

REPUBLIC OF KENYA



Enhancing Accountability

**REPORT
OF**

THE AUDITOR-GENERAL

ON

NYANDIWA LEVEL 4 HOSPITAL

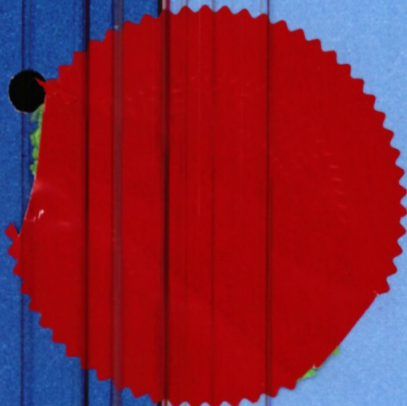
**FOR THE YEAR ENDED
30 JUNE, 2022**

COUNTY GOVERNMENT OF HOMA BAY

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**County Government
of Homa Bay**



NYANDIWA LEVEL 4 HOSPITAL

(HOMABAY COUNTY GOVERNMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2022**

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

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I. Key Information and Management

(a) Background information

NYANDIWA LEVEL 4 HOSPITAL is a level 4 hospital established under gazette notice No 13505 04th November 2022 and is domiciled in Homabay County. The hospital is governed by a Hospital Management Committee

(b) Principal Activities

The principal mission of the hospital is to strengthen health care of the community by providing accessible, compassionate quality services with a vision to be the health care service provider of choice to all and a centre of technological excellence.

(c) Entity Headquarters

P.O. Box 17-40333
Isolated Land
NYANDIWA GWASII Town

(d) Entity Contacts

Telephone: (254) 729395433
E-mail:

(e) Entity Bankers

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

(f) Independent Auditors

Auditor General
Office of Auditor General
Homabay County, Kenya

(g) Principal Legal Adviser

The Attorney General
State Law Office
Homabay County, Kenya




The Nyandiwa Level 4 Hospital day-to-day management is under the following key organs:

- Fiduciary Management
- Hospital Board of Management

II. The Board of Management

No.	Designation	Name
1.	Chairman	Mr. Zadock Otieno Aloo
2.	Secretary	Mr. Victor Omwenga
3.	Member	Mr. Albert Wamino Nyangor
4.	Member	Mr. Harrizon Kokebe
5.	Member	Mr. Tobias Ojija Olengo
6.	Member	Mrs. Julian Adhiambo Otieno
7.	Member	Mrs. Beryl Atieno Ochungo
8.	Member	Mr. Beda Juma Magadi
9.	Co-opted Member	Mr. Njonjo Charles Okumu
10.	Co-opted Member	Mr. Okello

III. Management Team

Name	Details of qualifications and experience
<p>1. Mr.Fredrick Odiwuor owino</p> 	<p>-Facility In charge -Diploma in Clinical Medicine and Surgery</p>
<p>2. Mr. Charls Jairo</p> 	<p>-Nursing officer in charge -Diploma in Nursing</p>
<p>3. Mr Charles Njonjo</p> 	<ul style="list-style-type: none"> - Hospital Administrator - Bachelors of Commerce - Finance Option - Diploma In Accountancy - Certified Public Accountant(CPA-K)

IV. Chairman's Statement

It's my pleasure to present the Annual Report and financial statements of Nyandiwa Level 4 Hospital. The Hospital has demonstrated its commitment to centralized specialized health care services to all citizens in the region. Management and operations of the hospital is guided by the existing legal policies and institutional frameworks that govern the health sector to ensure efficient and effective delivery of services in the hospital. The hospitals operations are also influenced by various global, regional and national strategies aimed at promoting, restoring and maintaining the health care service delivery.

Corporate governance

The board of management carried out its mandate diligently and with focus to drive the Hospital towards achieving its mission. The Board of management is composed of the right balance of skills, experience and backgrounds to support the management team.

On behalf of the Board of management, I would like to extend my appreciation to Homabay County Government and all our stakeholders and development partners for the continued support that has enabled Nyandiwa Level 4 Hospital realize its mandate. I would also like to thank the management and staff for their commitment and dedication that ensured the highest quality service delivery and improved performance this financial year.

Finally, I would like to express my sincere gratitude to my fellow Board Members, for their dedication and hard work during the year. I would also like to take this opportunity to applaud the Medical Superintendent, for creating synergy and leading the management team and all staff to greater achievement.

Signed: _____



Board Chairperson



V. Report of the Medical Superintendent/Facility in charge

The performance review for financial year 2021/2022 provides us another opportunity to reflect on the gains made and opportunities for improvement towards continuous provision of quality, timely and cost effective and patient-centred specialised healthcare services. Nyandiwa Level 4 Hospital maintained steady growth throughout the year attributed to increased activity levels with a majority of the areas exceeding the targeted performance.

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

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

- I. Curative/Preventive Achievement
 - The Hospital managed to treat and conduct outreaches to schools surrounding and student treated are
 - Public heath did their surveillance well and the year ended without outbreak
 - The team managed to stock the facility With Human Drugs ,Lab Reagents ,Non- Pharmaceuticals, even though the demand was overwhelming
- II. Infrastructure and other patient support system
 - Full renovation of the OPD, Pharmacy, Laboratory and Wards wing
 - Recruitment of additional support staff.

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

Signed: _____

Facility In Charge



VI. Statement of Performance against Predetermined Objectives

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Key Objectives

The overall objective is improved clinical outcomes, satisfied clients, learning, growth and development. This will be achieved only if the Hospital is able to: -

- 1) Enhance access to quality services commensurate with the level and expectations of the coverage population by; -
 - (a) Improving essential and emergency medical services, medical laboratory and imaging diagnostic services including specialist pathology services,
 - (b) Expanding and ensuring equitable access by all clients by anticipating and planning for the marginalized ('ignored'), indigent and vulnerable
 - Advocating for registration with the NHIF
 - Providing fee exemptions and improving the waiver system
 - Providing outreach services
 - Providing cohort friendly service packages e.g. for the Adolescents, Youth, Elderly, Men, Commercial Sex Workers etc.
- 2) Improve human resource capacity (adequacy), effectiveness (knowledge and skills), motivation and satisfaction.
 - a) Human Resource is indispensable in the provision of Healthcare Services
 - b) There's need to investment in identification for recruitment and training to match staff establishment requirements and skills' mix with current and projected coverage population needs
- 3) Improve financial resources collection, mobilization, risk management and accountability
 - a) The hospital must exploit its full potential with regards to insured clients in the coverage population including but not limited to the NHIF comprehensive Scheme, the NHIF EduAfya, the NHIF Universal Coverage
 - b) The hospital must assess and mitigate the risk of revenue loss through willful negligence, laxity, corrupt practices and theft.
 - c) The Hospital must strengthen existing systems that enhance access without inherent revenue reduction e.g. subsidized services and commodities, waiver system.
 - d) The hospital must make every effort to aggressively market its strengths and exploit its opportunities
- 4) Improve consumables (pharmaceuticals, non-pharmaceuticals, supplies and other materials) availability and security
 - a) The critical and indispensable role health commodities play in the outcomes of health processes MUST always be recognized and prioritized for investment and resource allocation.

- b) While it is accurate to consider healthcare a service industry, it is unreasonable to expect any positive results or outcomes without the input of requisite appropriate, affordable and quality health commodities
 - c) It will be necessary to forecast the required quantities of all essential health commodities relevant to the needs of the Hospital's coverage population
 - d) There's need to provide adequate and appropriate space for the storage and security of the commodities
 - e) There's need to supplement the supplies procured by the County Government by establishing own source revenue.
 - f) The authority of hospital managers should be increased and hospital tender committees created and empowered to enable us to purchase goods more efficiently and responsively.
 - g) Spending bands should be widened, and modern systems and managerial skills developed to increase the hospital procurement capacity.
 - h) If the hospital has the capacity and is in a position to comply with the requisite financial regulations we will in time, be able to decide whether to procure on our own, through government and other agencies
- 5) Improve infrastructural development and equipment and medical devices availability, maintenance and security
- a) This relates to the built environment, in-patient beds, furniture, equipment and machines, transport and technology (ICT) required for effective delivery of health services.
 - b) It is a fundamental pillar in the improvement of client experience and outcomes
 - c) Infrastructure must be designed, chosen, placed and maintained to ensure, Client safety, Efficiency and effectiveness, Sustainability and Equity and Accessibility.
 - d) There's need to ensure all critical and capital-intensive equipment are under service contracts and that preventive and / or routine maintenance of the same is the rule and is carried out as indicated in a plan.
 - e) As much as possible, mutually beneficial comprehensive placement agreements will be encouraged to broaden the range of service availability, to reduce client inconvenience and to facilitate better service delivery and outcomes
- 6) Improve on health and financial information systems automation, integration, transparency and application. Improve care through technology.
- a) A health information system (HIS) is a system that integrates data collection, processing, reporting, and use of the information necessary for improving health service effectiveness and efficiency through better management at all levels of health services.
 - b) It is a way of collecting, storing, managing and transmitting (reporting) data including, Clients' electronic medical records (EMR), Hospital's operational (HR < Finance, Procurement) management
 - c) When functioning well, the HIS facilitates planning, monitoring, and the overall quality assurance and improvement

- 7) Foster a visionary governance and competent committed leadership
 - a) Good governance and effective leadership are considered core components of a resilient health system
 - b) Good governance ensures evidence-based policy making resulting in Efficient and effective service provision and management systems, Transparency with checks and balances and Accountability
 - c) There's need to promote and lobby for leadership with demonstrable willingness to take ownership and stewardship of the hospital and to continually do what is best for the same.
- 8) Foster and expand partnerships, collaboration and social responsibility, The overriding goal is to achieve better outcomes through either one or a combination of, raising awareness about unmet needs, Provision of resources (Finances, HR, Consumables, Equipment, Plant and Machinery, Provision of joint platforms for coordination, monitoring and evaluation, Tapping into each other's unique but complementary expertise, Research and learning
- 9) Foster learning, change and improvement culture in the Hospital through improved stakeholder participation and feedback management, research and innovation.
 - a) Strengthen and expand partnership and collaboration with training institutions including but not limited to the Kenya Medical Training College, Medical training universities and colleges, AMREF International University and the Kenya School of Government.
 - b) Strengthen and expand partnership and collaboration with research institutions including the Kenya Medical Research Institute and other institutions of higher learning
 - c) Institutionalize and strengthen continuous professional development
 - d) Institutionalize and invest in operational research initiatives
 - e) Facilitate continuous client feedback management

Two strategic themes were identified each with a strategic result whose successful execution will enable the Hospital achieve its mission and vision. These are:

	Strategic Theme	Strategic Result
1	Managerial and Operational Excellence	Seamless, effective and timely service delivery and efficient Utilization of resources
2	Professional in clinical services	Improved quality healthcare services

VII. Corporate Governance Statement

The Nyandiwa Level 4 Hospital Board of management have responsibilities, Functions, structures and ethical conduct. In addition to this, their major priority is ensuring excellent service delivery to patients.

Role of the Board

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

VIII. Management Discussion and Analysis

Reproductive Health

A total Of 300 Deliveries were conducted during the year under review. This is attributed mainly to increased referrals from sub counties and nearby counties, in need of specialized maternity services and the support from the Government of Kenya through the Linda Mama Scheme, which has allowed mothers to deliver at Suba sub-County Hospital without having to personally incur any cost. Suba sub-County Hospital lauds HE. Excellency the President for the transformation of lives through the success of this noble scheme.

IX. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile

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

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

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

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

ii) Environmental performance

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

As part of adopting energy efficient technology,

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

iii) Employee welfare

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

Policy guiding hiring process

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

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

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

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

Efforts made in improving skills and managing careers

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

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

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

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

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

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

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

For new staff who have joined the County, Induction Training is expected to help them familiarise with the work environment and requirements. Departments are expected to conduct induction training within three (3) months for newly recruited officers and those joining the departments on transfers, promotions and re-designation.

Appraisal and reward system

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

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

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

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

Reward System

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

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

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

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

iv) Market place practices-

Responsible Supply chain and supplier relations

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

v) Corporate Social Responsibility Statement

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

X. Report of the Board of Management

The Board of Management 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.

a) Principal activities

The principal activities of the Hospital Board are:

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

b) Results

The results of the Hospital for the year ended June 30, 2022, are set out on page 1-5

c) Auditors

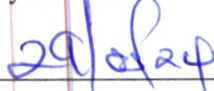
The Auditor General is responsible for the statutory audit of the Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Secretary to the Board

Date



XI. Statement of Board of Management's Responsibilities

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

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

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Hospital
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud
- (iv) Safeguarding the assets of the Hospital
- (v) Selecting and applying appropriate accounting policies
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

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

Approval of the financial statements

The Nyandiwa level 4 Hospital financial statements were approved by the Board on _____ and signed on its behalf by:

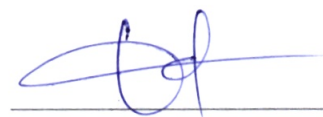


Chairperson



Stamp: NYANDIWA LEVEL 4 HOSPITAL
29 MAY 2024
P.O. Box 17-40333 NYANDIWA

Accountant



Secretary BOM

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyandiwa Level 4 Hospital - County Government of Homa Bay set out on pages 1 to 16, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The financial statements had the following inaccuracies.

- a) In the statement of financial performance, total expenses were cast as Kshs.4,326,060 instead of Kshs.4,318,945 thus under-stating the surplus for the period by Kshs.7,115.
- b) In the statement of financial position, the accumulated surplus has been erroneously indicated as Kshs.315,49, and does not tally with the reported balance in the statement of financial performance of Kshs.313,513.
- c) In the statement of changes in net assets, the closing date is indicated as 30 June, 2021 instead of 30 June, 2022.
- d) In the statement of comparison of budget and actual amounts for the period, the general expenses performance difference balance is erroneously indicated as Kshs.229,855 instead of Kshs.236,970 resulting to a variance of Kshs.7,115.
- e) On page 11 under notes to the financial statements, section (h) on subsequent events, should read year ended 30 June, 2022 and not 30 June, 2021 as indicated. Further, part 5 on significant judgements and sources of estimation uncertainty is incomplete.
- f) Note 17 on inventories did not include the totals and some notes to the financial statements did not indicate Kenya Shillings currency as the reporting currency.

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

2. Inaccuracies in Other Income Balance

The statement of financial performance and Note 8 to the financial statements reflects a balance of Kshs.3,914,526 being National Health Insurance Fund (NHIF) refund for services rendered to patients under NHIF Insurance Cover. However, included in this amount are receipts totalling Kshs.3,679,550 received during the year which varies from the cashbook records of Kshs.2,485,730 resulting in unexplained variance of Kshs.1,193,820.

Further, the statement of financial position includes NHIF receivable as at 30 June, 2022 of Kshs.234,976 which varies from NHIF collaborative information of Kshs.68,846 resulting to a variance of Kshs.166,130.

In the circumstances, the accuracy and completeness of the other income balance of Kshs.3,914,526 could not be confirmed.

3. Non-Disclosure of Property, Plant and Equipment

The statement of financial position and Note 18 of the financial statements reflects property, plant and equipment balance of Kshs.48,125 which comprise furniture and fittings. However, the value of the land where the facility is located was not included.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.48,125 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements

Management submitted the financial statements for the financial year ended 30 June, 2022 on 18 April, 2024. Public Audit Act, 2105 section 47(1) on time limit for submission of accounts states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 (No. 18 of 2012) and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. The financial statements ought to have been submitted to the Auditor-General's office by 30 September, 2022. This was approximately seven months past the allowed time frame.

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

2. Lack of Quarterly Revenue Reports

The statement of financial performance and Note 7 to the financial statements reflects rendering of services under revenue from exchange transactions amount of Kshs.118,950. However, no evidence was provided to show that the Hospital prepared quarterly revenue reports and submitted the same to the County Treasury with a copy to the Auditor-General as specified by Regulation 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or Receiver of Revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

3. Deficiencies in Implementation of Universal Health Coverage

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

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

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

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

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

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

4. Revenue Safeguards and Controls

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

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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance 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

1. Maintenance of a Fixed Assets Register

The statement of financial position and Note 18 of the financial statements reflects property, plant and equipment balance of Kshs.48,125. However, Management did not maintain a detailed fixed asset register detailing the type and name of the asset, serial/logbook number, location, opening balances, additions, dates of acquisition, disposals, depreciation charged, accumulated depreciation to date and net book value of the assets.

In the circumstances, the existence of effective mechanisms the safeguards the Hospitals assets were lacking.

2. Poor Disposal and Storage of Drugs and Pharmaceutical Waste

During the year under review, it was noted that the Hospital had expired drugs which had been marked for disposal. Management's assertion that disposal is carried out at the County level could not be confirmed as there was no correspondence provided to show that they had contacted the Sub-County Pharmacist to collect the expired drugs for disposal. Records provided showed that there were expired drugs stored at the facility dating back to 2017.

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

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

3. Lack of Internal Audit and Audit Committee

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

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

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

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

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

5. Lack of Board Work Plan and Charter

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

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

The audit was conducted in accordance with 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 the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 June, 2024

Report of the Auditor-General on Nyandiwa Level 4 Hospital for the year ended 30 June, 2022 - County Government of Homa Bay

**XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE
2022**

	Note	2021-2022
		Kshs
Revenue from non-exchange transactions		
In kind Contributions from the County Government	6	606,097
		606,097
Revenue from exchange transactions		
Rendering of Services	7	118,950
Other Income	8	3,914,526
		4,033,476
Total revenue		4,639,573
Expenses		
Medical/Clinical Costs	9	2,230,540
Employee Costs	10	870,000
Board of Management Expenses	11	74,500
Depreciation and Amortization	12	6,875
Repairs and Maintenance	13	574,000
General Expenses	14	563,030
Total expenses		4,326,060
Surplus for the period		313,513

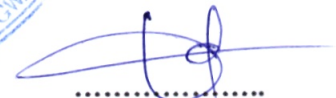


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Chairperson BOM



Stamp: NYANDIWA LEVEL 4 HOSPITAL
29 MAY 2024

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Admin/Accountant



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Secretary BOM

XIII. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Note	2021-2022 Kshs
Assets		
Current assets		
Cash and cash equivalents	15	49,493
Receivables from Exchange Transactions	16	234,976
Inventories	17	41,010
		325,479
Non-Current Assets		
Property, Plant and Equipment	18	48,125
		48,125
TOTAL ASSETS		373,604
Liabilities		
Trade Payables	19	9,983
Net Assets		
Accumulated Surplus		315,49
Capital Fund		48,125
		363,621
Total net assets and liabilities		373,604


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Chairperson BOM



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Adm/Accountant


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Secretary BOM



XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2020-2021
		Kshs
Cash flows from operating activities		
Revenue from exchange transactions		
Rendering of Services	7	118,950
Other Income	8A	3,679,550
Total Receipts		3,798,500
Payments		
Medical/Clinical Costs	9A	1,614,460
Employee Costs	10	870,000
Board of Management Expenses	11	74,500
Repairs & Maintenance	13	574,000
General Expenses	14A	563,030
Total Payments		3,695,990
Cash flows from operating activities		102,510
Cashflow from Investing Activities		
Purchase of PPE	19	55,000
Net increase/(decrease) in cash and cash equivalents		47,510
Cash and cash equivalents at 1 JULY 2021		1,983
Cash and cash equivalents at 30 JUNE	15	49,493


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Chairperson BOM


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Adm/Accountant


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Secretary BOM



XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

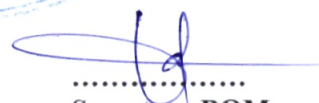
	Capital Fund	Accumulated Surplus	Total
		Kshs	Kshs
Balance as at 1 July 2021		1,982.90	1,982.90
Surplus/(deficit) for the period		313,513	313,513
Capital/Development Grants	48,125		48,125
Balance as at 30 June 2021	48,125	315,495.90	363,620.90



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Chairperson BOM



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Adm/Accountant


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Secretary BOM

**XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2022	2022	2022	2022	2022	2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
In kind Contributions from the County Government	1,050,000	-	1,050,000	606,097	443,903	58%
Rendering of Services	400,000		400,000	118,950	281,050	30%
NHIF Receipt	3,700,000		3,700,000	3,914,526	(214,526)	106%
Total income	5,150,000	-	5,150,000	4,639,573	510,427	90%
					-	
Expenses						
Medical/Clinical Costs	2,700,000	-	2,700,000	2,230,540	469,460	83%
Employee Costs	900,000		900,000	870,000	30,000	97%
Repairs & Maintenance	650,000		650,000	574,000	76,000	88%
Board of Management Expenses	74,500		74,500	74,500	-	100%
General Expenses	800,000		800,000	563,030	229,855	71%
Total expenditure	5,124,500	-	5,124,500	4,319,185	249,313	84%
Surplus for the period	25,500	-	25,500	320,388	261,114	
Capital Expenditure	80,000		80,000	55,000	25,000	69%


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Chairperson BOM


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Adm/Accountant


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Secretary BOM



XVII. Notes to the Financial Statements

1. General Information

Nyandiwa Level 4 Hospital was established by the Kenya gazette notice No. 786 and derives its authority and accountability from Public Finance Management Act, 2012. The entity is wholly owned by the County Government of Homabay and is domiciled in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. 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 Hospital's accounting policies.

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, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*
IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.
- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

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

Nyandiwa Level 4 Hospital (Homabay County Government)
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
Other IPSAS resulting from IPSAS 41, Financial Instruments	<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>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

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.

b) Budget information

The original budget for FY 2021/2022 was approved by the sub county hospital board. No subsequent revisions or additional appropriations were made to the approved budget.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section v of these financial statements.

c) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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 of 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 of cost and 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) 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.

e) Related parties

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

f) 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.

g) Comparative figures

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

h) 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, 2021.

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. State all judgements, estimates and assumptions made: e.g

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

Nyandiwa Level 4 Hospital (Homabay County Government)
Annual Report and Financial Statements for the year ended June 30, 2022

estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6	In kind Contributions from the County Government	
	Description	2021-2022
		Kshs
	Medical Drugs & medicine(KEMSA)	606,096.68
	Total	<u>606,096.68</u>

7	Rendering of Services	
		2021-2022
	FIF COLLECTION	Kshs
	Laboratory	37,760
	Pharmacy	49,170
	Health Record	5,770
	Inpatient	26,250
		<u>118,950</u>

8	Other Income	2021-2022
	Description	Kshs
	Insurances Recoveries (NHIF)	3,679,550
	Receivables (NHIF)	68,846
	Receivables (CRF)	166,130
	Total	<u>3,914,526</u>

8A	Amount as per Statement of Financial Performance	3,914,526
	Less Accrued receivables (NHIF)	68,846
	Less Accrued Receivable (CRF)	166,130
	Amount as per Statement of Cash flow	<u>3,679,550</u>

9	Medical/Clinical Costs	2021-2022
	Sanitary and Cleaning Materials	140,000
	Food and Rations	205,000
	Laboratory chemicals & reagents	175,000
	Non-pharmaceuticals	575,460
	Pharmaceutical supplies	185,000
	In-kind Contributions from the County	606,096.68
	Health Information Stationery	158,000
	Purchase of Medical Gas	25,000
	Purchase of Medical Equipment	151,000
	Accrued Medical/Clinical costs	9,983
		<u>2,230,539.68</u>

*Nyandiwa Level 4 Hospital (Homabay County Government)
Annual Report and Financial Statements for the year ended June 30, 2022*

9A.	Amount as per the Statement of Financial Performance	2,230,539.68
	Less In-kind Contributions from County	606,096.68
	Less Accrued Expenses	9,983
	Amount as per the Cash flow Statement	<u>1,614,460</u>

10	Employee Costs	2021-2022
	Salaries & wages	870,000
		<u>870,000</u>

11	Board of Management Expenses	2021-2022
	Sitting allowance	74,500
		<u>74,500</u>

12	Depreciation and Amortization	2021-2022
	Property, plant and equipment	6,875
		<u>6,875</u>

13	Repairs & Maintenance	2021-2022
	Property-Buildings	535,000
	Maintenance of Computer and accessories	16,000
	Maintenance of Furniture and Fittings	13,500
	Maintenance of Equipment	9,500
		<u>574,000</u>

14	General Expenses	2021-2022
		Kshs
	Electricity	91,000
	Water & sewerage Costs	40,000
	Catering expenses	47,000
	Telephone and Mobile Phone services	13,000
	Domestic Travel Costs	148,000
	Fungicides and Insecticides spray	25,000
	General Office Supplies	84,000
	Refined fuel & lubricants-for transport	111,000
	Bank Charges	4,030
		<u>563,030</u>

15	Cash and cash equivalents	
	Description	2021-2022
		Kshs
	Current account - Co-operative bank of Kenya Account No: 01141330322600	49,492.90
	Total cash and cash equivalents	<u>49,492.90</u>

Nyandiwa Level 4 Hospital (Homabay County Government)
Annual Report and Financial Statements for the year ended June 30, 2022

16	Receivables from Exchange Transactions	2021-2022
	Medical services receivables-NHIF	68,846
	County Revenue Fund	166,130
		<u>234,976</u>

17	Inventories	2021-2022
	Pharmaceutical Supplies	20,000
	Dressings & Non-pharmaceuticals	16,100
	Food supplies	1,500
	Sanitary & Cleaning Materials	1,410
	Laboratory supplies	2,000

18. Property, Plant and Equipment

Description	Furniture & Fittings	Total
	Kshs	Kshs
Cost	12.5%	
At 1 July 2022	-	-
Additions	55,000	55,000
At 30th Jun 2022	55,000	55,000
Depreciation and impairment		
At 1 July 2021	-	-
Depreciation for the year	6,875	6,875
At 30 June 2022	6,875	6,875
Net book values		
At 30 th June 2022	48,125	48,125

19. Trade Payables

Description	2021-2022
Trade payables-Medical cost	9,983
	<u>9,983</u>

6. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Hospital include those parties who have 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.

County Government of Homabay

The county Government of Homabay is the principal shareholder of the Hospital, holding 100% of the Hospital's net assets interest.

Other related parties include:

- i) The Parent Ministry Health
- ii) Other SCs and SAGAs
- iii) Key management
- iv) Board of directors

7. Events after the Reporting Period

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

8. Ultimate and Holding Entity

The Hospital is a County Corporation under the Ministry of Health Services of Homabay County Government. Its ultimate parent is the Homabay County Government.

9. Currency

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