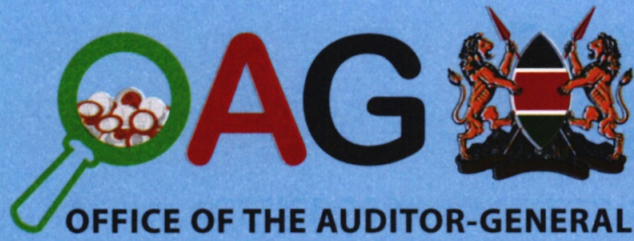


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

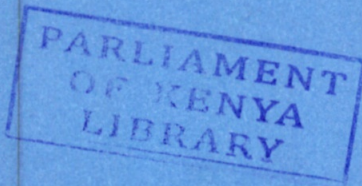
ON

BONDENI SUB-COUNTY HOSPITAL

FOR THE YEAR ENDED

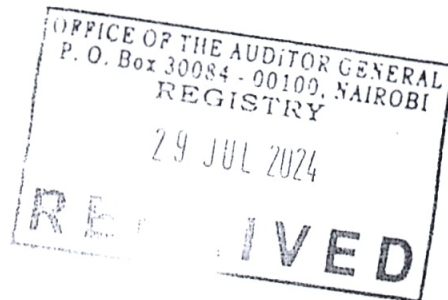
30 JUNE, 2022

COUNTY GOVERNMENT OF NAKURU



25/09/24
SML
Angela





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

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statements for the year ended 30th June 2022



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]

1. 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 offer services to the public under the county department of health services. The hospital offers general outpatient services, comprehensive Lab services, physiotherapy services, MCH and Maternity services under Linda mama program of NHIF...

(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:

- County Department of Health
- Board of Management
- Accounting Officer/Medical Superintendent
- Management

(d) Fiduciary Management

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

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 Catherine Muiruri-
5.	Nursing Officer Incharge	-Ms Rose Mboya

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Risk Committee
- QIT committee
- Inspection and Acceptance committee
- Quality Assurance Committee

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 2060
Regional Head Quarters
BLOCK B 2nd Floor
Nakuru, KENYA

(g) Entity Contacts

Telephone: (+254) 0789192023
bondenimaternity@gmail.com
Website: www.go.ke

(h) Entity Bankers

Co-operative Bank of Kenya
Nakuru West Branch
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.

(K) County Attorney
County Government of Nakuru
P.O BOX 2780
NAKURU-KENYA






II. The Board of Management

Ref	Directors	Details
1.	 <p data-bbox="316 824 815 860">BONIFACE-MOUTI-BOARD CHAIR</p>	<p data-bbox="911 472 1517 831">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</p>
2.	 <p data-bbox="316 1256 852 1391">MADAM GRACE KARUGA: VICE CHAIRPERSON OF HOSPITAL BOARD</p>	<p data-bbox="911 1043 1490 1290">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 own company with over 15 years' experience.</p>
3.	 <p data-bbox="316 1854 703 1890">HILTON ABIOLA-MEMBER</p>	<p data-bbox="911 1559 1501 1805">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>

Bondeni Sub County Hospital (Nakuru County Government)
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4.	 ARNOLD OKERE-MEMBER	<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.	 DR MURIITHI LILIAN-SECRETARY	<p>Secretary Dr. Lillian Muriithi is a Medical Superintendent. She is 37 years old and holds a degree in Medicine & Surgery. She has 12 years working experience.</p>
6.	 SELINA NGIGI-MEMBER	<p>Mrs. Selina Waceke Ngige is a Board member, 58 years old. She is a community leader with more than 20 years' experience</p>
7.	 MRS.GRACE MUIKIA – MEMBER OF HOSPITAL BOARD	<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>

III. Key Management Team

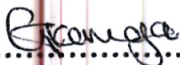
Ref	Management	Details
1.	 Dr. Lilian Muriithi- Medical Superintendent.	Secretary of Board: Holds a Degree in Medicine & Surgery She is the medical superintendent and supervises all the staffs under her.
2.	 Caroline Langat -accountant	Holds a Degree in B-COM,CPA .She has 12 years' experience in accounting and finance.
3.	 Hellen Gitau -procurement officer	Ms Hellen Gitau- Procurement Officer. Holds a Diploma in Procurement
4.	 Catherine Muiruri-Hospital Administrator	Ms Catherine Muiruri- Administrator- Holds a Degree in Education. She is in charge of Hospital Administration
5.	 Rose Mboya-Nursing Officer In Charge	Ms Rose Mboya – nursing Officer in charge. Holds a Degree in Nursing. She is the matron of the hospital

IV. Chairman's Statement

It is to my best knowledge to present the Hospital's 2021/2022 annual report and financial statements of Bondeni Sub County Hospital. Board of Management is proud of the achievements achieved by the hospital in the financial period 2021-2022. 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 and child health care, 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 the quality of services to the 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.



.....
BONIFACE MOUTI

Chairman to the Board

V. Report of Medical Superintendent

I am pleased to present the Hospital's annual report and financial statements for the year 2021/2022. 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 customers receive safe, timely, equitable, efficient, effective and patient-centred services. In 2021/2022 the hospital attended to 491,117 patients of whom 80,000 were inpatients. This was an increase of 5% outpatients and 13% inpatients attendance in comparison to the previous financial year.

Centres of excellence

The hospital established centres of excellence in the following areas: Mental health, Radiology and maternity services. The centres of excellence will also provide one stop services for the increasing cases of diseases referred.

Embracing Technology to Advance Patient Care

The use of ICT is a priority for Bondeni Hospital as reflected in Kenya's ICT Master Plan and need to automate systems to enhance efficiency in services delivery. 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, Bondeni Hospital embarked on installation of Hospital management for efficient service delivery. The hospital also developed protocols SOPs and guidelines for patient management.

Effective Communication

Bondeni Hospital is putting great emphasis in improvement of communication with our patients, their families and other stakeholders in an effective and timely manner. To this end, we have continued to train our employees on customer care and effective communication while upholding the highest standards of care. We have strengthened customer care services and process improvement with a view to enhance patients-care giver engagement.

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report And Financial Statements For The Year Ended 30th June 2022

Financial Review.

In order to meet the cost of operations and maintenance, the hospital relies on internally generated revenue, the largest component being cost sharing revenue. During the year under review, the hospital generated increased of Fif collection from kshs 5,875,355 in the F/Y 2020/2021 to kshs 17,991,599

. This is a growth of 10% over and above the previous year's internally generated revenue.

Acknowledgment

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 stakeholders and sponsors for their kindness, compassion, support, dedication and contributions to Bondeni Sub County Hospital.



.....
DR. JOYCE YATOR
SECRETARY TO THE BOARD

VI. Statement of Performance against Predetermined Objectives

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

Bondeni Sub County Hospital has 5 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:

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical services	<ul style="list-style-type: none"> • To enhance quality of clinical services 	<ul style="list-style-type: none"> • No stock outs of HPT • Increase uptake of maternity services 	<ul style="list-style-type: none"> • Timely procurement of commodities. • Reduce referrals 	<ul style="list-style-type: none"> • Efficient services • High number of deliveries conducted at the facility
Pillar/ theme/ issue 1: health care financing	To increase revenue generation	<ul style="list-style-type: none"> • Revenue reports • % Increase in 	<ul style="list-style-type: none"> • Expand service menu 	<ul style="list-style-type: none"> • Increased revenue generation

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report And Financial Statements For The Year Ended 30th June 2022

	Empower staffs on prudent financial management	<p>revenue</p> <ul style="list-style-type: none"> • Empower departmental in charges on financial management • Strengthen use financial and procurement policies 	<ul style="list-style-type: none"> • Review user fee charges • Regular training and capacity building • Support supervision and audit reports 	<ul style="list-style-type: none"> • User fee committee for continuous review • Available procurement and financial management SOPs and guidelines. • Sealed revenue leakages.
Leadership and governance	Enhance leadership and governance capacity	<ul style="list-style-type: none"> • Constitute service delivery committees • Hold quarterly management meetings • Manage HRM 	<ul style="list-style-type: none"> • Service delivery committee minutes. • Quarterly HMT and board meeting minutes. • Monthly HRM returns to county. 	<ul style="list-style-type: none"> • Effective service delivery. • Good governance of the facility. • Human resource reports.
Health information	Strengthen and manage health	<ul style="list-style-type: none"> • ICT system maintenance 	<ul style="list-style-type: none"> • Regular maintenance 	<ul style="list-style-type: none"> • Routine maintenance

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statements for the year ended 30th June 2022

	information	register	nce of ICT to ensure function ality	and upgrading of the system.
Infrastructure development	<p>To expand service menu by construction and equipping of theatre</p> <p>To open ultrasound department</p>	<ul style="list-style-type: none"> • Completion certificates • Project committee evaluation report. • ultrasound machine 	<ul style="list-style-type: none"> • To complete minor fittings in the theatre • Expand scope of services at ANC 	<ul style="list-style-type: none"> • 95% completion • Fully functional ultrasound department

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.

VII 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 in complying with statutory requirements and the Code of Governance for State Corporations (Mwongozo 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.

(a) Board of Management

The board of management is composed of non-executive members elected by the governor of Nakuru County, The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the hospital, Members of the Board have a range of skills and experience and each brings an independent judgement and considerable knowledge to the Board discussions. The Board is three years renewable subject to performance.

(b) Board Remuneration

Non-Executive members provide services to the hospital to which they are entitled to an allowance. The allowance is paid as per the government of Kenya allowance circulars

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statements for the year ended 30th June 2022

(c) Committees of the Board

The board has three standing committees, which meet regularly under the terms of reference set by the board. The standing committees are as follows:

- (i) Finance sub-committee
- (ii) Infrastructure sub-committee
- (iii) Service delivery committee

VIII. Management Discussion and Analysis

Clinical Performance

Bondeni Sub County Hospital continues to provide a wide range of highly specialized healthcare services to Kenyans, especially in Bondeni Sub County, Nakuru East, Biashara ward. Services include, MOPC, MCH, Physio therapy, Maternity services and other services. The hospital also provides clinical support services that include nuclear medicine, laboratory, pharmacy and radiology.

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. budgetary constraints and frequent industrial actions.

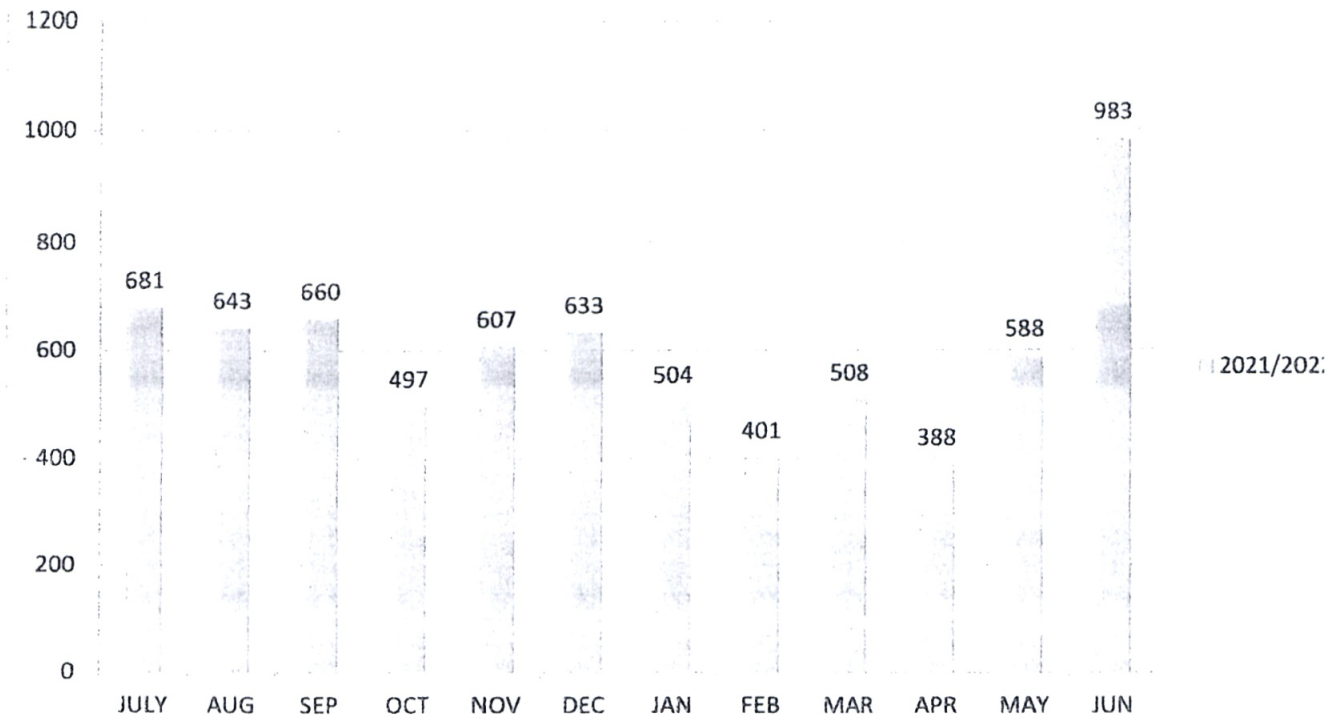
Overall patient attendance

the average patient attendance for the year 2021/2022 was outpatients and in-patients. The Hospital's patient attendance analysis over the last five years is as depicted in the chart below.

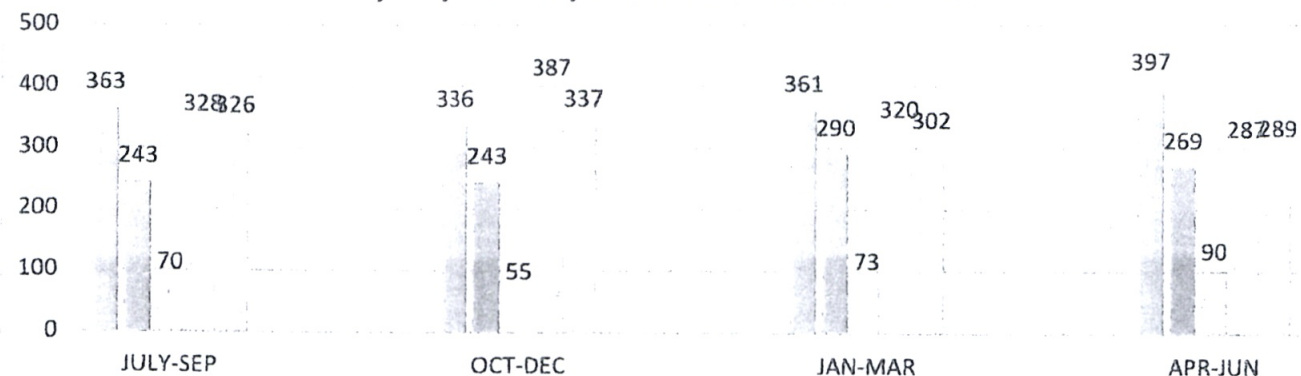
Financial performance

The Hospital revenue comprises of fee charged for services rendered, public contributions and donations. The sources of revenue for the year under review and the trend over the last five years are as depicted in the charts below Sources of revenue, revenue trend, utilization rates expenditure trend.

OPD ATTENDANCE



ANC, FP, MCH ,NORMAL DELIVERIES



2021/2022 MOH 711 ANC NEW CLIENTS

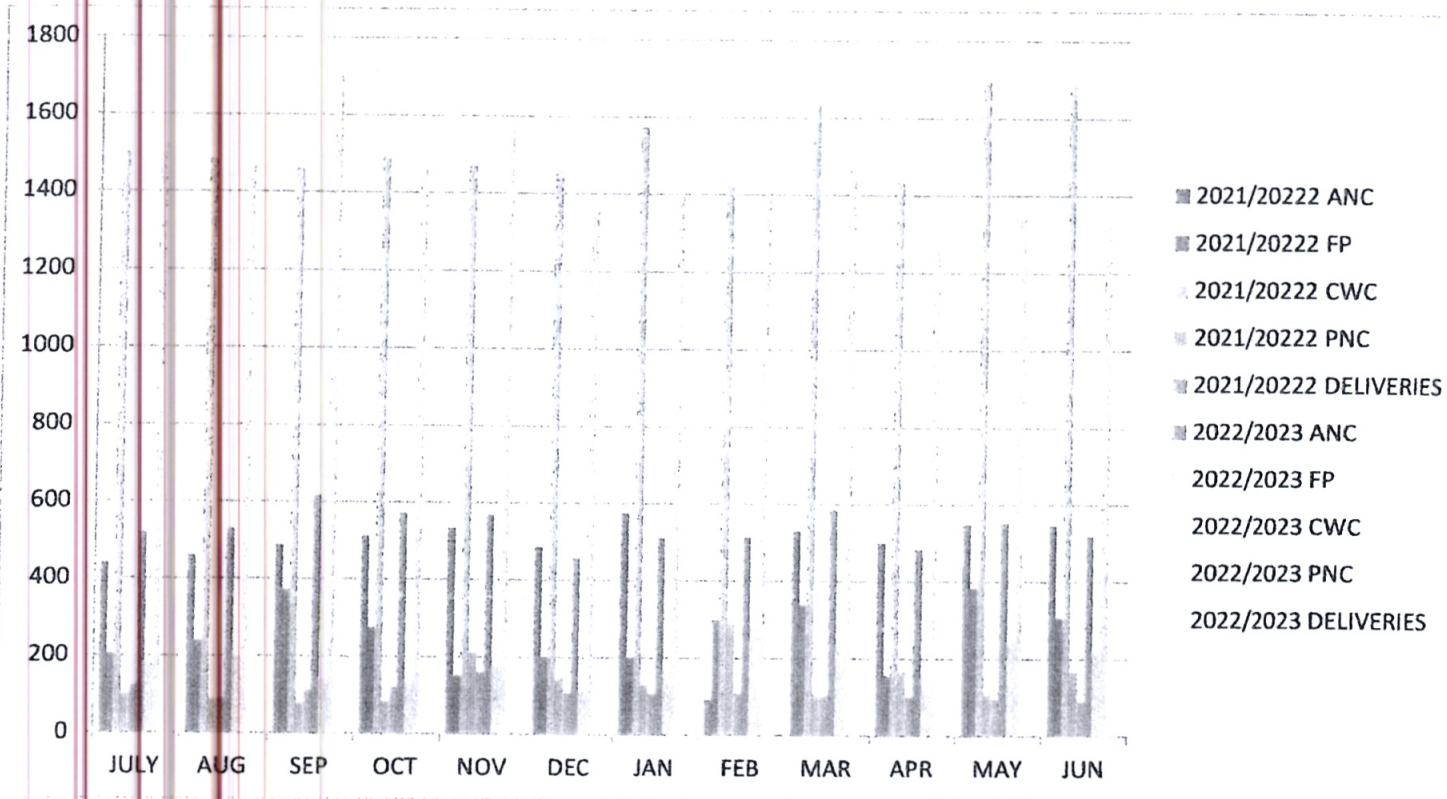
2021/2022 MOH 711 PREGNANT WOMEN COMPLETING 4TH ANC VISITS

2021/2022 MOH 711 NUMBER OF CLIENTS WITH 1ST ANC CONTACT AT 12 OR LESS WEEKS

2021/2022 MOH 711 NORMAL DELIVERIES

2021/2022 MOH 710 BCG DOSES ADMINISTERED

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report And Financial Statements For The Year Ended 30th June 2022



Financial performance that includes:
Revenue sources,

Department	Amount
○ Pharmacy	○ 419,909
○ Laboratory	○ 420,550
○ Consultation	○ 583,350
○ Public Health	○ 833,100
○ X-ray	○ 1,128,500
○ Anc Booklet	○ 350,600
○ Anc Revisit	○ 125,300
○ Covid	○ 196,250
○ Ward	○ 29,200
○ Family Planning	○ 180,950
○ Maternity Files	○ 183,850
○ Search	○ 51,000
○ Nutrition	○ 65,050
○ Attachment fee	○ 90,000
○ University students fee	○ 88,000
○ Ambulance	○ 68,000
○ Anc Clinic	○ 5,550
○ Physio therapy	○ 9,100
○ Disposal of Containers	○ 2,940
○ Nhif	○ 13,160,400
○ Total	○ 17,099,599

Key Hospital Projects

Digital x ray Machine

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

Challenges

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

i. 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.

ii. Underprivileged and Indigents medical bills

Most of the patients treated at Bondeni Sub County Hospital are either from the informal sector(slums) 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.

Financial performance that includes

Revenue sources

Utilization of funds



Dr Joyce Yator
SECRETARY TO THE BOARD

IX. Environmental and sustainability report

Bondeni Sub County Hospital exists to transform lives. Its 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.

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. **iii)**

Employee welfare

Hiring process involves bringing new employees on board. This is the mandate of the

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statements for the year ended 30th June 2022

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 is 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 provides 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.

c) Responsible marketing and advertisement

Effectively done through the CHV'S and outreaches.

d) 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

X. 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

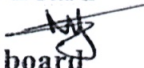
Board of Management

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 *Hospital* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the hospital for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Dr Joyce Yator 
Secretary to the board

Date...

XI. Statement of Board of Management's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and require 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 *entity* 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 council members are responsible for the preparation and presentation of the Hospital 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, 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 entity; (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 council members accept responsibility for the Hospital 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. The council members are of the opinion that the Hospital financial statements give a true and fair view of the state of Hospital's transactions during the financial year ended June 30, 2022, and of the *entity's* financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the *hospital* financial statements as well as the adequacy of the systems of internal financial control.

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

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report And Financial Statements For The Year Ended 30th June 2022

Approval of the financial statements

The hospital financial statements were approved by the Board on 12/9/2023 2023 and signed on its behalf by:

_____ **Council Member**

_____ **Council Member**

_____ **Council Member**

~~_____~~
.....
Name DR JADUR JOYCE

Secretary to the Board

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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 Kshs. 17,991,093. against a target of Kshs. 25 Million. This is a growth of 18% over and above the previous year's internally generated revenue.

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.



.....
Dr Joyce Yator
Secretary to the Board

REPUBLIC OF KENYA

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



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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BONDENI SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF NAKURU

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 control, 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 49, which comprise of the statement of financial performance for the year ended 30 June, 2022 and the statement of financial position, statement of cash flows and the statement of comparison budget and actual

Report of the Auditor-General on Bondeni Sub County Level 4 Hospital for the year ended 30 June, 2022- County Government of Nakuru

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, 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 Health Act, 2017, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Financial Statements

The statement of financial performance reflects surplus of Kshs.9,603,609 whereas the statement of comparison of budget and actual amount reflects surplus of Kshs.6,839,263 for the year ended 30 June, 2022 resulting to an unreconciled variance of Kshs.2,764,346.

In the circumstances, the accuracy and completeness of the financial statements 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, 2022.

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

3. Failure to Value Assets Lack of Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.3,047,405 as disclosed in Note 31 to the financial statements. However, there was no evidence to valuation of assets and ownership documents were not provided for audit. Further, the Hospital does not maintain fixed asset register to control its assets.

In the circumstances, the accuracy, completeness, ownership and valuation of property, plant and equipment balance of Kshs.3,047,405 balance 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.681,889 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.21,099,599 and total expenses of Kshs.11,495,989. 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.17,988,659 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 report later than the 15th 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
Total	101	23	78	77

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 Labor & 1 in Theatre)	2	0	2	100
New Born Unit Incubators	5	0	5	100
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
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 overall 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 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 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 Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

21 June, 2024

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statement For The Year Ended 30th June 2022

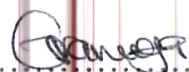
XIII. Statement of Financial Performance for the Year Ended 30 June 2022

Description	Note	FY 2021/22
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6(b)	3,108,000.00
In-kind contributions from the County Government	7	
Grants from donors and development partners	8	
Transfers from other Government entities	9	
Public contributions and donations	10	
Revenue from exchange transactions		
Rendering of services- Medical Service Income	11	17,988,659
Revenue from rent facilities	12	
Finance /Interest Income	13	
Miscellaneous Income	14	2,940
Revenue from exchange transactions		17,991,599
Total revenue		21,099,599
Expenses		
Medical/Clinical costs	15	2,547,775.78
Employee costs	16	4,710,487.41
Board of Management Expenses	17	689,000.00
Depreciation and Amortization	18	xxx
Repairs and maintenance	19	389,385.00
Grants and subsidies	20	0
General expenses	21	3,152,794
Finance costs	22	6,547.18
Total expenses		11,495,989.37
Other gains/(losses)		

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statements for the year ended 30th June 2022

Description	Note	FY 2021/22
		Kshs
Gain/Loss on disposal of non-Current assets	23	00
Unrealized gain on fair value of investments	24	00
Medical services contracts Gains/Losses	25	00
Impairment Loss	26	00
Gain on foreign exchange transactions		00
Total other gains/(losses)		00
Net surplus for the year		9,603,609.63
Attributable to:		
Surplus/(deficit)attributable to minority interest		
Surplus attributable to owners of the controlling entity		


The hospital's financial statements were approved by the Board on.....12/09/23.....and signed on its behalf by:



Chairman
Board of Management



Head of Finance
(ICPAK NO: 7261)



Medical Superintendent


XIV. Statement of Financial Position as At 30th June 2022

Description	Note	FY2021/2022
		Kshs
Assets		
Current assets		
Cash and cash equivalents	27	4,440,833.20
Detailed analysis of Cash	27a	
Receivables from exchange transactions	28	
Receivables from non-exchange transactions	29	
Inventories	30	
Total Current Assets		4,440,833.20
Non-current assets		
Property, plant, and equipment	31	3,047,405.00
Intangible assets	32	
Investment property	33	
Total Non-current Assets		3,047,405
Total assets		7,488,238.20
Liabilities		
Current liabilities		
Trade and other payables	34	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	
Total Current Liabilities		681,889.00
Non-current liabilities		
Provisions	36	
Non-Current Finance lease obligation	37	
Non-Current portion of deferred income	38	
Non - Current portion of borrowings	39	
Social benefits	41	


Bondeni Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statements for the year ended 30th June 2022

Description	Note	FY 2021/2022
		Kshs
Service concession liability	40	
Total Non-current liabilities		
Total Liabilities		681,889.00
Net assets		6,806,349.20
Revaluation reserve		
Accumulated surplus/Deficit		9,603,609.63
Capital Fund		(2,115,371.43)
Total Net Assets and Liabilities		7,488,238.20

The Hospital's financial statements were approved by the Board on 12/09/23 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 7261



Medical Superintendent

Bondeni Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statement For The Year Ended 30th June 2022

XV. Statement of Changes in Net Asset for the Year Ended 30 June 2022

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020				
Revaluation gain				
Surplus/(deficit) for the year				
Capital/Development grants				
As at June 30, 2020				
At July 1, 2021				
Revaluation gain				
Surplus/(deficit) for the year		9,603,609.63	(2,115,371.43)	7,488,238.20
Capital/Development grants	-	-		
At June 30, 2022		9,603,609.63	(2,115,371.43)	7,488,238.20

The Hospital's financial statements were approved by the Board on 12/9/23 and signed on its behalf by:

George

Chairman
Board of Management

Mutef

Head of finance

ICPAK No: 7261

MJ

Medical Superintendent

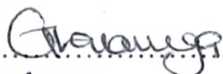
XVI. Statement of Cash Flows for the Year Ended 30 June 2022

Description	Note	Insert urrent FY
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government		3,108,000
Grants from donors and development partners		
Transfers from other Government entities		
Public contributions and donations		
Rendering of services- Medical Service Income		17,988,659
Revenue from sale of goods		2,940
Finance / interest income		
Miscellaneous receipts(<i>specify</i>)		
Total Receipts		21,099,599
Payments		
Medical/Clinical costs		2,547,775.78
Employee costs		4,710,487.41
Board of Management Expenses		689,000.00
Repairs and maintenance		389,385.00
General expenses		3,152,794
Finance costs		6,547.18
Refunds paid out		
Total Payments		11,495,989.37
Net cash flows from operating activities	42	9,603,609.63
Cash flows from investing activities		
Purchase of property, plant, equipment & intangible assets		(3,047,405.00)
Proceeds from the sale of property, plant, and equipment		
Acquisition of investments		
Net cash flows used in investing activities		(3,047,405.00)
Cash flows from financing activities		
Proceeds from borrowings		
Repayment of borrowings		
Capital grants received		
Net cash flows used in financing activities		


Bondeni Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statement For The Year Ended 30th June 2022

Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents as at 1 July 2021	27	(2,115,371.10)
Cash and cash equivalents as at 30 June 22	27	4,440,833.53

Hospital's financial statements were approved by the Board on 12/9/23 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 7261

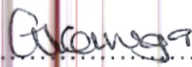



Medical Superintendent

XVII. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Grants from donors and development partners						%
Transfers from County Government	3,108,000		3,108,000	3,108,000		100%
Public contributions and donations						%
Rendering of services-Medical Service Income	17,988,659		17,988,659	17,988,659		100%
Revenue from sale of goods						%
Finance / interest income						%
Miscellaneous receipts (Sale of goods)	2,940		2,940	2,940		100%
Total income	21,099,599		21,099,599	21,099,599		100%
Expenses						
Medical/Clinical costs	2,547,814.70		2,547,814.70	2,547,814.70		100%
Employee costs	4,710,487.41		4,710,487.41	4,710,487.41		100%
Remuneration of directors	689,000		689,000	689,000		100%
Repairs and maintenance	389,385.00		389,385.00	389,385.00		100%
Grants and subsidies						%
General expenses	3,152,794		3,152,794	3,152,794		100%
Finance costs	6,547.18		6,547.18	6,547.18		100%
Refunds						%
Surplus for the period	9,603,609.63		9,603,609.63	9,603,609.63		100%
Capital expenditure	3,047,405		3,047,405	3,047,405		100%

The hospital's financial statements were approved by the board on.....12/09/23....and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK NO: 7261


.....
Medical Superintendent

Notes to the Financial Statements

1. General Information

Bondeni Sub County Hospital is established by and derives its authority and accountability from PMF 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 to provide intergraded health care for all.

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 *hospital* 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 xvii 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 (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Adoption of New and Revised Standards

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

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>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</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul 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;

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

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

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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> <ul style="list-style-type: none"> 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: 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.

iii) Early adoption of standards

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

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.

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

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 2021/2022 was approved by Board on 2023. 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 Bondeni Subcounty hospital recorded additional appropriations of 0 on the FY xxx budget following the Board's approval. The hospital 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 13 under section *one* 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 2 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Notes to the Financial Statements (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

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

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

Notes to the Financial Statements (Continued)

Loans and borrowing

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

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

i) 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.

j) 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.

Notes to the Financial Statements (Continued)

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

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.

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.

k) 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.)

l) 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.

m) 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.

Notes to the Financial Statements (Continued)

n) 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.

o) 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.

p) Related parties

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

q) Service concession arrangements

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

Notes to the Financial Statements (Continued)

r) 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.

s) Comparative figures

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

t) 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, 20XX.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Notes to the Financial Statements (Continued)

Useful lives and residual values

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

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

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 36

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. (a) Transfers from the County Government

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

6 (b) Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Nakuru County Government	3,108,000				
Total	3,108,000				

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2021/2022
	KShs
Salaries and wages	xxx
Medical supplies-Drawings Rights (KEMSA)	xxx
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	xxx
Utility bills	xxx
Total grants in kind	xxx

8 Grants from Donors and Development Partners

Description	2021/2022
	KShs
Cancer Centre grant- DANIDA	xxx
World Bank grants	xxx
Paediatric ward grant- JICA	xxx
Research grants	xxx
Other grants (<i>specify</i>)	xxx
Total grants from development partners	xxx

(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
	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	xxx	xxx	xxx	xxx
JICA	xxx	xxx	xxx	xxx
World Bank	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

9 Transfers From Other Government Entities

Description	2021/2022
	KShs
Transfer from National Government (Ministry of Health)	xxx
Transfer from xxx National Hospital	xxx
Transfer from xxx Institute	xxx
Total Transfers	xxx

10 Public Contributions and Donations

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

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2021/2022
	Kshs
Description	2021/2022
	Kshs
PHARMACY	419,909
LAB	420,550
CONSULTATION	583,350
P/HEALTH	833,100
XRAY	1,128,500
ANC BOOKLET	350,600
ANC REVISIT	125,300
COVID	196,250
WARD	29,200
F/P	180,950
MAT FILES	183,850
SEARCH	51,000
NUTRITION	65,050
ATTACHMENT	90,000
UNIVERSITY	88,000
AMBULANCE	68,000
ANC CLINIC	5,550
PHYSIO THERAPY	9,100
NHIF	13,160,400
TOTAL REVENUE FROM RENDERING OF SERVICES	17,988,659

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Residential property	xxx
Commercial property	xxx
Total Revenue from rent of facilities	xxx

13. Finance /Interest Income

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

14. Miscellaneous Income

Description	2021/22	2020/21
	KShs	KShs
<i>Insurance recoveries</i>	xxx	xxx
<i>Income from sale of tender</i>	xxx	xxx
<i>Services concession income</i>	xxx	xxx
<i>Sale of goods (water, publications, containers etc)</i>	2,940	xxx
Total other income	2,940	xxx

15. Medical/ Clinical Costs

Description	2021/2022
	Kshs
Dental costs/ materials	
Laboratory chemicals and reagents	690,569.05
Public health activities	
Food and Ration	522,616.00
Uniform, clothing, and linen	80,000.00
Dressing and Non-Pharmaceuticals	692,590.73
Pharmaceutical supplies	
Health information stationery	
Reproductive health materials	
Sanitary and cleansing	477,000.00
Purchase of Medical gases	
X-Ray/Radiology supplies	85,000.00
Other medical related clinical costs (<i>specify</i>)	
Total medical/ clinical costs	2,547,775.78

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

16. Employee Costs

Description	2021/2022
	Kshs
Salaries, wages, and allowances	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>)	
Employee costs	4,710,487.41

(Social contribution relates to expenses incurred by the employer towards social welfare of E employees)

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

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

18. Depreciation and Amortization Expense

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

19. Repairs And Maintenance

Description	2021/2022
	Kshs
Property- Buildings	262,885.00
Medical equipment	
Office equipment	
Furniture and fittings	
Computers and accessories	126,500.00
Motor vehicle expenses	
Maintenance of civil works	
Total repairs and maintenance	389,385.00

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	2021/2022
	Kshs
Internet Monthly Subscription	
Catering expenses	50,000
Telephone services	222,500
Insecticides and rodenticides	
Printing and Publishing	593,378
Bank charges	
Conferences and delegations	
Consultancy fees	
Contracted services	707,328
Electricity expenses	511,589
Fuel and Lubricants for production	
Insurance	
Research and development expenses	
Transport	67,200
Legal expenses	
Daily subsistence Allowance	156,000
Licenses and permits	
Courier and postal services	
Printing and stationery	
Hire charges	
Rent expenses	

Description	2021/2022
	Kshs
Water and sewerage costs	449,135
Skills development levies	
General office supplies	194,488
Telephone and mobile phone services	
Internet expenses	
Staff training and development	
Subscriptions to professional bodies	
Subscriptions to newspapers periodical, magazines, and gazette notices	
Library books/Materials	
Parking charges	
Fuel for transport	100,000
Other fuels	101,176
Total General Expenses	3,152,794

22. Finance Costs

Description	2021/2022
	KShs
Borrowings (amortized cost) *	
Finance leases (amortized cost)	
Interest on Bank overdrafts/Guarantees	
Bank charges	6,547.18
Interest on loans from commercial banks	
Total finance costs	6,547.18

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

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

Notes to the Financial Statements (Continued)

24. Unrealized Gain On Fair Value Investments

Description	2021/2022
	KShs
Investments at fair value	xxx
Total gain	xxx

25. Medical Services Contracts Gains /Losses

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

26. Impairment Loss

Description	2021/2022
	KShs
Property, plant, and equipment	xxx
Intangible assets	xxx
Total impairment loss	xxx

27. Cash And Cash Equivalents

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

Notes to the Financial Statements (Continued)

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

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

28. Receivables From Exchange Transactions

Description	2021/2022
	KShs
Medical services receivables	xxx
Rent receivables	xxx
Other exchange debtors	xxx
Less: impairment allowance	(xxx)
Total receivables	xxx

29. Receivables From Non-Exchange Transactions

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

30. Inventories

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

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2020	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx	-	-	xxx	xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfers/adjustments	xxx	xxx	(xxx)	xxx			xxx	(xxx)
At 30th Jun 2021	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 1 July 2022	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	20,000	247,405	2,780,000	xxx	3,047,405
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfer/adjustments		xxx		xxx			(xxx)	-
At 30th June 2022	xxx	xxx	xxx	20,000	247,045	2,780,000	xxx	3,047,405
Depreciation and impairment								
At 1 July 2020	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Depreciation for the year	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Impairment	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
At 30 June 2022	xxx	xxx	xxx	20,000	247,045	2,780,000	xxx	3,047,405

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At July 2022	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Depreciation	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	xxx	xxx	xxx)	(xxx)
Impairment	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfer/adjustment	xxx	xxx	-	xxx	-	-	(xxx)	(xxx)
At 30th June 2022	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Net book values								
At 30 th Jun 2020	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 th Jun 2022	xxx	xxx	xxx	20,000	247,045	2,780,000	xxx	3,047,405

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2021/2022
	KShs
Cost	
At beginning of the year	xxx
Additions	xxx
Additions-Internal development	xxx
Disposal	(xxx)
At end of the year	xxx
Amortization and impairment	
At beginning of the year	xxx
Amortization for the period	xxx
Impairment loss	xxx
At end of the year	xxx
NBV	xxx

33. Investment Property

Description	2021/2022
	KShs
At beginning of the year	xxx
Additions	xxx
Disposals during the year	(xxx)
Fair value gain	xxx
Depreciation (<i>where investment property is at cost</i>)	(xxx)
Impairment	(xxx)
At end of the year	xxx

Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2021/2022
	KShs
Trade payables	681,889
Employee dues	xxx
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	xxx
Audit fee	xxx
Doctors' fee	xxx
Total trade and other payables	681,889

35. Refundable Deposits from Customers/Patients

Description	2021/2022
	KShs
Medical fees paid in advance	xxx
Credit facility deposit	xxx
Rent deposits	xxx
Others (<i>specify</i>)	xxx
Total deposits	xxx

Notes to the Financial Statements (Continued)

36. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	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)
Total provisions	xxx	xxx	xxx	xxx
Current Provisions	xxx	xxx	xxx	xxx
Non-Current Provisions	xxx	xxx	xxx	xxx
Total Provisions	xxx	xxx	xxx	xxx

37. Finance Lease Obligation

Description	2021/2022
	Kshs
Current Lease obligation	xxx
Long term lease obligation	xxx
Total	xxx

38. Deferred Income

Description	2021/2022
	KShs
Current Portion	xxx
Non-Current Portion	xxx
Total	xxx

Notes to the Financial Statements (Continued)

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

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	xxx	xxx	xxx	xxx
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)
Balance C/F	xxx	xxx	xxx	xxx

39. Borrowings

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

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

Description	2021/2022
	KShs
Current Obligation	xxx
Non-Current Obligation	xxx
Total	xxx

Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

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

Notes to the Financial Statements (Continued)

41. Cash Generated from Operations

Description	2021/2022
	KShs
Deficit for the year before tax(Surplus)	9,603,609.63
Adjusted for:	
Depreciation	
Non-cash grants received	
Impairment	
Gains and losses on disposal of assets	
Contribution to provisions	
Contribution to impairment allowance	
Working Capital adjustments	
Increase in inventory	
Increase in receivables	
Increase in deferred income	
Increase in payables	
Increase in payments received in advance	
Net cash flow from operating activities	9,603,609.63

Notes to the Financial Statements (Continued)

42. 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
At 30 June 2020				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 2022				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	4,440,833.20	xxx	xxx	xxx
Total	4,440,833.20	xxx	xxx	xxx

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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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 hospital has significant concentration of credit risk on amounts due from, 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
At 30 June 2020				
Trade payables	xxx	xxx	681889	681,889
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
Total	xxx	xxx	xxx	xxx
At 30 June 2021				
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
Total	xxx	xxx	xxx	xxx

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
At 30 June 2022			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	651889	xxx	681889
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

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

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Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	681,889	xxx	681,889
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
20XX (current year)			
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 by one.

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	2021/2022
	Kshs
Revaluation reserve	xxx
Retained earnings	(2,115,371.4)
Capital reserve	Xxx
Total funds	(2,115,371.40)
Total borrowings	xxx
Less: cash and bank balances	xx
Net debt/ (<i>excess cash and cash equivalents</i>)	
Gearing	xx%

Notes to the Financial Statements (Continued)

43. 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.

Nakuru County Government is the principal shareholder of the *ent*, 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 2021/2022
	Kshs
Transactions with related parties	
a) Services offered to related parties	
Services to xxx	xxx
Sales of services to xxx	xxx
Total	xxx
b) Grants from the Government	
Grants from County Government	xxx
Grants from the National Government Entities	xxx
Donations in kind	xxx
Total	xxx
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for xxx employees	xxx
Payments for goods and services for xxx	xxx
Total	xxx
d) Key management compensation	

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Description	Fy 2021/2022
	Kshs
Directors' emoluments	689,000
Compensation to the medical Sup	xxx
Compensation to key management	xxx
Total	689,000

44. Segment Information

45. Contingent Liabilities

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

46. Capital Commitments

Capital Commitments	FY 2021/2022
	Kshs
Authorised For	xxx
Authorised And Contracted For	xxx
Total	xxx

47. Events after the Reporting Period

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

48. 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.

49. Currency

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

X. 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.

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Accounting Officer