX (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
<b>Total</b>							

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

**Head of Accounts Department of the beneficiary entity:**

Name ..... Sign .....Date .....

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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